

## THE ROLE AND IMPORTANCE OF SOCIAL MEDIA IN THE DIRECT SELLING SECTOR

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### **Abstract**

*The major technological innovations have led to profound changes in each sector, but also in the behavior of consumers. Thus, the evolution of the Internet over the last two decades has contributed to the blurring of the boundaries between domestic and international affairs, generating the increasing of competition and thus the need to create a sustainable competitive advantage. At the same time, the increase of the number of Internet users has contributed to the development of social media platforms, which offer the possibility to personalize the online presence and to actively participate in the online communication. In this context, the social media platforms have created the premises for developing databases, with which companies can more easily understand and evaluate the way of thinking and the preferences of consumers when they make online purchases. Based on these considerations, the present paper analyzes the results of a qualitative marketing research, in close correlation with the statistical data on the degree of using social media platforms at global, European and national level. The research was based on the method of the semi-structured in-depth interview and focused mainly on identifying the advantages of using the means/tools of online advertising, as well as on assessing their effectiveness. The results of the marketing research showed an increasing trend in the number of social media users, as well as a diversification of the categories of audience targeted by online advertising. At the same time, the managers interviewed expressed their availability to invest more in online advertising, which significantly contributes to attracting new customers and implicitly to increasing their sales.*

**Keywords:** online advertising, social media, qualitative marketing research, direct selling.

**JEL Classification:** M30, M31, M32, L81.

### **1. Introduction and the context of the study**

*Both the intensification of local and global competition and the worldwide development of the Internet have led many organizations to consider the presence in the online environment as a necessity. The benefits of using the Internet are recognized both by consumers and organizations, offering greater opportunities for interaction [7, p. 167].*

*The evolution of the Internet from a simple way of transmitting messages to the main mode of communication has had a major influence on the way in which the brands were created and promoted, as well as on the way in which the organization's marketing activity was structured [3, p. 48]. In this sense, the enormous potential of this medium of communication (online environment) is successfully exploited for:*

- creating brand image;
- creating brand loyalty;
- conducting product presentations/demonstrations;
- ensuring consumers' access to free consultancy, in order to purchase only those products and services suitable for them;
- selling products/services;
- carrying out public relations activities;
- conducting marketing researches.

*Online advertising has similar goals as the traditional one, but the means and methods of expression, communication and interaction with the target audience are specific to the electronic environment. This specificity is generated by direct interaction, real-time communication and*

feedback, and individual targeting (*selection*) [6, p. 59]. Thus, marketing does not take into account space and time anymore; it is increasingly interactive and more strongly oriented towards communicating with customer, the costs generated by online advertising activities being considerably lower than those from traditional media.

In 2018, the expenditures for worldwide online advertising were estimated at \$ 283.35 billion, forecasting that they will reach \$ 517.51 billion by 2023 (figure 1).

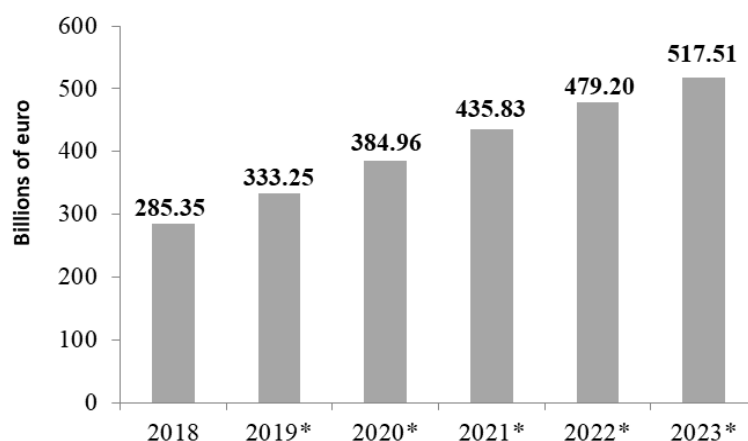


Figure 1. Forecasts (\*) regarding digital advertising spending worldwide from 2018 to 2023 (in billion U.S. dollars) [8]

At the European level, *digital advertising grew 13.9 percent in 2018 to €55.1 billion, driven by strong growth in video, mobile and social spend. In 2018, the top five largest growth markets all came from the CEE region* [1]:

- Ukraine (26.9 percent);
- Russia (24.9 percent);
- Belarus (23.6 percent);
- Czech Republic (20.9 percent);
- Serbia (20.1 percent).

According to the results of the ROADS study (Romanian Online Advertising Study), conducted by IAB Romania with the support of PwC Romania, *the total value of the Romanian online market stood at around €41 million (RON 190.5 million) in the second semester of 2018, with a growth of 36 percent compared to the same semester of the previous year (H1 2017)* [2]. The telecommunications industry ranks first in terms of online advertising spending. This is followed by the finance sector, the cosmetics and perfumery industry, the retail, respectively the by the entertainment and media sector.

The analysis of the growth rate of direct selling industry in Romania, in close relation with the opportunity of direct sales managers to expand their businesses online, highlighted the need to:

- identify the main means/tools of online advertising used by the direct sales companies in Romania;
- analyze the factors influencing the choice of certain means/tools of online advertising;
- evaluate the efficacy of the means/tools of online advertising.

In this sense, the results of the present qualitative marketing research should prove valuable for direct selling companies in the selection of the means/tools of online communication, in the elaboration of the messages, as well as in the design of future marketing research.

## 2. Research methodology

The present qualitative marketing research was conducted between July and August 2019,

among eighteen Romanian managers of direct selling companies. Its *objectives* were to analyze the way in which the direct selling companies use the different means/tools of online advertising, and to evaluate their efficacy.

The primary data were collected using the semi-structured in-depth interview method, because it *allows researcher to be more flexible in data gathering and to understand the roots of the phenomenon* [5, p. 76]. In accordance with the requirements imposed by the specialized theory and practice, a *selection questionnaire* was used in order to identify the Romanian managers of direct selling companies who were representative for the research objectives. An *interview guide* was also elaborated. It consisted of a list of themes and sub-themes formulated in close connection with the issues studied.

The processing and interpretation of the primary data required a *content analysis*. Thus, each interview was individually analyzed, in order to know how each manager approached the themes and sub-themes of the interview guide (vertical analysis), a special attention being also paid to the way in which the themes and sub-themes were approached by all the managers interviewed (horizontal analysis).

### 3. Summary of research results

The analysis of the research results highlighted the opinion of the interviewed managers regarding:

- the advantages of using different means/tools of online advertising;
- the efficacy of the means/tools of online advertising they've used.

#### A. The advantages of using different means/tools of online advertising

*The main mean of communication* used by direct selling companies is represented by their websites. This is due to the fact that they offered the opportunity to expand the businesses online. The advantages of this mean of communication are:

- a better control of the information about the company, its activity and products/services offered;
- the possibility of uploading an interactive catalog with the company's products, which includes a detailed presentation of them;
- the possibility of consumers to place an order and pay online.

As a result of the Internet development, but also of the increasing *number of social media users* [4, p. 29] in Romania, the presence of direct selling companies on the main social media platforms became necessary. In this regard, the managers interviewed indicated the following platforms, in the order of their use:

- Facebook (*10 million users in January 2019*). On this social platform the companies have the possibility to differentiate their accounts from those of individuals, Facebook offering options, configuration methods and settings different from those available to ordinary users. However, at present, the direct selling companies don't fully exploit the potential of this social network, considering it important only for their *e-marketing* activities.
- Instagram (*3.8 million users in January 2019*). It is a social media platform mainly used for the communication through images and videos. In the last few years, there has been a significant increase in the number of users who constantly follow and appreciate their favorite brands.
- Twitter (*348,500 users in January 2019*). It is a platform used mainly for the transmission of information, respectively for the creation of an audience, being less oriented towards dialogue. Its main feature is conciseness, being the only network that has a limit of 140 characters per *status*.
- LinkedIn (*2.6 million users in January 2019*). Initially, this platform was used to create

professional contacts and to conclude partnerships. In recent years, however, the network settings have been diversified, offering the possibility of creating and editing a complex user profile.

In addition to the ones listed above, managers also pointed to the YouTube platform, used in particular for uploading video files, which contain presentations of the products/services offered by the company or testimonials of the customers who have already used those products/services. The advantages offered by this platform include the possibility of customizing the page, respectively the existence of "like" and "dislike" options.

Another important aspect highlighted by the managers was the possibility of adapting the marketing strategies to the changes in the customers' behavior and attitudes which are related to demographic variables, having permanent access to data regarding the profile of the social media users. In this regard, they mentioned the *We Are Social Agency*, which periodically publishes statistics, at global and national level, regarding the online environment. Thus, in Romania, the target audience of the advertising campaigns carried out on the Facebook and Instagram platforms is made up mainly of users aged between 25 – 34 years old, respectively 35 – 44 years old. Young people between the ages of 18 and 24 also represent a significant percentage, namely 19%. The grouping of users according to the sex variable does not reveal significant differences between men and women in terms of having an account on the two social media platforms (figure 2)

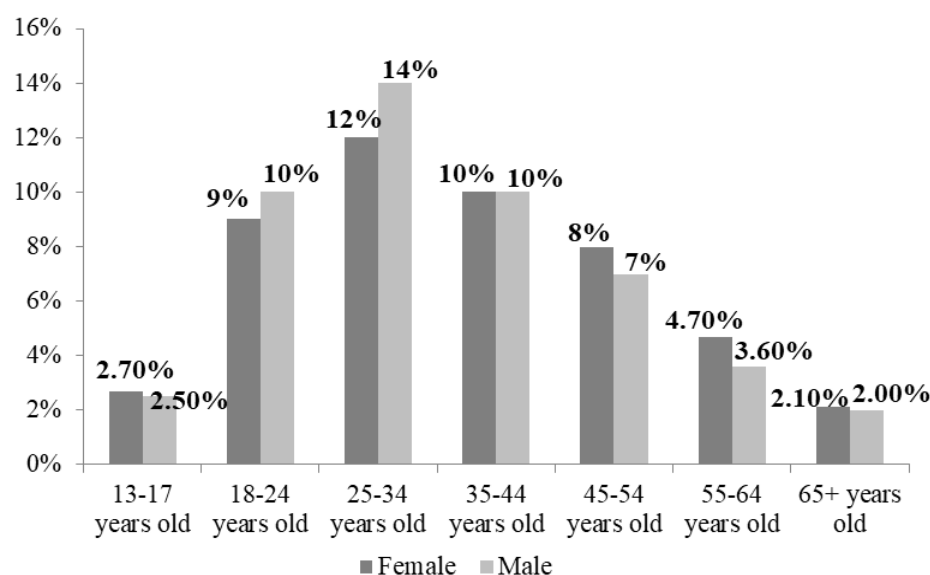


Figure 2. Social media audience profile, based on the combined advertising audiences of Facebook, Instagram, and Facebook Messenger (Romania, January 2019) [4, p. 31]

According to the managers interviewed, an online advertising tool frequently used by direct selling companies is the newsletter. It is send regularly via e-mail to customers and direct sellers, but it is also presented on the company's website and its social media pages.

Another tool used periodically is the keyword marketing, which aims to advertise their products by purchasing certain keywords, which when keyed into various search engines produce a results page showing the company's website as a sponsored link.

## B. The efficacy of the means/tools of online advertising used by direct selling companies

Most managers interviewed consider that the most effective mean of online advertising is the company's *website*, as:

- it provides accurate and complete information about the company's products/services;
- it ensures the sales of products/services, which can be subsequently evaluated according to the financial, material and human resources used to complete the transactions;

- the maintenance and administration costs are relatively low compared to other traditional means of communication.

Regarding the social media platforms, *Facebook* ranks first in terms of efficacy, the managers indicating a low level of costs, compared to the results it generates, namely:

- more than half of those who have subscribed to the company's Facebook page or have opted to be a "follower" appreciate (give "like") the company's posts at least 16 times in a month;
- about one third of subscribers and followers add comments to company posts;
- two thirds of them access the links associated with the company's advertising ads;
- a quarter of them share the company posts to other Facebook users

At the same time, managers appreciate that the efficacy of the *Instagram* platform is high, about 20% of the company's customers who are also users of this social network hearing for the first time about the company through Instagram. Taking in consideration the results of their own marketing researches, the managers also indicated that Instagram has determined the customers to be more loyal and to buy the company's products/services after viewing its posts on Instagram. Another aspect highlighted by the managers is the fact that more than 90% of the posts on Instagram are distributed on Facebook, thus reducing their marketing costs.

As for *Twitter* and *LinkedIn*, managers consider that the two social media platforms prove their efficacy through very low costs, and by the ease with which multimedia files (images, video - audio files) can be uploaded, the purpose of using those files being to advertise the company's products/services.

A particular attention has been paid to the *YouTube* platform, which offers the possibility of outlining the customer profile based on the history and the selection of frequently accessed and favorite videos. In this way, companies can adapt and target messages more easily. At the same time, the managers highlighted the efficacy of the tutorials, the companies selling cosmetics and household goods, frequently uploading informative films to provide information on how to use the products.

Both the *newsletter* and the *keyword marketing* are appreciated by the direct selling companies, these tools generating immediate responses from consumers.

#### 4. Conclusions

In the context of the current economic-social dynamism, objectives such as the creation and maintenance of the competitive advantage become increasingly difficult to achieve. Consumers who are also users of social media platforms are different from other consumers who are not present in the online environment. Thus, they are actively involved in the marketing communication and have selective attention, meaning that they are able to ignore certain factors that might influence their behavior and to only collect the information they are interested in.

Given the new threats posed by online stores and large shopping centers, in order to consolidate their position on the market, the direct selling companies must know their target audience well, inform consumers about the benefits of using their products/services, and communicate permanently with them, in order to obtain timely feedback, relevant to the company's marketing decisions.

In this regard, the interviewed managers indicated the need to maximize the marketing benefits offered by the online environment, namely:

- the almost instantaneous communication with consumers;
- the possibility of very precise targeting of messages;
- the possibility of simultaneous use of several means/tools for online advertising;
- the accurate measure of the return on investment in online advertising;
- relatively lower costs compared to traditional marketing methods.

Although the results of this qualitative marketing research cannot be extrapolated to the

population studied, due to limits such as the small number of interviews, respectively their short duration (maximum 50 minutes), the conclusions and recommendations based on the answers obtained can be used for deepening the themes approached in the present paper, but also in the design of future marketing researches.

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