

# Socialnomics: Transforming Marketing Tactics through Social Media

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*The intensification of social media has radically transformed the entire scenario of communication mode and marketing is no exception in this perspective. Through the unsatisfactory practice of conventional advertisement customers rely more on their fellows rather than brands. In the present scenario of translucent consumer atmosphere, it is necessary for the producers to ensure that their product or service is popularised all the way with its claims to retain their customers focusing social networks. Thus, the alliance of the organizations and customers for value creation and shared via social medium is named as socialnomics. Against this backdrop, the present paper is an endeavour to explore the key aspects of socialnomis both from organizational as well as customer's perspective in the light of issues of concern and possible strategies.*

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**Keywords:** Social Networking, Communication, Consumer, Value Creation, Conventional Advertisement.

## Executive Summary

Social media and social networking have revolutionized the way of interactive communication be it in the domain of personal, business, political etc. In any marketing strategy, effective and influential communication is of utmost significance for studying the consumer behaviour and responding to the consumer feedbacks. For this purpose, marketers need quick and direct information from the customers. Customer orientation is the vital aspect in marketing in which communication plays a significant role for developing and maintaining brand image of the product or services offered by an organization. Social media is immensely emerging as a powerful tool for providing as well as getting information about a particular product or service. Moreover, social media is global in nature that provides global connectivity relating to a product or service. Now, people are continuously interconnected through social networking and feel easiness and soothe to obtain information as well as opinion about a product or service both at national and international levels. Traditional sources of advertisement lack faster and straight response from

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the consumers. Social media provides prompt reaction which is the most viable and significant device useful both for customers and marketers. The structural shift in interactive modes of communication gaining popularity for relationship marketing as it contributes a lot towards the customer information and engagement that is imperative for value creation. Marketers are utilizing the potential associated with the use of social media for enhancing the value of marketing programs. Adding further, social media has also resulted into the decline on traditional advertisement budgeting as it is economical mode of advertisement related campaigns. This techno shift revolution has forced the marketers to use social media for marketing communication practices as it has become an imperative component of day to day life and empowered the customers. The traditional sources of information have been declining and the organizations which have a competitive edge for providing products or services with ease and speed are able to capture the market share.. The customer would also be in an advantageous position as he is empowered through social media for quick and rational decision making. Further, social media also offers an opportunity for dialogue between customers. Thus, the fusion of the business and customers for value creation and sharing information by means of social media has given the concept of socialnomics.

### **Prologue**

The growing trends in the usage of social media owing to the internet penetration through mobile devices have significantly enhanced the availability of online information. Social media is online content created by people to discover, read and share news and information. Social media has developed as a communication mode as it facilitates online connectivity. Social media is a blend of sociology and technology that transforms information flow from monologue, i.e. one to many, into dialogue, i.e. many to many by which people discover, read, share news and information and content (Solis 2007 and Solis, 2007a). Social media is not only about people reading and circulating information, but also how they share and create content for others to participate. Social media offer the advantages of long-term relation among the users and provides an opportunity for everyone to converse effectively and efficiently in a way unparalleled by any other media as it is widely accepted communication tool of modern era (Evans, 2008).

Conventional Media of communication channels includes magazines, books, newspapers, radio and television to dispense news and information. Social media is interactive in nature and recognized as consumer-generated media or citizen media (Rob, 2009). Conventional media is company-generated and information flows in one direction. In case of social media, the flow

of information takes the form of active communication in multiple directions. Social media has turned out to be most trendy movement on the internet owing to the ability of facilitating the users by providing information about others that makes possible everyone for connecting to all relevant. Social media has facilitated the process of communication at the click of a button and given the opportunity to transform from content users in to content creators to socialize. Such advancement enabled the marketers to contact their target audience. Different approaches are being employed to communicate through social media for creating and developing relations with the present and prospective customers. The use of social media for marketing emphasizes on brand awareness and advocacy in the minds of customers through peer influence that plays an important role in the purchase decision making. Thus, social media marketing is challenging the traditional marketing practices.

In the present era of competition, businesses have to become customer oriented by focusing on interactive communications strategies for marketing through social media. Owing to the advent of social media, the consumers are able to control their brands, since a real word of mouth phenomenon was intuitive through social media, which become decisive for businesses to employ. Businesses have to adhere to social media to carry the content people are looking for as they are possessing the information and businesses have to appear translucent to consumers. The worth of time has also changed, making communication a practice that has to be immediate and simplified and they have no chance to face their competitors if they don't adopt social media marketing strategies. It requires interacting with the customers taking into account their feedbacks and complaints as well as by delivering information about products and services in real time. The wider application of social media world wide has enlarged the scope of marketing through social media (Ach, 2013). Thus, the fusion of the business and customers for value creation and sharing information by means of social media has given the concept of socialnomics. Against this perspective, the present paper intends to investigate the diverse aspects of socialnomics both from organizational as well as customer's perspective.

#### **Derivation of Social Media as a Marketing Tool**

Social media is an exemplary move in ICT (information and communication technology) that incorporates interactive mode of communication based on web based technologies to share, discuss and generate content. Social media has also the unique capability of creating value creation for firm and customers as they do not only provide wider access but also enable the customers to create content that augments the value of the firm. Social

media applications have established market structures to generate new markets to persuade competitive behavior in markets (Culnan et al. 2010, Kaplan and Haenlein 2010 and Kietzmann et al. 2011). Marketers can intermingle frequently with customers and assemble personal relationships through social networking such as Facebook, Twitter, LinkedIn and MySpace. Facebook is the biggest social networking site which is multimedia-friendly. A usual Facebook user has around 130 friends; and more than 3.5 billion contents are shared on Facebook every week (Tech Revel, 2012).

As discussed in the previous section, the surfacing of social media has drastically affected every walk of modern era and marketing is no exception in this context. The traditional modes of communication have lost their significance and relevance owing to the globally and easier access to the information in the current wave of social media. The most significant shortcoming of traditional media is its limited one-to-many approach. Social media contact is location-independent and user-generated which is an opportunity for marketing strategy owing to its accessibility and scalability. Further, social media enables quick and faster source of diffusing information. Traditionally, businessmen prominently used to interact with their customers through television advertisements or newspaper and other print advertisements for providing information about goods and services that provides a very less scope for feedback and impact. On the other hand, social media offer a dialogue with its customers and receive feedback.

The dynamics of Internet-based application of Web 2.0/3.0/ etc. enabled the users to engender and manage communication particularly in marketing arena for developing and maintaining relationship with the customers (Thackeray et al., 2008 and Harridge-March and Quinton, 2009). The innovation and efficacy of such applications hinge on social media. Consumers acquire information about a product, service, brand etc. through social networking besides product reviews from other consumers (Smith, 2010).

Fisher (2009) found that the 70 percent of consumers visit social media to get information; out of which 49 percent purchase with this information and 60 percent are likely to share information. They find information online. Social media possess commanding prospects for consumer influencers.

In traditional marketing, marketing message can be delivered through newspaper, mail service, television or radio, which is considered one of the main advantages of traditional marketing, especially in places with a less online coverage. Traditional marketing is more viable than online marketing techniques such as social media. In addition traditional marketing has advantages like physical access to the product, face to face communication and more secure payment system. On the other hand, the limitations of traditional

marketing include slow process of communication and one size fits all approach of marketing message.

Marketers are constantly concerned to capture the interest of target audience; and modern modes of communication and devices have given them the chance to interact constantly and quickly. Social media is effortlessly reachable to everyone with internet access. Effective communication enhances brand awareness and better customer service and social media serve a moderately economical avenue for marketing operations (Bajpai et al., 2012). Further more, with the vast spread and use of social media for marketing, it provides an add-on facility to the businessmen for knowing about customers' response concerning a product or service via online mode. It provides competitive edge over the competitors by responding and satisfying the customers quickly and easily.

In case of traditional modes of communication, information spread was quite limited. The advent of information and communication technologies, particularly, internet has revolutionized the free flow of information with ease and speed across the globe. In, traditional marketing, it is not possible to create an effective campaign owing to competitive market. Social media has resulted into active engagement by allowing immediate access to anyone for anything. The increasing attractiveness of social media compelled the marketers to use social media. At the outset social media was for social engagement, but now it has become key marketing strategic component in modern regime (Kaushik, 2012).

Social media is significantly influencing our way of life. The evolution of social media has reduced the communication gap between marketers and consumers. Social media has empowered the consumers by enabling them to share their experiences and opinions globally and economically. Exploiting social media for marketing relations is a combination of economic, technological, and social drivers. Social media has made consumer voice more active and in the same manner the marketers push users to become actively involved with a brand or product resulting into win-win situation both for customer and business (Needham, 2008 and Kaplan, 2010).

#### **Socialnomics- Fundamentals and Synthesis**

In this scenario, the traditional sources of information have been declining and the organizations which have a competitive edge for providing products or services with ease and speed would be the winners. In this perspective, social media is an extremely appropriate channel for customer interface. Thus, the unification of the organizations and customers for value creation and shared via social media has coined socialnomics. Socialnomics is a substantial

move in socio-economic perspective owing to the proliferation and progression of social media.

Socialnomics, according to Qualman (2012), "*the value created and shared via social media and its efficient influence on outcomes (economic, political, and relational)*".

Socialnomics designates transformational shift from Word of Mouth to World of Mouth. The concept of word of mouth represents effectual medium of marketing already in practice through traditional marketing strategies. The extension of word of mouth to world of mouth owes to the faster expansion of information, global access and integrity of the digital media. It calls for entire transformation of the marketing model to exploit the potential effects of social media (Qualman, 2009).

In the era of global competition, social media has surfaced as competitive advantage weapon that permits marketers an opportunity to excel for the long run growth and survival. Social media enables encouraging customer interaction environment that adds customer royalty towards a brand or a company.

Word-of-mouth is multidirectional marketing concept of interpersonal communication which is used by consumers to collect information to make purchase decisions. Nevertheless, the traditional word of mouth is not widely spread and social media via social networking sites is able to broaden the scope that transformed the word of mouth concept to world of mouth. The persuasion impact of social media has proved the world of mouth to be much better than the word of mouth.

The surge towards social networking has radically transformed the marketing scenario as far as interactive communication between business and customer is concerned. Moreover, in a buying process and decision making, the consumer rely more on the respond, reviews and comments received from the friends and follows what majority of people follows. Besides, communication medium, social media is also proving worth full for brand image awareness through customer engagement that contributes towards enhancement of value creation of the business.

Further, social media access is global and exhaustive that facilities wider spread of information without any geographical and channel specific constraints. Another added feature of social media is that it is time saving as within a reasonable time spending one can use more information of his interest or use. Business can also widely use the strengths and wider scope of social media as it is economical and has broader impact. However, a more cautious approach is required on the part of business for posting any information online since it influences the customer's opinion significantly and ultimately brand reputation.

The role of social media in the context of marketing becomes more relevant as customers are also able to comment and experience in the form of feedback regarding the products and services offered by a business which provides information to the business for future marketing strategy. But one thing is quite important that marketers should intelligently and sincerely address the issues raised by customer feedback following ethical standards.

Owing to the severe experience of traditional communication channels of marketing, now people are more concerned and interested in the feedback and response of the friend and peer group. This mode would be certainly trustworthy only when customer satisfaction is given fair consideration. Special efforts are required on the part of the business to ensure maximum consumer engagement while moving online.

The growth of e-commerce industry is also due to the revolutionary growth of social media and enhanced internet penetration. Most of the companies are using innovative methods to market their products and services on social media platforms. The rise of e-commerce sector via social media advocates for the influential impact for the marketing specific policy issues. Social media is a powerful marketing relation tool in the modern e-world empowered by blogs, facebook, tweeter etc. for enhancing relational capital in terms of customer engagement and brand equity.

#### **Win-Win Situations – Customer and Organizational Outlook**

The world is being simulated in the digital world and marketers are altering the mode for customer engagement. Consumers with mobile access have real-time information relating to a product or service. Social media offers directness and involvement through social networking services. Social media is being extensively used as a marketing tool for communication. It possesses personal attention by providing interactive conversation. Social media has drawn consideration as it is consumer driven marketing mix. However, the effectiveness of social media depends on its ability to integrate with the conventional media.

Social media directs significantly the process of responsiveness, opinions, information for decision-making and feedback of consumers (Mangold and Faulds, 2009). It considerably affects reputation, sales performance, survival and growth prospect of a business (Kietzmann et al., 2011). Nielsen and NM Incite (2012) studied the in-depth bang of social media on consumer course of conduct and observed that 60% of customers find out about a particular product or service brand through social networking sites and 63% choose to examine consumer-generated evaluation online. It further highlights that customers rely heavily on the recommendations of their peer members, which

clearly specify that social media is emerging as a major source of marketing information for the consumers. At the same time, marketers are also on receiving end by using social media for customer targeting and engagement. Similarly, (Stelzner, 2014) reveals that 92% of marketers consider the significance of social media for their business. Growing customer coverage is the most important advantage of social media as it assists interactive communication among customers and marketers. (Tuten and Solomon, 2013). Moreover, Social media has global access that enable instant and real-time communication for cutomers feedback for enhancing cutomers satisfaction (Kim and Ko, 2012; Mangold and Faulds, 2009). By using social media, marketers can launch and prop up their products and sevicees directly at lower costs as compared to traditional communication channels (Hun, 2010).

Erdogmus and Çiçek (2012) observed that brand reliability is the result of beneficial social media marketing action, the impact of the content, the acknowledgment of the content among the group members and application of social media environment.

The shifting communications atmosphere affects the way in which consumers communicate. In modern times, the focus is on consumer participation for brand building. On the other hand, online communications tools generate relationship opportunities for marketers. That is the reason why marketers are moving towards social media marketing to encourage consumer – brand interface.

### **The Way Forward**

To make further prospect of social media, there is need of vigilant approach to ensure transparency and consumer confidence. As the interaction on social media creates sense of closeness and reliability, the marketers should focus more on these aspects. The enhanced trust on a specific brand affects the long term sustainability and value creation among the customers. Moreover, it would be possible only when information on networking sites becomes lucid, precise, inclusive and dependable as far as content quality is concerned. Consumers feedbacks and comments are invaluable and the marketers must give due sincere head towards such kind of information to facilitate better understanding of the consumer behaviour. Nevertheless, it is a daunting task that requires a constant effort to read and react to the reactions of market actors to build healthy relationship for value creation and image enhancement of the business. There is a dire need of the hour to think out of the box to implement innovative marketing strategies focusing on social media. More concerted efforts need to be employed to further expand the scope for optimal marketing strategy.



In the above mentioned perspective, there is wider possibility of further research avenues in this domain. It would be interesting and more relevant from the strategic point of view to study the changing patterns of marketing strategies by using social media by different marketers. Another possible area of research may be focusing on the adoption of various tools and tactics by the marketers to gain competitiveness. Another vital area of research may be on managing customers feedback for further marketing strategies.

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