IMPACT OF SOCIAL NETWORKING ON BUSINESSES

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Summary

In 2012, half of all Internet users had signed into a social network. So it's no wonder that companies want to be where their potential customers are, and social media allows them to have more direct contact with those consumers.

This article by Cristina Berzal, director general of affili.net España, examines the role of social networks, their impact on business, how they should be managed, and the importance of having a strategy for mobile devices.

Social networks have certainly changed the Internet and in the process, the world of technology. According to Social Jumpstart in 2012, 50% of all Internet users worldwide had signed into a social network; 63.2% visited a social network at least once a month, and in 2013 that percentage is expected increase to 67.6% and to 70.7% in 2014.

Facebook is indisputably the world’s leading social network, with users in 127 of the 136 countries surveyed. Bangkok, Thailand, is the city with the largest concentration of Facebook users (12,797,500), followed by Jakarta (Indonesia), Sao Paulo (Brazil), Istanbul (Turkey) and Mexico City (Mexico).

Youtube, with more than 800 million users visiting the site at least once a month, is another of the world’s leading social networks; while Twitter has 107 million subscribers in the United States, 33 million in Brazil and 30 million in Japan, the three major countries to use this microblogging site.

The social network Instagram has become an impressive force, growing 17319% in the United States, 8.121% in Singapore, 2.028% in the United Kingdom, 843% in New Zealand, and 362% in Australia between July, 2011 and July, 2012.

Currently, 8 out of every 10 Web surfers in Spain use social networking sites, 5% more than in 2011. This is quite a trend, since the market for social networking keeps growing, although less intensely, and is therefore thought to have entered a phase of consolidation. This is one of the conclusions reached in the recent IV Annual Survey of Social Networking, published by the association IAB Spain. Up until a few years ago, most Internet users only connected through email and instant messaging, but with the advent of social networks a new means of communication had arrived.

In this context it is clear that today, social networking is not a trend but rather a habit in one’s private life as well as in business. It is evident that major social networks like Facebook, Twitter and Youtube are widely accepted and constantly growing their user base. In fact, Facebook, with 96% of its Spanish users between 18 and 55 years old, it is still the ultimate social network, followed by Tuenti, the preferred social network (41%) of Web surfers between 14 and 17 years old.

Currently, the fastest growing social networks in Spain compared to 2011 are LinkedIn (50%), Google+ (45%) and Twitter (35%). Pinterest, a social network created in 2010 but that became popular last year, is making its way on the scene. Pinterest has revolutionized social networks; in fact, according to a recent study from Comscore, Spain is the second fastest growing country in Europe after Germany in Pinterest users. For companies and bloggers, it is also a great source of web traffic and online viralization. According to the
report, the online consumers surveyed in the United States follow on average, 9.3 stores on Pinterest (the average drops to 8.5 on Twitter and 6.9 on Facebook).

**The impact of social networking on businesses**

Social networks over time, have acquired a business following and companies have decided that they are well worth bearing in mind. It is certain however, that in quantitative terms, social networks still have a way to go before they can be considered marketplaces. So much so that in our country only 14% of users have shopped on social networks; 74% of them have made purchases on Facebook (F-Commerce).

The reasons given by 87% of people that have never shopped on social networks are: didn’t know that they could (57%); couldn’t find a product or service attractive enough (29%); didn’t think it was safe to shop on social networks (24%); didn’t believe they were the right place to shop (22%).

But that is just the beginning, because there are more and more ways of doing online transactions together with other more traditional ways of doing business. And we find that in addition to e-commerce websites, social networks are ideal shopping sites. Companies realize that they have to be where their customers are, and it’s clear that their customers use social networks.

To access customers and potential customers, it is important to understand the market, to choose the right platform and to know the best online channel for reaching those potential consumers.. Besides S-Commerce (Social commerce) we can also talk about F-Commerce (Facebook) and a large number of new functions according to the channel. The word Commerce comes alive, and in this context, always accompanied by the channel that sells online.

We recently learned that only Facebook users in the United States have gift cards marketed by that social network that allows them to buy products in brick and mortar stores like Louis Vuitton and Sephora, among others. Given the more than one billion registered social network users worldwide, it is not surprising that this new initiative will spread to other countries and we will see social networking evolve into a new business model for widespread sales. If this kind of project takes off in a positive way, Facebook will no doubt consolidate itself as more than just a social network meant to share opinions and multimedia for recreation.

One of the world’s leading strategic consultancies, Booz & Company, predicts in its latest study, that the social commerce market, led mainly by F-commerce, will make $30 billion worldwide, 14 billion in the U.S. and the rest from other countries around the world. This tells us that more than 45% of all F-commerce business in the next 5 years will only be in the United States. In the future and on a global level, social platforms can generate large revenue if users start using them to buy products and services.

Among the already infinite number of mobile applications for business management and reaching new consumers through multiple channels, online and offline stores, social networking, web and smart phone accessories are advancing at a dizzying pace, based on concepts like technology and innovation. Social networks are growing not only in Spain but in the rest of the world.
Managing Social Media

As time goes by and social networking is fast becoming part of our lives, we see why large corporations have teams of people like online community managers, devoted to improving online presence, and consumers become accustomed to interacting on those channels. Therefore, in order to gain market share, it is essential that all brand strategy take into account how users access social networks, how their purchasing habits have changed, and how important mobile commerce is to company planning.

In addition to using the right channel, an entrepreneur should also have an online marketing plan that will increase his customer base and customer loyalty. That is why it is important to have a solid business base and marketing foundation as well as good training.

While the market adapts to this new direction, rich in opportunities, we at affilinet are seeing every day how different agents in the affiliate marketing industry have stepped up and begun to adapt their business model to the emerging business models. Affiliates do not want to miss the opportunity to take advantage of this new strategy for identifying all of the trends in use, increase and improve their lead and sell conversions, either by promoting advertiser products and discount coupons on their own profiles on a social networking site, social networking profiles, making ads in Facebook profitable… In fact, according to a study by Affstat for the 2012 Affiliate Summit, 60% of affiliates say that they are already looking for more traffic for their websites through social networking.

From the point of view of affiliate marketing\(^1\), it is also fundamental to have a strategy that promotes bi-directional communication between advertisers and affiliates, and that facilitates communication between the two.

Mobile strategy

On the other hand, and as we previously indicated, changes in user habits how they access social networks should also be taken into account because in the last few years we have seen that smart phone penetration in Spain has increased, 22 percentage points in 2012. Sixty-eight percent of Spaniards connect to the Internet via the latest generation in smartphones.

The IAB Spain study says that “the presence and use of devices like the Smartphone and tablet reached 59% of the Internet community with smart phones, as compared to only 10% in 2009 and, 77% of those users connect to the Internet on a daily basis”. Therefore it follows that 56% of the people that access social networks do so on their mobile device, which implies a 47% increase in a year.

One of the main objectives of businesses and their brands in this, the beginning of the year, should therefore be to carry out an efficient and effective mobile strategy. A recently published Nielsen study concluded that users are more and more accustomed to accessing social networking sites on their mobile devices, and therefore interacting with brands that are on certain platforms.

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\(^1\) Affiliate Marketing: Online marketing in which advertiser, affiliate and affiliate platform play a role. Advertisers pay affiliates to carry out certain objectives like sales, registrations and clicks through an affiliate platform that acts as a meeting place for both parties.
It is clear that companies must continue taking advantage of the potential that social networking offers for connecting with their target audience. Their strategy must be focused more and more on attracting that customer, by offering useful and interesting information that encourages him to interact with the content.

It is obvious that over time, Social Media has become the right way to reach customers. And it is more than obvious that companies can find in social networking, a very important way to grow and increase their profits and presence in the market.

**About the author**

This article was written by the director general of affilinet in Spain, Cristina Berzal. affilinet does Affiliate Marketing for Sedo Holding. It has more than 10 years experience in the industry, and is in seven European markets: Germany, the United Kingdom, Holland, France, Austria and Spain. Over 2,500 recognized brands from every industry that use the Internet as their main sales and distribution channel already collaborate with affilinet, as do more than 500.000 local and international publishers. Moreover, affilinet is considered by both international advertisers and publishers to be the best Affiliate Marketing network in terms of innovation, quality and service.