

THE SOCIAL MEDIA IMPACT ON SMALL AND MEDIUM SIZED BUSINESSES

**Mihai Alexandru Constantin Logofatu PhD. Student
University of Craiova**

Abstract: This paper aims to be a short introduction to social media and discusses on few ways in which small and medium sized businesses in Romania can take advantage of this hot topic. Through the use of social media every company can reach a global audience with less effort, time and money. In a world shaped more and more around social platforms the customer behaviour has completely and forever changed and those leaders and organizations that understand and embrace this new type of communication, collaboration and interaction with customers are going to survive over the next five years.

JEL classification: M15, M51

Key words: customer interaction, collaboration, sharing, acting social, customer engagement, social media, business opportunities,

1. WHAT IS AND WHY WE NEED SOCIAL MEDIA?

Social media is not a new concept anymore since so many people in Romania are using daily social platforms like Facebook, LinkedIn, YouTube, Twitter, Flickr, Wikipedia, and so on. The well known Facebook site is a social networking service and website launched in February 2004, operated and privately owned by Facebook Inc which has today more than 850 million active users worldwide. Each user must register before using the site, after which they may create a personal profile, add other users as friends, and exchange messages, including automatic notifications when they update their profile.

Right now in Romania there are more then 4,5 million Facebook accounts which represent 45% percent of the people in Romania connected to the Internet. That is a large audience for any company doing business in Romania.

Thanks to social media, all that people easily share ideas, photos, videos, likes and dislikes, with the world at large - and find out what they think of them. They can find friends, business contacts and become part of a community or a bunch of different communities. Social media gives everybody what TV never could - a chance to be engaged and engage others.

Because of the fast pace of adoption worldwide companies have started to look at social media with a lot of interest and are investing more and more time and money to figure out ways in which they can make profitable use of applications such as Wikipedia, YouTube, Facebook, Second Life, and Twitter. Yet despite this interest, there seems to be very limited understanding of what the term "Social Media" exactly means.

Wikipedia says that social media includes web-based and mobile technologies used to turn communication into interactive dialogue. Andreas Kaplan and Michael Haenlein (2010) define social media as "a group of Internet-based applications that

build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content. Social media is media for social interaction as a super-set beyond social communication. Enabled by ubiquitously accessible and scalable communication techniques, social media has substantially changed the way organizations, communities, and individuals communicate and interact.

We can think of social media as much more than just a simple socializing tool because many people are beginning to perceive social media as a phenomenon: social media tools are becoming a way of business and a way of life, creating an information flow like never seen before and promoting ideas that would otherwise never be known to the public.

Due to these recent developments, we are witnessing an increasing rate of websites and social media trends, especially in business environments. Small businesses must take advantages of the small costs attached to promoting themselves with online resources. At the same time, bigger companies are beginning to acknowledge the positive impact that the use of social media might have on their communication processes, externally with their stakeholders, but also internally with their employees and partners all over the value chain.

Especially for start-ups and new businesses in Romania the use of social media can help them overcome all types of cost and geographic barriers and can make a difference between success and failure in the years to come.

Entrepreneurs and top managers must embrace this new type of customer interaction and identify more ways of fuelling the future growth of their organization based on that because social media platforms have completely and forever changed customer behaviour. Through the use of social platforms a simple communication has become an interactive communication where all sides are generating value in a collaborative environment which goes beyond the formal borders that used to separate internal communication from the external communication. With this platforms everybody share information, adds valuable content and in the end it is each organization's role to extract the major takeaways and develop new products and services based on that.

2. SOCIAL MEDIA'S ADDED VALUE OVER CLASSIC MEDIA

As opposed to classic media the social media creates the environment for each and every single human being to be able to create and share content, to express feelings and thoughts on topics of interest at the cost of connecting to the internet. The costs for sharing to one or 1000 subscribers is so small but the business impact is so large. Generating valuable content will help companies reach to a global audience in ways and with costs that nobody has ever thought of before.

There are several differences that need to be acknowledged between the classic media and social media and from that on lies the foundation of social media impact on small and medium sized businesses:

Both types of media offer scalability and global reaches but at different level of costs which give advantage to social media over other types of media since the costs associated with it are small and the content's relevance gets more importance. With the right content constantly delivered you can get plenty of subscribers connected to you.

So far only few people could have created and share content which is not the case anymore. Today everybody that has a connection to the internet has no limits in

creating and sharing content. If the content is of any value it will get it's followers as soon as possible.

The technology behind using social media or creating a blog is far less complicated than that of classic media. You don't need experts, special machines and so on in order to create and deliver content you just have to have the right content and then use one of the so many free platforms available worldwide. No need to have strong IT background as these platforms (Facebook, WordPress, Blogger, etc) is so easy and intuitive to use.

In the Internet era nobody has enough time to wait, everybody wants to find out and share new things extremely fast and by using social platforms it's possible at the cost of being connected to the internet.

Social platforms are open and flexible enough to allow the sharing of information to be done fast and from one platform to another thus including interaction with and between followers. The readers can add more value to the content shared, can make real time comments and the opportunity to be engaged in the conversation brings more relevance to that topic.

As already mentioned because of all these differences in the way anybody can create and share content on one side and behave as consumers on the other side there is a large opportunity for business environment to act differently and engage more with their customers. They can benefit from the first mover advantage.

3. THE SOCIAL MEDIA BUSINESS BENEFITS

We have discussed so far on what social media is and why it is of interest to business leaders identifying the improvements over classic media but in the following lines we have to streamline the business benefits of integrating social media tools in the core business processes of each organization as a way to gain competitive advantage.

Based on a study conducted by CompTIA's Social Business in 2012 it seems like the top five business benefits of employing social tools are:

- Better communication with customers, cited by 61% of responding companies
- Cost savings (51%)
- Brand positioning (49%)
- Real-time customer satisfaction and interaction (48%)
- Potential lead generation (43%)

The item mentioned the most is better communication with customers. Isn't that what marketing is all about. If you have this benefit, all of the others will happen to some extent.

Putting it all together based on our research we have to add that not only the external communication needs to be mentioned but also the internal communication between the employees. Further more the boundaries between internal and external communication become more and more fuzzy with customers interacting closely to employees.

Company leaders have to take into consideration that in order to become social they must give up control and they need to stop trying to control everything it's been said on the communication platforms. They must get into the role of a facilitator which is a major shift in thinking and acting as a company leader.

On the other side employees are given the freedom to express and interact with each other and with customers anytime, anywhere and on any device so they have to keep up with the expectations and engage more.

Today more than ever before each customer has to be carefully served because he has easy access to tools and communities where he can affect the company image and it's well known that an unsatisfied customer will tell 10-20 friends about his experience while a satisfied customer will only share his experience with up to 3 friends. So all the benefits brought by social media can turn against you generating more damage.

4. FROM SOCIAL MEDIA TO SOCIAL BUSINESS –POWER TO THE PEOPLE

The Social Media revolution is a consumer revolution. The democratization of media has shifted power away from corporations and media owners and into the hands of the general public. Today, brands are co-owned by consumers.

More and more people or better said consumers realize that social media tools are becoming a way of business and a way of life, creating an information flow like never seen before and promoting ideas that would otherwise never be known to the public. Because of that we are living in a social world and the intelligent companies and leaders are transforming their business into a social business and become a social organization.

A social organization, as defined by Anthony J. Bradley and Mark P. McDonald (2011), is the one that strategically applies mass collaboration to address important business challenges and opportunities.

Its leaders recognize that becoming a social enterprise is not about incremental improvement. They know it demands a new way of thinking, and so they're moving beyond tactical, one-time grass-roots efforts and pushing for greater business impact through a thoughtful, planned approach to applying social media.

As a result, a social organization is able to be more agile, produce better outcomes, and even develop entirely new ways of operating that are only achievable through mobilizing the collective talent, energy, ideas, and efforts of communities.

In a social organization, employees, customers, suppliers, and all other stakeholders can participate directly in the creation of value. In many cases they even participate directly in delivering business value. They're all integral parts of how the firm does its work, and they work together to get the greatest value from the company's products and services.

This distinctive type of communication with fuzzy boundaries between inside and outside where people use open and flexible platforms to collaborate generating collective intelligence as a way to innovate and become a customer centric organization is the real business benefits of social media.

5. CONCLUSIONS

The major objective of this paper, from an academic and business perspective, is setting a ground base for future research and advancing ideas that could be further researched into, in order to explain whether and how social media could add value to small and medium sized organizations.

The fast pace of web 2.0 technologies development has changed forever the business environment and the way customers demand for more and better services and products for less many or time to market cycles.

There has been a shift in power for consumers and this is why the companies have to constantly transform and adapt to the evolving needs of their social customers otherwise they will lose them.

The growing number of people using social technologies is a prove that there was a need out there to be addressed and that companies have to listen to the voice of each of their customers. They need to interact all the time with customers and to engage in developing better products and services otherwise those customers will leave to more flexible and customer centric approaches.

Through the rise and development of Internet and social technologies companies are facing huge business opportunities and most of the boundaries that restricted their expansion are gone so it's up to them to decide whether or not to embrace this new wave of social media technologies.

The social business has to start by redefining it's business culture and values and to continue by integrating social technologies in it's core processes as a way to transform and adapt to the evolving needs of it's social employees and customers.

The new business culture has to be based on mass collaboration and innovation, to react rapidly to changes and to make better and faster decisions that leverage the intelligence of customers, partners, suppliers and employees collected form all over the world.

We believe that the real global and social organization is the one which opens up to the world innovating and collaborating with customers and employees worldwide, sharing resources that used to be well guarded in the past, to harness the transformative power of social media platforms.

We hope we managed to raise awareness to small and medium sized business managers on social media impact and even if the social organization is currently at the very early adoption stage in Romania significant competitive advantage will come to those who embrace it as soon as possible.

REFERENCES :

1. Bradley, A. J. How to use social media to tap the collective genius of your and McDonald, customers and employees, Harvard Business Review Press, Chapter M. P 1- The social organization.- 2011
2. Kaplan, A., "Users of the world, unite! The challenges and opportunities of Haenlein, M., Social Media"; Business Horizons 2010; pp.59-68
3. ***** The Brainyard - The community for social business <http://www.informationweek.com/thebrainyard>
4. **** Wikipedia.org – "<http://en.wikipedia.org>" (on social media and social business)