ESTABLISHMENT OF BUSINESS PRESENCE ON THE INTERNET AND ONLINE SOCIAL MEDIA

Summary

The paper Establishment of business presence on the internet and online social media presents the new reality in which customers are more important than ever. As 58% of consumers actively search for products and services on the internet, businesses must take active steps in order to capture the area of market that is still not fully understood. The report cites relevant studies, most of them published last year, on the topics of online marketing, e-commerce and social networks – with special focus on two most popular communities, Twitter and Facebook. The researched data is accompanied by comments from experts on new internet technologies and documented cases of successful and failed online social interactions from global brands like Levi’s, BP and Starbucks.

1. Introduction

Technological progress irreversibly changes the way organizations – both businesses and non-profit ones – interact with their clients, other organizations and the environment around them. The Internet is one of the crucial parts of this progress. Widespread Internet access fundamentally transformed financial, managerial, administrative and marketing functions of organizations, both on global and local scale.

Nevertheless, online revolution has not ended yet. Recently, with the advent of online social media, the focus shifted from traditional, curated content, to user-generated content, which can be created, edited, published and shared by anyone with an Internet connection. Clients are no longer passive consumers of products and services. More than ever, they influence each other by communicating on virtual social platforms. Using appropriate strategies and
techniques, organizations can improve their relationship with clients, as well as increase the value of the business.

The paper shows the importance of business presence on the Internet, together with examples of successful and failed attempts at being prevalent on social media, such as blogosphere, Facebook, Twitter and Google. It also tries to present the common patterns shared among users of these media and concludes how they can be used to organizations’ advantage.

2. The importance of the Internet

In the spring of 2010, Europe witnessed a series of eruptions of Icelandic volcano Eyjafjallajökull. In mid-April, during its most active period, the volcano released about 150,000 tons of CO2 per day. The ash cloud emitted by the explosion, covered most of Eastern and Northern Europe, effectively disrupting air travel over the whole Europe. The airline shutdown was matched only by the events of 11 September, and vastly affected global travel, business and trade. According to the report commissioned by Airbus, disruptions during the first week of eruptions resulted in 4.7 billion dollars of lost global GDP (Oxford Economics, 2010). The International Air Transport Association has issued a warning, that nearly 150 European airlines would have gone bankrupt if the flight ban had gone for longer than a week (Spiegel Online, 2010).

However, more than ever, modern organizations rely heavily on another crucial piece of infrastructure – the Internet. Research carried out by Redshift Research indicates that only 1% of businesses could function adequately without Internet access, as nearly two-thirds of them state that their Internet usage is either continuous (27%) or high (34%) (Redshift Research, 2010, p. 4). Moreover, some 20% of companies admit that had they not had Internet access for a week, they would not have survived (Redshift Research, 2010, p. 6). Because organizations utilize Internet for communication (e-mail, Voice over IP), research, storage and marketing platform, any excessive downtime reduces productivity, damages the reputation and brings financial losses. It is estimated that four-hour downtime costs company £10,000 in lost productivity (Redshift Research, 2010, p. 8).

3. Internet presence

There is an old Internet adage saying: “If it is not on the Internet, it doesn’t exist at all”. Consumers seem to agree with this statement: in 2010 in the United States alone, 58% adults have at least occasionally researched on the Internet the products and services they buy, an increase from 49% in 2004. At 78%, this rate is even higher among Internet users (Jansen, 2010). Customers no longer depend
on the Yellow Pages or advertisements to discover new products. Instead, they use web search engines – in December 2009, people aged 15 or older conducted more than 131 billion searches: about 2.9 million per minute (comScore, 2010). Thus, in order to increase the number of potential customers, it is important for every business to create a website, which is accessible to Internet users.

With estimated 14 billion websites on the World Wide Web, as of 11 May 2011 (Kunder), the pressure from competing pages does not seem to ease. While overall computer and Internet usage increases (on average 58 and half hours per person in March 2011 in the United States), users spend 30% of this time browsing 10 most popular websites (The Nielsen Company, 2011), making attention for other sites limited.

Competition among websites is not restricted only to time, but also to space. Using eye-tracking technology, researchers discovered a strong correlation between a position in search-results page and a click pattern: the higher the link to the website is on the result page, the more likely a user will click it. More specifically, users’ eye scan activity on the result page represents a distinctive triangle (figure 1), anchored on the number one organic (non-paid) result (Hotchkiss, Alston, & Edwards, 2005, pp. 7-8). Furthermore, almost 60% of all clicked organic links came from just the first three results, whereas fifty-one per cent of all clicked sponsored links came from the highest top result (Hotchkiss, Alston, & Edwards, 2005, p. 68).

That is why nowadays having a website is not enough – its owners need to promote it effectively, so the page can be visible on the top of the search results. This can be accomplished with the help of a strategy called search engine optimization, or SEO. The SEO refers to the set of improvements and tools that increase website's performance in search, both in content (such as its quality and quantity, links to other websites, usage of keywords) and technical aspects (like design, coding, scripting, error pages). The main purpose of these tweaks is to increase the position of organic links on the search results page in response to certain keywords. It is a difficult task, since the algorithms that calculate the positions using hundreds of variables are modified on a regular basis, to promote high-quality content and lower the significance of link farms or content-copiers (Singhal & Cutts, 2011).

One can argue that only large- and medium-sized organizations can capitalize online presence, and small, local businesses do not lose much by staying offline. Sometimes, the cost of maintaining the website outweighs the potential benefits, especially since they might not be monetized right away. However, there is a relatively new online trend, called “geosocial”, which can be applicable even to small businesses. Geosocial, or location-based services, use mobile devices with Internet access and geolocation capabilities (such as Global Positioning System – GPS or Wi-Fi connection locations) to assist users
with information about nearby businesses, services or other points of interest (Zickuhr & Smith, 2010, p. 2). For example, simply by looking at a mobile phone screen, customers can find specific restaurants that are within walking distance, together with detailed directions and comments or reviews written by others. Some geosocial services can also automatically send notifications to friends about visited places, while others reward active users with virtual badges. In exchange, businesses involved with geolocation receive real-time information about customers’ habits. Although location-based services are not mainstream yet (1% of online adults use such services on a given day (Zickuhr & Smith, 2010, p. 3)), Foursquare – the most popular geosocial network, founded in 2009 – has 8 million registered users and has been named a Technology Pioneer for 2011 by The World Economic Forum.

Ultimately, no matter what the size of the organization is, it is advisable to include an online presence into the marketing strategy. The detailed plan however, depends on the type of the organization, its size, location and industry.

4. Beyond e-mail

If a company decides to go online, it cannot stop only at having a website – it is merely a means to an end. E-mail is one of the ways that further enhance the customer’s experience. It is an extremely versatile channel of communication. Its delivery is almost instant, yet the receiver can read it whenever he or she wants, its length can vary from one sentence to a dozen of paragraphs, it can display images, attachments can contain every possible file format, and the cost of sending one e-mail is virtually non-existent. All of it makes using the e-mail the most popular activity among adult Internet users. 94% of them admitted to sending or reading an e-mail (Pew Research Center, 2010), and 58% begin their day by checking their e-mail (ExactTarget, 2010). Considering such popularity, no wonder why businesses favor e-mailing over other forms of online communication, as they use the electronic mail to contact their customers, sending offers and invitations through newsletters and company mailing lists.

This is about to change. The usage of e-mail has begun to decline, especially among younger users, who switch to instant messaging, mobile texting and social media. 12 to 17 year olds spend 59% less time using e-mail than the year before, whereas among the 25 to 34 year olds the decrease is 18%. The overall decline in e-mail usage is at 8% in the past year (comScore, 2011). As if it is not enough, consumers more reluctantly accept commercial e-mail. In the United States, 77% of online consumers voiced concerns about giving companies their e-mail addresses. Nine in ten unsubscribed from a company e-mail lists they previously voluntarily opted-in-to. 18% admitted that they never even
open commercial e-mail (ExactTarget, 2010, p. 4). Among the most common reasons for unsubscribing, polled customers listed too frequent messages from one brand, repetitive or boring content and being too overwhelmed with e-mail altogether (ExactTarget, 2010, p. 9).

In addition, technical restrictions mean that the same e-mail, with the same content, is sent to every subscriber, without any regards to segmentation and targeting. This makes the interaction between the organization and customer less personal and more forced. No matter how eloquent and persuasive the content of the e-mail is, the message from the company is not perceived as trustworthy. Customers put a much higher value on the opinion of friends and word of mouth than companies’ advertising. To turn this threat into an opportunity, organizations should engage in social aspects of online relationships.

5. **Online content revolution**

Not so long ago the Internet was the medium just like TV, radio or the press – a platform dedicated to the distribution of information, with only a handful of people able to publish static content on privately owned websites. Still, the Internet combined the best features from each of them, as users were able to browse whichever content they wanted, including text, pictures, audio and video - all at low cost and delivered in a fraction of a second. As Internet access became more widespread, the need for social interactions appeared, along with new standard of Internet activity – Web 2.0

Web 2.0, an umbrella term coined in 1999 by information architecture consultant Darcy DiNucci and popularized since 2003 by Tim O’Reilly and his media company, represents an idea of using the Web as a platform, where users take control over generating and sharing of the content. (O’Reilly, 2005) The portions of information are no longer separated from each other, but can be combined and modified offering brand-new user experience. Users become treated like co-developers, who can unleash their collective intelligence, enriching the shared data. Examples of technologies based on user-generated content include blogs, wikis, social networking sites, file sharing networks, discussion boards, review sites and folksonomies (social categorizing).

It seems unlikely that the user-generated content might be worth any money at all. First, the user-generated content is usually shared free of any charges and fees – no upfront payment, such as a subscription, is required to view it. Moreover, the process of sharing this content is simple, as technology created with Web 2.0 in mind made distribution user-friendly. The legal aspects are becoming less troublesome. Even though the website owners retain some rights to the content published by users, some of them use models that are more open. Wikipedia and Flickr use Creative Common licenses – “a free, public, and
standardized infrastructure that creates a balance between the reality of the Internet and the reality of copyright laws” (Creative Commons).

Secondly, the quality of user-created content itself can be questionable. Anyone can create or edit content, even people lacking knowledge or expertise in the commented subject, which can lead to a situation where produced content is not true. There are cases of deliberate attempts to publish malicious information, intended to ridicule or harm the company or person’s reputation. The most famous incident involves the vandalism of John Seigenthaler Sr. biography on Wikipedia, where false information about his alleged involvement with the assassination of John Kennedy was available for 132 days since the prank edition (Seigenthaler, 2005). Although there are ways to enforce some credibility and authenticity, like the verified accounts on Twitter, many user-generated content websites allow anonymous posting, and some even encourage it – discussion imageboard 4chan does not have a user registration system. Lack of control can negatively affect quality of content in social media. Some news agencies took extreme measures to counter that risk. Agence France-Presse (AFP) has banned its reporters from using Wikipedia and Facebook as exclusive sources of news (Luft, 2008).

Despite these disadvantages, it is not only possible to make money using user-generated content, but it is a common practice. Out of thirty most popular Web 2.0 sites (Alexa), only one, Wikipedia, is non-commercial and relies solely on donations. The rest generate income by offering premium content or accounts (Flickr, Skype), displaying advertisements (Facebook, YouTube), selling related goods and services through affiliate programs (Etsy, Woot), or a combination thereof (Reddit, last.fm). Furthermore, because users often share their personal information and details, the marketers can present consumers with an accurate offer that might be more suitable for them. At minimal cost, advertisements and products can be targeted to a group of people who share the same demographics, location and interests, making them more useful to customers.

6. Twitter

Renowned artist Andy Warhol once quipped: “in the future everybody will be world famous for fifteen minutes.” Right now fame can be achieved in 140 characters – the maximum length of messages on microblogging platform Twitter. It is not an accident that the restriction of one message – called “tweet” – closely matches the size of one text-message send by mobile phone (one message can contain up to 140 octets, or 160 characters (3rd Generation Partnership Project, 2011, p. 9)). As users are no longer bound to their home computers, they can write what is on their minds from everywhere in the world using mobile and wireless solutions.
In the words of Twitter’s creator Jack Dorsey, Twitter means “a short burst of inconsequential information, and chirps from birds. And that’s exactly what the product [is].” (Sano, 2009) It mimics the way people communicate with each other’s face-to-face, with short, concise, and emotionally powerful sentences. One billion messages sent per week (Twitter, 2011) by 200-million-strong user base (Shiels, 2011) are organized through the system of simple punctuation marks attached to words: hashtags (#) represents topics, at symbols (@) – user names. There are no restrictions on who can write (“tweet”) or read (usually by “following” or subscribing to other accounts) messages on Twitter, and straightforward and simple nature of the website lured some high-profile figures, who instead of getting help from the PR team, write their own tweets – like British actor Stephen Fry or NBA player Shaquille O’Neal. No other channel, offline or online, gives ordinary citizens such easy access to celebrities’ lives.

Mainstream popularity of Twitter in modern culture prompted US Library of Congress to archive every single tweet in their digital database (Raymond, 2010). However, among the momentous entries, such as Barack Obama’s victorious declaration “We just made history” on 5 November 2008, there are a considerable number of unimportant words and phrases. Pear Analytics study determined that over 80% of all tweets were either “pointless babble”, “spam” or had “conversational” nature (Kelly, 2009). Yet, behind this seemingly trivial information hides the uncontrollable power of the masses. One tweet might not mean anything, but thousands of them do. Researchers at Hewlett-Packard correctly predicted how much money a movie would earn in the first weekend based only on the frequency of tweets about that particular movie (Asur & Huberman, 2010). Elsewhere, The United States Geological Survey has developed a system of earthquake detection based on the content of posted Twitter messages (Lubeck, 2009).

Direct and fast-paced nature of Twitter emphasizes real-time communication and fast responses, and unlike e-mails, users do not have to read all messages posted in there. Therefore, organizations present on Twitter need to adjust their interactions and prepare themselves to respond directly to clients’ inquiries. Moreover, such messages are public, and people who are not followers or who do not even have a Twitter account can view them. It is estimated that Twitter’s reach is double its user base. Also, Twitter followers are more active than the average consumer – they are three times more likely to blog, post ratings and write reviews at least once per month (ExactTarget, 2010).

7. Facebook

With well over half a billion active users (Facebook, 2011), Facebook is the biggest and most recognizable social network service in the world. What
started as a simple website for comparing and rating photos of Harvard students (Tabak, 2004), soon evolved into the second most visited page on the Internet, right behind Google.

The concept is simple: users create profiles containing basic information about themselves: name, age, gender, where they live and work, what they like, and what kind of relationship they are in. They can attach photos, comment on other people’s profiles, write random tidbits on “The Wall”, or just attract others attention in the form of virtual “pokes”. According to the official statistics, an average Facebook member creates 90 pieces of content each month (Facebook, 2011). It is addicting - with six and a half hours per person, US Internet users in March 2011 spend more time on Facebook than on Google, YouTube, Microsoft, Wikipedia and Apple websites combined (The Nielsen Company, 2011).

Facebook has a diverse user base, with slightly more males (51.2%) than females (48.8%). Although more than half of the users are aged 18 to 34, Facebook’s audience represent 8% of people aged 45-54 and 4.6% of people aged 55 to 64. Three out of four people are from outside of the United States – the largest communities include Indonesia, the United Kingdom, Turkey and India (Inside Facebook, 2011).

In April 2010 Facebook launched the “Like” button, a feature that later reshaped the Internet landscape in an irreversible manner. With the Like button, users declare their emotional attachment to ideas, causes, associations and brands they support or agree with (in simpler words – become fans of). This allows users to define their self-expression beyond the rigid text fields in their profiles. The success of the Like button comes from the fact, that it can be placed outside of Facebook and integrated into any other website. In less than a month after the launch, 100,000 websites installed the Like button. As of April 2011, more than 10,000 sites add it every day (Parr, 2011).

It appears that the act of “liking” a brand, company or association is a clear signal that customers agree to receive commercial content. However, research shows that it is not that obvious, as people use the Like button for many different reasons. They do so to receive discounts, promotions and free samples, to show publicly their support for the company or idea, to access exclusive information and updates or simply for fun and entertainment (ExactTarget, 2010). 70% of consumers who “liked” a brand on Facebook did not feel they had given the particular company a permission to market to them, although 51% say that they are more likely to buy a product or service associated with the Like button (Chadwick Martin Bailey, 2010). It all stems from the fact that people join Facebook in a first place for its social and entertainment values, and they do not expect blatant advertising in there. It is still possible to communicate effective commercial messages to customers, but companies cannot focus only on placing advertisements. They have to unleash the full potential of social networking.
8. Marketing 2.0

The new marketing strategies need to exploit entirely both the social aspects of online communities and their technological features.

Consumers value highly the opinion of their families and acquaintances. Nielsen Global Online Consumer Survey confirms it – 90% of respondents “completely” or “somewhat” trusted recommendations from people they know in person. What is interesting, customer treasure the opinions posted online by others, even if they do not know them. Online word of mouth enjoys trust of 70% of people, as many as brand websites. On the opposite spectrum are other forms of online advertising – less that 45% of respondents trust sponsored search engine results, online video ads, banner ads and paid text messages on mobile phones (Nielsen, 2009).

Of course, businesses can let users share recommendations online using tools already available on social network sites. The better idea is to actively encourage and help customers with spreading the word. Levi’s, for example, created a website called Friends Store. Integrated with Facebook, it allows consumers to share the jeans they like, and shows what kind of jeans others have liked. As people influence and trust each other, they are more likely to make an informed decision about the purchase (Solis, 2010). Another illustration of the creative recommendation system is Coca-Cola’s Facebook application “Ahh Giver”, which allows fans to send a message to friends in the form of a video featuring a polar bear. Additionally, a discount coupon for one beverage is attached to the message. Both of these companies offered an interesting and unique way to engage consumers and their friends online.

Not every recommendation is equal, nonetheless. The quality of influencers varies, as according to the data collected by Meteor Solutions, “approximately 1% of a site’s audience generates 20% of all its traffic through the sharing of the brand’s content or site links with others”. It is then necessary to determine the key influencers, divide them into groups such as “experts” or “entertainers”, find out the social networks they frequent, and then, using proper methods, reach out to them (Straley, 2010).

Still, businesses try to reach the biggest audience they can, by encouraging users to become fans on Facebook and followers on Twitter. It is understandable and desired behavior - these consumers are more likely to buy (51% of Facebook fans and 67% Twitter followers) and recommend (60 and 79% of Facebook and Twitter users respectively) a particular brand (Chadwick Martin Bailey, 2010). That is why messages telling consumers to “Find Us On Facebook” and “Follow Us On Twitter” are ubiquitous these days, being present not only on the Internet, but also on television, outdoor billboards and products’ packaging. Rarely, however, do marketers give a reason why customers should do that. In
a social experiment, Andrew Blakeley, a social strategist at DDB UK, for one week accepted every invitation to become a fan of brands he was exposed to. Out of 46 brands, only 10 gave him a reason why he should “like” them. Just one invitation out of 16 received by e-mail newsletters provided an incentive (a chance to win £100 worth of groceries) to switch from e-mail to Facebook (Blakeley, 2011). The author concludes: “consumers need a reason or an incentive to open themselves up to [brand] in another channel”. “Otherwise”, he argues, “all they [consumers] are doing is agreeing to be bombarded with more marketing, with no real reward for doing so” (Blakeley, 2011).

There are successful counterexamples of brands, which engage users with interactive and exclusive content upon “liking” or following. Nabisco, a subsidiary of Kraft Foods, encourages fans on Facebook to publish photos showing them with Oreo cookies, and then, each week they select a photo featured on the main page of the brand. In addition, in February 2011, they successfully attempted to set a Guinness World Record in the most “likes” given within 24-hours (Wasserman, 2011).

Starbucks, on the other hand, delegated a special employee, called a principal Tweeter, to write even up to 20 tweets a day delivered to over 1.4 million followers. The published content varies from press releases, new offers and latest events to apologies for bad service and personal stories from baristas. A haiku contest, where fans could have won Starbucks Gold Cards, attracted 200 entries within an hour (Israel, 2009). Outside of social networks, Seattle’s most popular coffee chain created a dedicated website where customers can openly share and vote on ideas about new products, experience and community involvement. The most popular ones are then presented on company’s Facebook, Twitter and YouTube channels, and eventually introduced to the franchise.

9. Damage control

However, inappropriate usage, not to mention ignorance, of social media in promoting business can bring severe consequences. On 20 April 2010, Deepwater Horizon oil drilling rig owned by Transocean and leased by BP, exploded offshore, leaking nearly five million barrels of crude oil into the Gulf of Mexico. It was unprecedented event – because of not only the size and type of damage, but also due to its prevalence in social media. At the beginning, BP was reluctant to share up-to-date information with the public. The official BP America Twitter account was created on 30 April 2010, ten days after the explosion, and provided updates about the situation in the Gulf, current progress with plugging the leak and later with the cleanup. In May 2010, its feed was updated on average once every two days (BP), and gathered about 4,700 followers at that time (Heussner, 2010). Internet users, unhappy with BP’s
response, quickly took matters into their own hands. A mock Twitter account named BP Public Relations created on 19 May 2010, in just one week attracted about 20,000 followers, nearly four times more than the official feed. An example of one of its satirical tweet reads: “Thousands of people are attacked by sea creatures every year. We at BP are dedicated to bringing that number down. You’re welcome!” (BPGlobalPR, 2010) It was retweeted (shared) with others 1,203 times; making it more spread than any official message. The frequency of tweets on the spoof account has also been greater than on the official channel: about eight per day.

As if it was not enough, three months after the explosion, John Aravosis of the America Blog, discovered that the photography of the crisis response center published by BP in June 2010 had been altered with a photo editing software, and was actually taken in March 2001 (Aravosis, 2011). The story was then reported on the mainstream media, such as The Washington Post and Gizmodo. James Herring from London public relations firm Taylor Herring commented: “It’s astonishing in today’s media-savvy world that such a colossal and ongoing PR mess can be made.” (Walt, 2010)

A different outlook on managing an online crisis has been presented by Toyota. In early 2010, Japanese car manufacturer was forced to recall 8.1 million cars as a result of braking and accelerating malfunctions. After the initial slow response, Toyota took multiple measures to improve their public relations with the help of online channels. They created a website dedicated to aggregating top stories on Twitter about Toyota, combined with official press releases and videos (Rao, 2010), and successfully employed SEO techniques to lift corporate website into top three results for query “toyota recall” (Shier & Ress, 2010). Furthermore, Toyota’s US president of sales division Jim Lentz held an exclusive questions-and-answers session for social news site Digg (Cohen, 2010).

Greg Jarboe from Search Engine Watch concludes in his article on online reputation management that the ultimate lesson to be learned from the BP oil spill and Toyota recall is to “be prepared”, explaining “[…] you need to prepare your YouTube channel, Facebook page, Twitter feed, and Flickr photostream now, not after a crisis hits” (Jarboe, 2010).

10. Conclusions

Organizations are entering a new era, where revolutionary communication tools are introduced not as a passing fad, but an effective way to acquiring customers. The key to success is no longer in buying people’s interest, but earning it. To be relevant, companies must reveal their presence on the Internet in such a manner, which allows building strong relationships with customers. However, online social media are only a part of organizational strategy, and one
should remember about other aspects of management and marketing as well, without losing the sight of the company’s objectives.

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