Web 2.0 as a foundation for Social Media Marketing: global perspectives and the local case of Croatia

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ABSTRACT

In the Web 1.0 era users were passive consumers of a read-only web. However, the emergence of the Web 2.0 redefined a way people use information and communication services – users evolved into prosumers which actively participate and collaborate in the ecosystem of a read-write web. Consequently, marketing is one among many areas affected by an advent of the Web 2.0 paradigm. Namely, Web 2.0 enabled global proliferation of a social networking, which again is a foundation for Social Media Marketing. Social Media Marketing represents a novel Internet marketing paradigm based on spreading brand-related messages directly from one user to another. This is also the reason why Social Media Marketing is often referred as the viral marketing. This chapter will describe: (i) how social networking became the most popular Web 2.0 service, and (ii) how social networking revolutionized Internet marketing. Both issues will be elaborated on two levels – the global and the Croatian level. Namely, the chapter will first present the evolution of social networking phenomenon which has fundamentally changed the way how Internet users utilize web services. During the first decade of 21st century millions of people joined online communities and started using online social platforms, what led towards 1.5 billion members of social networks globally in 2012. Furthermore, the chapter will describe how Internet marketing provided marketers with innovative marketing channels which offer marketing campaign personalization, low-cost global access to consumers and simple, cheap and real-time marketing campaign tracking. Specifically, chapter will focus on Social Media Marketing, the latest step in Internet marketing evolution. Three most popular Social Media Marketing platforms (i.e., Facebook, Twitter and Foursquare) will be described, as well as examples of successful marketing case studies in Croatia presented.
KEYWORDS
Web 1.0, Web 2.0, Social Network, Social Networking Service, Facebook, Social Media Marketing, Viral Marketing

INTRODUCTION
We live in a networked society, being constantly surrounded by a very diverse set of networks. Communication networks enable us to interact in real time even when we are thousands kilometers away. Computer networks provide us infrastructure to exchange information at superfast speeds. Electrical networks deliver us power to drive an opulent set of our household appliances. Television networks allow us to spend hours and hours sitting in a chair and not being bored. If we wanted to make this listing of various networks that strongly affect our everyday life complete, we would need to use the whole chapter just naming them. However, in 2012 a certain type of networks deserves a special attention. These are social networks – networks that connect us globally at an unprecedented scale by breaking the barrier of borders, languages and cultures.

This chapter will focus on one specific part of value chain which social networks have started to irretrievably change, regardless of the industry segment. Namely, the chapter will explain and demonstrate a potential of social networking to provide a novel medium for marketing. McKinsey&Company (Chui et al., 2012) predicts a substantial value potential from using social technologies across value chain in major industry sectors (i.e., financial services, consumer packaged goods, professional services and advanced manufacturing) and social sector. Namely, they estimate that social technologies could create an additional value of $900 billion to $1.3 trillion annually across the four major industry segments mentioned. However, the highest potential for improving margins as well as the highest potential for improving productivity is identified in the “sales and marketing” part of the value chain. To be precise, for all studied major industry sectors McKinsey&Company predicted that utilization of Social Media Marketing (SMM) can result in “sales and marketing” margin increase of at least 1-2% and productivity boost of more than 20%. Moreover, McKinsey&Company estimates that every third consumer is influenced by social media. Furthermore, another consulting firm (Accenture, 2011), based on survey of more than 200 companies, found out that “nearly two-thirds of survey respondents considered social media an ‘extremely important’ or ‘very important’ channel through which to interact with consumers, prospects, partners and other stakeholders”. Finally, the study from Forrester (Wasserman, 2012b) not only confirmed but also strengthened Accenture’s conclusions by finding that marketers are “overwhelmingly aware that social is important — 92% agree that social media has fundamentally changed how consumers engage with brands”. Nevertheless, the same Forester’s survey reveals that despite all of the hype about social media, only 49% of marketers fully integrated SMM into their brand-building strategy.

The presented surveys from leading consulting firms confirm the enormous potential of SMM and identify that companies just started or are about to start utilizing this new marketing tool. However, SMM is nascent and still defining its best practices and metrics. As a result, companies do not fully understand consequences of integrating SMM into their value chain and still search for best methods
how to measure the SMM impact on their business processes. Zeisser perspicuously identified this immense challenge SMM faces today (Zeisser, 2010). “There is much hype about social networks and their potential impact on marketing,” he says, “so many companies are diligently establishing presences on Facebook, Twitter, and other platforms. Yet the true value of social networks remains unclear, and while common wisdom suggests that they should be tremendous enablers and amplifiers of word of mouth, few companies have unlocked this potential.” This chapter should be a small step towards understanding how to unlock a potential of SMM with the focus on emerging economies. Therefore, SMM will firstly be elaborated on a global level and afterwards successful examples specific for Croatia, a very good representative of European emerging economy, will be given.

BACKGROUND
In today’s world, social network services (SNS) have a global impact on a modern society. To set a scene, we will explain the factors that preceded the advent of a Web 2.0 and give details on how social networking became the most popular Web 2.0 service.

The emergence of a Web 2.0

The Internet emerged in the early 1970s, as a small network interconnecting just a few computers. As the Internet grew through the 1970s and 1980s, many people started to realize its potential. Nevertheless, the Internet did not experience real proliferation until the invention of the World Wide Web (WWW or simply Web 1.0), a service based on a client-server architecture and provisioned through the Internet infrastructure (Berners-Lee & Fischetti, 1999). Web 1.0, as an information medium that has enabled users to read and search interrelated information using computers connected to the Internet, has become the catalyst of the digital revolution in the 1990s and a global service that has touched almost every aspect of peoples lives (Podobnik, Petric, Trzec, & Jezic, 2009).

Geared by technological (i.e., new trends in information and communication sector), societal (i.e., new lifestyle) and economic (i.e., new business and market trends) changes (Yoon, 2007) in the early 2000s, a Web 2.0 emerged. The Web 2.0, also known as the “social web”, did not only allow the connection of information, but also linking people in the ad-hoc groups that can be assembled and disassembled according to the current need (Raman, 2009). While the focus of the Web 1.0 was information, in the Web 2.0 it is a user. Furthermore, the communication paradigm has also changed – the client-server architecture has been replaced by peer network nodes, where the same entity at the same time can produce and consume information (prosumer = producer + consumer) (Medman, 2006). The most significant implementations of Web 2.0 concept are wikis (e.g., Wikipedia, http://www.wikipedia.org), blogs (e.g., Mashable!, http://www.mashable.com) and social networks (e.g., Facebook, http://www.facebook.com).
The global proliferation of a social networking phenomenon

Generally, a network can be defined as a set of nodes interconnected via links. Networks are built with a purpose of exchange and they can have various topologies. A social network is the specific implementation of a general network concept – the social network can be defined as a set of actors interconnected via relationships. Actors could be various – people, organizations, brands, etc. (Reid & Gray, 2007). Relationships could be various as well – acquaintance, familiar bond, dislike, etc. However, a notion of common interest is glue that always connects actors involved in a certain social network (Adamic & Adar, 2003). Social networks are based on actor profiles (Nosko, Wood, & Molema, 2010), while the creating principle could be twofold – explicit or implicit. In explicit social networks all connections between actors are direct result of intentional action of those actors, i.e., every social network user must initiate the connection with another user for them two to connect. Each user of the social network, therefore, consciously connects. Social relationships established by popular SNSs, such as Facebook, Twitter (http://twitter.com) and Foursquare (http://foursquare.com), are all based on ego social networks – every user is building his/her own social network by explicitly defining connections with other people. On the other hand, in an implicit social network (Yang, Zhou, Mao, Li, & Liu, 2010)(Podobnik & Lovrek, 2010, 2011) all connections between users are result of a “third party” reasoning over user profiles. Mechanisms employed by the “third party” for the construction of the social network can be diverse, but have to be based on a calculation of users’ profile similarity (Podobnik, Galetic, Trzec, & Jezic, 2010).

Social networks are well-developed area of study in social sciences, with a history longer than 50 years (Bojic, Lipic, & Podobnik, 2012). Everything has begun in 1960s with the Brown’s identification of “a need for understanding complexities of collective human behavior at a level that is more objective and more scientific than the approach of psychology and sociology to the same problem” (Brown, 1965) and the Milgram’s “small world experiment” which demonstrated the idea of “six degrees of separation” (Milgram, 1967)(Travers & Milgram, 1969). However, it was not until the beginning of 2000s when social networks experienced a proliferation grounded on an advent of ICT-enabled (Information and Communication Technology) SNSs. This was a huge shift for people, who now became able to interconnect at a global scale in just few second and with just few mouse-clicks. Implementation of SNSs based on ICT infrastructure not only allowed people to map their social relationships from the real world to a virtual one, but also to build virtual communities with other people that share the same interests/activities. This is achieved through creating (semi-)public user profiles and defining a list of other user profiles (i.e., people) with whom they are associated. Although SNSs (Boyd & Ellison, 2007)(Westland, 2010) less a decade ago represented only a drop in the sea of web pages with different themes and purposes, today they are not only the most popular services based on ICT infrastructure, but also a truly global phenomenon which greatly affects the modern way of life.

In period between 2002 and 2006 a myriad of SNSs appeared on the scene, some of which have grown in the most popular SNSs – first started Friendster (http://www.friendster.com) (Rivlin, 2006), then MySpace (http://www.myspace.com) (Gillette, 2011) and LinkedIn (http://www.linkedin.com), followed by Facebook (Wan, Kumar, & Bukhari, 2008) (Lampe, Ellison, & Steinfield, 2008) and Twitter (Kwak, Lee,
Additionally, it is worth mentioning Gowalla (http://gowalla.com) and Foursquare, two location-based SNSs that were launched in 2007 and 2009, respectively. In mid-2011 Google launched its (latest, hopefully first successful) SNS called Google+ (http://plus.google.com). Google+ attracted 10 million users just 16 days after it has been launched (for comparison, Twitter needed 780 and Facebook needed 852 days to reach a user base of 10 million) (Butcher, 2011), 40 million users in four months time (Wasserman, 2011) and 170 million users in ten months time (Wasserman, 2012a). Although not yet an important SMM player, in mid-2012 Google acquired social media management platform Wildfire (Indvik, 2012) what confirms that Google will be the next giant in the fight for its share of the fast-growing SMM market (Gartner predicts that SMM will be the largest contributor to overall social media revenue projected to total $16.9 billion in 2012 (Gartner, 2012) while the social media revenue worldwide is expected to reach $34 billion by 2016 (Gupta, 2012)).

The first SNS which gathered over 100 million users was MySpace, which accomplished that in three years time (2003-2006). Meanwhile, in 2004, Facebook was founded (Facebook, 2012a) and started to develop very fast, becoming a threat to MySpace. Facebook grew to 100 million users in the year 2008, when it also overtook MySpace in the number of unique visitors (Mack, 2008). Since then, MySpace has been progressively losing its importance (in 2011 it had 30 million of users) while Facebook became the most important SNS with more than 950 million monthly active users (Facebook, 2012a) in mid-2012, thus reaching 42% of global Internet users (Internet World Stats, 2012). Facebook is currently not available in China so these numbers are even more impressive. Almost 60% of monthly active users (i.e., 550 million) use Facebook on a daily basis. Average user spends more than 50 minutes every day on Facebook, while Facebook gets more than 1 trillion page views every month. Facebook’s additional strength is a huge mobile user base – in 2012 there are more than 550 million users which connect to Facebook through their mobile devices. In the 2010, although the real effects of Facebook’s advent were yet to be seen, Mark Zuckerberg, Facebook’s co-founder and CEO, was named TIME’s 2010 Person of the Year (Grossman, 2010): “For connecting more than half a billion people and mapping the social relations among them, for creating a new system of exchanging information and for changing how we live our lives”.

Other important SNS, Twitter, was founded in 2006 and has achieved 500 million registered users in mid-2012 (Semiocast, 2012). However, only 140 million users are active (i.e., they use Twitter at least once per a month) (Taylor, 2012). Twitter measures a popularity of a certain news in terms of tweets per second (TPS). The TPS record is updated every few months, usually by events which involve sports, entertainment or Japan. The number one simultaneously tweeted event, by far, is the broadcast of the movie “Castle in the Sky” in Japan in December 2011. During one point in the TV broadcast, viewers joined forces sending tweets at the same time to symbolically help the movie’s characters cast a spell. They sent 25,088 TPS (Hernandez, 2012). Castle in the Sky dethroned Beyonce’s MTV Video Music Awards pregnancy disclosure followed by 8,868 TPS in August 2011 (Rao, 2011). However, the Beyonce’s MTV moment is currently only number six on the TPS list, having fallen behind four sports-related events. First, 80-yard touchdown pass by quarterback Tim Tebow in American football game overtime (Pittsburgh Steelers vs. Denver Broncos) in January 2012 resulted with 9,420 TPS and pushed Beyonce
down the list. Afterwards, in February 2012 two Super Bowl moments took over the number two and three slots: Twitter reaction reached 12,233 TPS at the end of the game and 10,245 TPS during Madonna’s halftime performance (for comparison, most-tweeted moment at the Super Bowl 2011 in February 2011 hit 4,064 TPS (Indvik, 2011)). Finally, in July 2012 most-tweeted moment at the European Football Championship 2012 Finals hit 15,538 TPS and took over the number two slot after Spain scored the second goal against Italy (Haberman, 2012). In terms of interesting past record events, the final game of the FIFA Women’s World Cup in July 2011, between USA and Japan, had 7,196 TPS at the end of the game (Banks, 2011a) (the Women’s World Cup Finals also far outpaces the Men’s World Cup 2010’s most-tweeted match – 3,283 tweets were sent per second when Japan beat Denmark in June 2010 (Van Grove, 2011)). Furthermore, hard news such as word of Troy Davis’ execution in September 2011 (7,671 TPS) and Steve Jobs’ resignation in August 2011 (7,064 TPS) (Twitter, 2011), as well as Bin Laden’s death in May 2011 (5,106 TPS) (Sutter, 2011)(Larson, 2011) drew a significant peak. Finally, New Years Eve 2011 in Japan hit 6,939 TPS at its peak (Banks, 2011b), while on the day of the Japanese earthquake and Tsunami in March 2011 the Twitter usage reached 5,530 TPS (Taylor, 2011).

Third important SNS, Foursquare, was founded in 2009 and had achieved user base growth of 3400% in 2010 (Foursquare, 2011). In mid-2012, Foursquare has more than 20 million users and is still growing vehemently (Foursquare, 2012a). Foursquare is location-based SNS and as such exclusively aims at mobile users.

**How social networking became the most popular Web 2.0 service?**

In 2010, social networking consumed up twice as much of our online time as any other activity (Ostrow, 2010). According to statistical data, SNSs accounted for 23% of time spent on the web (43% rise from mid-2009 to mid-2010), while the next closest activity was online gaming, which made up 10% (10% rise from mid-2009 to mid-2010). The data also shows the degree to which social networking displaced other forms of communication, with e-mail as a percentage of online time dropping from 12% to 8% from mid-2009 to mid-2010. Instant messaging also saw a significant plunge in share, dropping from 5% to 4% from mid-2009 to mid-2010.

The pace with which new users have herded to SNSs has been amazing – SNS user penetration grew from only 8% of online adults in 2005 to 65% in 2011. Additionally, it is important to note that although SNSs are the most popular within young adults under age 30 (i.e., 83% of young Internet users are members of at least one social network), adults aged 65+ have seen the fastest rates of growth in recent years (Madden & Zickuhr, 2011). Only email and search engines are used more frequently than social networking tools (Purcell, 2011).

During the first decade of 21st century millions of people joined online communities and started using online social platforms, what led towards 1.5 billion members of social networks globally in 2012 (Chui & et al., 2012).
Social networking in Croatia

Facebook has a little more than 1.5 million users from Croatia in mid-2012, what ranks Croatia 69 out of 213 countries listed (Socialbakers, 2012c). The growth rate of Croatian Facebook users in the first half of 2012 is only 1.5% what means that the period of rapid growth that started in 2007 is over now. The largest age group is 18-24 (31% of all Croatian users), followed by the users in the age of 25-34 (28% of all Croatian users). Distribution by gender is balanced – there are 51% male users and 49% female users in Croatia. Facebook is by far the most proliferated SNS in Croatia, with penetration of 34% compared to the country's population and 68% in relation to number of Internet users.

LinkedIn, business-related SNS, is the second most popular SNS in Croatia, gathering 180 thousand users in mid-2012, what ranks Croatia 46 out of 50 countries listed (Socialbakers, 2011d). However, the growth rate of Croatian LinkedIn users in the first half of 2012 is around 20% and the ratio LinkedIn users vs. Facebook users is roughly 1:8 (compared to average ratio of 1:3 among top-three countries with most LinkedIn users – USA, India and UK), what means there is a lot of space for LinkedIn users’ growth in Croatia. Twitter, Foursquare and Google+ attracted just several thousands active users in Croatia.

SOCIAL MEDIA MARKETING

Traditional marketing channels (Figure 1) include radio and television, publications such as newspapers, magazines and journals, telephones, postal mail, billboards and face-to-face message transfer. The main limitations of traditional marketing message channels are:

- non-personalization (i.e., all consumers are communicated with the same message promoting a certain product/service);
- untraceable (local) access to users (i.e., a marketing campaign usually reaches only local consumers; however businesses cannot know how many consumers really received their marketing messages because traditional marketing channels are unidirectional and non-interactive);
- tracking of marketing campaigns is not possible what makes very difficult to measure Return-on-Investment (ROI) for marketing campaigns.
Internet marketing (often referred as online marketing or iMarketing) is defined as a product/service promotion over the Internet infrastructure (Figure 2). Although other Internet services besides WWW can be utilized for Internet marketing (e.g., sending promotions via e-mail messages), the advent of Web 1.0 revolutionized not just Internet but Internet marketing as well.

The Web 1.0 era enabled development of two Internet marketing paradigms (Jayamaha, 2011). The first paradigm, Search Engine Optimization (SEO) (Malaga, 2010), provides techniques to improve the visibility of a web site in search engines via the unpaid (i.e., "organic" or "algorithmic") search results. The second paradigm, Pay-Per-Click/Impression (PPC/I) (Chen, Feng, & Whinston, 2010)(Feng, Bhargava, & Pennock, 2007), enables web sites to bid for advertising slots in the paid areas of search engines or affiliate sites. In the PPI model, which was used for marketing through traditional marketing channels as well, the advertiser is charged every time his/her ad is displayed. On the other hand, when PPC model is employed, advertiser pays only when a potential consumer clicks on his/her ad.

Internet marketing is one among many areas affected by an advent of the Web 2.0 paradigm. Web 2.0 enabled global proliferation of a social networking, which again is a foundation for Social Media Marketing. Social Media Marketing (SMM) represents a novel Internet marketing paradigm based on spreading brand-related messages directly from one user to another. This is the reasons why SMM is often referred as viral marketing as well.
Internet marketing, as a new tool in marketers’ arsenal, has a number of advantages when compared to traditional marketing methods:

- inherent personalization (i.e., consumers often have their online profiles, what is especially true in Web 2.0 era where consumers posses very rich social network profiles) (Nosko, Wood, & Molema, 2010);
- low-cost global access to consumers (i.e., the ratio of total marketing campaign cost and number of reached users);
- simple, cheap and real-time tracking of marketing campaigns (i.e., measurement of electronic actions such as ad clicks; or monitoring electronic traces such as identifying a location of the consumer who has clicked on the ad based on his/her IP (Internet Protocol) address).

However, Internet marketing is not a silver bullet solution for marketers and it has a number of limitations when compared to the traditional marketing methods as well:

- inability of consumers to "try out" tangible product/service before buying (e.g., “what is the actual scent of that new Chanel fragrance?”; or “which size of this new Boss suit fits me best?”);
- privacy concerns (e.g., “will someone exploit my personal information contained in my purchasing history from Amazon?”);
- security issues – there are quite chances for fake deals which may end up with no product/service transaction (e.g., “will I actually get that camera I bought on eBay?”) (Roca, Garcia, & Vega, 2009).
Table (Table 1) summarizes a comparison of presented differences between traditional and Internet marketing practices.

**Table 1. A comparison of traditional and Internet marketing**

<table>
<thead>
<tr>
<th></th>
<th>Traditional marketing</th>
<th>Internet marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Personalization of campaign messages</strong></td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td><strong>Consumers can be clustered in groups with similar characteristics</strong></td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td><strong>Consumer access</strong></td>
<td>local</td>
<td>global, low-cost</td>
</tr>
<tr>
<td><strong>Campaign tracking</strong></td>
<td>not possible</td>
<td>simple, cheap and real-time tracking</td>
</tr>
<tr>
<td><strong>Campaign interactivity</strong></td>
<td>messages are unidirectional (i.e., from businesses towards consumers) and thus interactivity is not possible</td>
<td>messages can be two-directional and thus interactivity is possible</td>
</tr>
<tr>
<td><strong>Users can “try out” products/services prior to buying</strong></td>
<td>sometimes yes, sometimes not (it depends on the specific traditional marketing channel)</td>
<td>usually not (although some ICT services can be “tried out” during a trial period)</td>
</tr>
<tr>
<td><strong>Consumer privacy</strong></td>
<td>high</td>
<td>possibility for exploit of consumer personal information</td>
</tr>
<tr>
<td><strong>Post-marketing transaction security</strong></td>
<td>high</td>
<td>possibility for fake deals</td>
</tr>
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**Social media marketing based on major social networking services**

We have already described a tremendous proliferation of SNSs during the last decade. Not just the flagship SNS service, Facebook, has been growing rapidly (Facebook, 2012b), but also new and innovative specialized SNSs, such as Foursquare, keep the pace. Simultaneously, brands search for media through which they can reach their consumers to communicate their messages with the lowest possible cost and the highest possible efficiency. As SNSs have been attracting more and more users, they became logical choice for a novel marketing medium. Few years ago, only brave and innovative brands had chosen SNSs for their marketing campaigns. Nevertheless, most of them achieved great results whereas now almost every larger brand has its own social media campaign.

Firstly, we will explain the possibilities of SMM through presenting social marketing strategies for three leading SNSs – Facebook, Twitter and Foursquare. Afterwards, we will give an overview of Social Media Marketing in Croatia, with focus on two social media projects – Socialnumbers and Mediatoolkit.

The most important characteristic of social media is a social graph – a network of interconnected user profiles. Every user has its own profile and connects with other users, becomes a friend on Facebook and Foursquare or follows other users on Twitter. Additionally, apart from personal connections with friends and acquaintances, users connect with brands they interact in real life as well. For example, if
one reads the New York Times, he/she connects with the profile of the New York Times on a certain social network to follow its updates. Furthermore, if a user is buying in the Walmart, he/she should be connected with the Walmart Facebook page and Twitter profile or if one drinks coffee in the Starbucks, he/she should be connected to Starbucks on Facebook, Twitter and other SNSs as well. However, every SNS has its own differences from the SMM perspective. These differences will be elaborated further below.

**Facebook**

The most important element of brand promotion on the Facebook is that brand’s Facebook page. Currently (i.e., year 2012) there exist two types of Facebook brand pages (Facebook, 2012c): traditional Facebook brand page and new timeline-based Facebook brand page.

![Figure 3. An example of the Facebook page for the Croatian brand “Iskon”](image)
Traditional Facebook brand pages (Figure 3) are usually organized in tabs, where every tab is much alike regular web page (e.g., tab can contain pictures, videos or flash content). Tabs on Facebook pages can even integrate complex applications like e-commerce. Figure 3 shows an example of the Facebook page for a Croatian brand Iskon with the basic textual information tab selected (i.e., Hot spot tab).

Figure 4. An example of the Facebook timeline page for the Croatian brand “Konzum”
Timeline-based Facebook brand pages (Figure 4) were introduced in late 2011 and they upgrade traditional Facebook brand pages with temporal dimension. Consequently, brand followers can browse for most important events in brand history (i.e., one can learn from Figure 4 that Croatian brand Konzum was founded before 1970 (see timeline browser), while more detailed brand messages are available by scrolling through the timeline part of the page). Furthermore, one can note that the brand Konzum currently has 132 thousand followers (i.e., see application browser) and that currently brand Konzum (i.e., one of sponsors of the Croatian team at London Olympic games) wishes good luck to Croatian athletes who participate in London Olympic games (i.e., see brand cover). Figure 4 shows how redesigned Facebook timeline-based brands pages serve as very convenient interactive channel for communicating both static brand info such as brand main information, brand logo, brand contact and brand history data, as well as dynamic brand info such as current marketing campaigns (i.e., timeline status update in Figure 4 – the announcement of Konzum yacht sailing contest winners) or current social responsibility activities (i.e., cover photo in Figure 4 – sponsorship of the Croatian team at London Olympic games).

A Facebook user can like certain brand’s Facebook page and by doing so he/she follows that brand. Administrators of Facebook pages have capability to post updates. These updates are then not visible just on the Facebook page of the brand whose page they administer, but can as well be visible on Facebook Walls of Facebook users connected to that brand. Update can be in form of short text, image, image gallery, question video, etc. Figure 5 presents example of a status update from the Facebook page of the Museum of Modern Art (MoMA). Posting an update represents pushing a message to that brand’s consumers. Now, it is no longer necessary for users to visit brand web pages or portals to find news and other information connected with the brand they like, but information comes to consumers in the real-time. Such push-based CRM (Customer Relationship Management) enables consumers to find new information more quickly and in shorter time.

![Figure 5. An example of a status update on the Facebook page of the “Museum of Modern Art (MoMA)”](image-url)
On the Facebook, there are a lot of status updates every minute and usually a user does not have time to read them all. To tackle that issue, Facebook introduced EdgeRank mechanism (Taylor, 2011) (Walter, 2011). The EdgeRank is an index which evaluates quality of every posted update on Facebook pages. Its purpose is to estimate which content to push to users and which content not to push. The EdgeRank considers that certain content is of high quality if content gets a lot of user interaction and feedback. This is the reason why it is important for brands to constantly improve Facebook interaction with their consumers, ask them questions, talk with them, etc. The EdgeRank is crucial for a success of social marketing on Facebook because it prevents spamming, which is the biggest challenge of every push-based CRM system.

The Facebook marketing strategy should achieve the following:

1. Visually attractive, easy-recognizable and original Facebook page – it is important to make Facebook page according to the brand’s existing visual identity, but with rich content for Facebook users;
2. Good promotion of the Facebook page – it is important to get as much followers (i.e., users connected to that brand) on the brand’s Facebook page as possible. It is not same if a brand has thousand, 10 thousands or even 100 thousands followers. Larger user base enables the brand to communicate with a broader audience;
3. Communication with followers – it is very important to communicate with brand followers in appropriate way. It is also important to achieve a lot of interaction and feedback from users because of the EdgeRank mechanism.

If these guidelines, which are generated from advices of experts that envisioned and managed hundreds of Croatian SMM campaigns, are followed, brands should get a large consumer audience to communicate with as well as an almost-free channel to broadcast its massages.

Apart from Facebook brands pages, branded Facebook applications, dynamic social applications on the Facebook platform, are also used to promote brand messages. Most common examples of branded Facebook applications are sweepstakes and contests where Facebook users play games with their Facebook friends with goal of getting a prize. Figure 6 shows an example of Facebook application where user has to park his/her car. Other cars on parking lot are his/her friends’ cars and if he/she crashes one of those cars, friend who owns that car gets a message and virtual money to repair damage (from an insurance company). This witty branded Facebook application is used for a promotion of an insurance company in a very innovative manner.
Facebook ads (Facebook, 2012d) are the third most important promotion channel on the Facebook. Advertisements appear in the right-hand column of a Facebook page, as shown in Figure 7 on the example of the Facebook page of Mark Zuckerberg, the Facebook’s founder.

Facebook ads can target users based on user profile information like:

- Gender (e.g., fragrance ad targets only female users);
- Age (e.g., clothes ad targets only teenagers);
- Location (e.g., event ad targets only users currently located in Zagreb);
- Interests (e.g., concert ad targets only users which liked Facebook page of a band which performs on that concert);
- Relationship status (e.g., divorce lawyer ad targets only married users).
Let us assume one more real-world situation – if a Croatian photographer wants to sell service of a wedding photography he/she can create Facebook ad which will target engaged users located in Croatia and having between 25 to 35 years.

Facebook ads are charged for:

- the number of clicks the ad receives (i.e., cost per click, CPC); or
- the number of impressions (i.e., views) of the ad (i.e., cost per thousand impressions, CPM).

![Facebook ads are located in the right-hand column of a Facebook page](image)

The total amount that advertiser is charged will never exceed advertiser’s daily or lifetime budget. Facebook selects the best ad to show based on the combination of the CPC or CPM and ad performance (the higher CPC/CPM value leads to the higher probability of ad display, assuming the ad performance is fixed). All Facebook ads compete with each other to show for each impression, regardless of their bid model (Facebook, 2012e). The minimum CPC is set to $0.01 and the minimum CPM is set to $0.02. The
average CPC and CPM values depend on a country (the list with average CPC/CPM values is provided by Socialbakers (2012a) – e.g., in Croatia in mid-2012, the average CPC is $0.14 and the average CPM is $0.02, placing Croatia 170 out of 213 countries, what makes Facebook ads very cheap marketing medium in Croatia when compared to other countries). Russia is topping the list in mid-2012 with the average CPC of $1.55 and the average CPM of $0.22.

Facebook provided their guidelines for profiling brands on Facebook (Facebook, 2012f), as well as examples of success stories (Facebook, 2012g, 2012h).

**Twitter**

Twitter, SNS based on micro-blogging, offers brands to open their Twitter profiles (Twitter, 2012), which are similar to Facebook pages. Twitter profile can be branded via customisable background, as shown in Figure 8 on the example of McDonald’s (i.e., one of the most valuable global brands) Twitter profile.

![Figure 8. An example of a Twitter brand profile for a top global brand “McDonald’s”](image)

An administrator can post tweets (similar to status updates on a Facebook brand page). Tweets are short textual messages up to 140 characters. Every user can reply to tweets coming from a certain brand – in such a manner two way communication is accomplished, as well as feedback to brand tweets is given.

The list of most popular Twitter brands (Socialbakers, 2012e) reveals that there are about 25 global brands with more than 1 million followers in mid-2012 (on the top of the list is the Brazilian brand *Claro Ronaldo* with 3.5 million followers). However, celebrities’ profiles are much more popular on Twitter
than brand profiles – the mid-2012 leader is the singer *Lady Gaga* with 28 million followers (Socialbakers, 2012f) and the most popular brand Claro Ronaldo is ranked 163. This shows there is a lot of potential for brands in using Twitter as their SMM channel, but they have to become more innovative to attract a larger base of followers.

**Foursquare**

Foursquare is a location based SNS with more than 1 million brands using it as a SMM channel (Foursquare, 2012b). The most important difference of this social network from Facebook and Twitter is that users do not exchange status updates and tweets about what are they doing and thinking, but they exchange information about their current location by checking into places. For example, if a user goes to a concert in the Sydney Opera, he/she checks in there and his/her Foursquare friends will know where he/she is. This is the reason why Foursquare offers different ways for brand marketing when compared to Facebook and Twitter.

![Foursquare Venue and Special](image)

*Figure 9. (a) An example of a Foursquare Venue; (b) An example of a Foursquare Special*

The first Foursquare-based marketing mechanism, named *Foursquare Venues* (Foursquare, 2012b), targets brands with physical location (e.g., restaurants, cafes, hotels, stores). The Foursquare Venue represents a place where users can check in and get some reward for that action (this reward is referred to as the *Special*). There are various types of Specials, but the most popular are:
• a discount with purchase (e.g., when you check in a clothes store, you get $20 off for every $100 spent);
• something for free (e.g., when you check in a supermarket, you get a bag of chips for free if you buy a pack of beer);
• special treatment (e.g., when you check in a student canteen, you get access to the fast track service);
• reward for loyal customers (e.g., when you check in the restaurant on your fifth visit, you get free drink).

Foursquare Venue mechanism provides a great promotion possibility for a brand because all of the user’s Foursquare friends see that user’s check ins. An example of a Foursquare Venue (i.e., check in at iSTUDIO’s location) is shown in Figure 9(a), while one Foursquare Special (i.e., a $1.00 discount on best-selling CDs at Barnes & Noble) is presented in Figure 9(b).

The second Foursquare-based marketing mechanism, named Foursquare Brands (Foursquare, 2012b), primarily targets brands without physical location (e.g., Coca Cola), but it can be used by brands with physical location as well. On Foursquare, users can connect with their friends but also with brands. Furthermore, brands can leave comments and suggestions (called tips) on various locations and users will get those comments when they check in at targeted locations. For example, the Iceland Tourist Board left entertaining (but also educational) comments on all popular tourist locations (thisisiceland, 2011). Consequently, when a tourist checks in at one of Iceland’s airports he/she gets the following comment: “This is an airport where most of my visitors land when they visit me in flying machines. (Don’t worry, it does not hurt when they land.) It is close to my Blue Lagoon, where many humans like to swim”.

Foursquare provided their guidelines for profiling brands on Foursquare (Foursquare, 2012c), as well as examples of success stories (Foursquare, 2012d).

**Social media marketing in Croatia**

Croatia follows global trends when referring to social media marketing. In 2009, marketing agencies started to apprehend the importance of social networks and started offering related services. In 2010, brands also started to realise the potential of social media. Unfortunately, during 2010 most of Croatian brands tried to implement social media campaigns on their own because of the perception of Facebook as a free-of-charge platform. However, as campaigns were mainly designed and managed by people who were not educated in the area of social media strategy and who were without any experience in implementation of social media campaigns, brands did not achieve desired results. Fortunately, a big number of brands recognized their mistake and from 2011 most of Croatian brands have started to cooperate with specialized agencies, resulting in achieving a significant progress and gaining better level of ROI in social media campaigns.
### Table 2. Examples of successful SMM campaigns in Croatia and the region

<table>
<thead>
<tr>
<th>SMM campaign state</th>
<th>Croatian brand “Bipa” (health/beauty)</th>
<th>Croatian brand “24sata” (media/news/publishing)</th>
<th>Croatian brand “Jana” (food/beverages)</th>
<th>Croatian brand “Iskon” (telecom)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-campaign state</td>
<td>BIPA is a new drug store on a market, not so well known among wide audience. The competition is already stable and holds big percentage of the market.</td>
<td>24sata is a well known media brand that wants to connect to people on a more personal level and get ahead of their competition.</td>
<td>Jana is the leading water brand in Croatia, known for its premium quality. After almost a decade of building the brand image and becoming recognized outside of Croatia Jana wants to conquer a larger number of markets.</td>
<td>Iskon is a broadband telecom company, in a market with a strong competition. Iskon’s differentiation strategy is to be ahead of competition in innovation and creative marketing.</td>
</tr>
</tbody>
</table>
| SMM campaign goals | • Have a memoarable launch campaign  
• Gain large number of new followers to start building an engaged online community  
• Raise BIPA brand awareness  
• Raise sales | • Create a fun experience for April fools day  
• Increase visits to the web portal 24sata.hr  
• Connect people to the 24sata brand on a more personal level  
• Gain new Facebook followers | • Create a unique communication for every market where Jana is present  
• Increase the number of followers in selected countries  
• Increase brand awareness and strengthen brand reputation in every country | • Build a broader community on Facebook  
• Engage followers  
• Promotion of services |
| SMM campaign activities | • A welcome tab, that has communicated a special coupon with a 15% discount on the whole purchase for BIPA Facebook followers only, has been designed and implemented  
• Ads campaign was running along communicating the same message  
• High-level community management (answer every fan on every question) was set up from the start | • The application gave 24sata Facebook brand followers an option of generating funny articles about their friends – once brand followers generated a personal article about their friend they were offered to share it on their friend’s Facebook wall, while the person who got the article opened it directly on 24sata.hr portal  
• The application was updated with new article templates after the initial campaign and still remains active while followers base grows | • Facebook communication becomes targeted by country: Croatia, Hungary, Slovenia, Serbia and others  
• A local social media agency is hired for community management in each country in the region  
• Special offers and activities are created for each country in the region: giveaways, ads, apps, tabs | • A special offer tab was created that enables Iskon Facebook followers to apply for Iskon services and receive a special 50% discount  
• Memory Application was created, a game in which players need to find matching pictures of Iskon’s campaign characters and collect points; they can also challenge other players and collect game badges  
• Ads promoting the special offer for followers and the Memory contest were running simultaneously |
| SMM campaign duration | 15 days | 30 days | 6 months | 45 days |
| SMM campaign results | • Many of the BIPA Facebook followers had their first buying experience with BIPA thanks to the campaign  
• 18,945 new followers  
• 11,000+ coupons downloaded  
• 150% bigger purchase per customer than average | • 17,000 new followers  
• Jump by one position up on the list of the most visited web sites in Croatia  
• 34,998 users of funny articles application  
• 44,174 funny articles generated  
• Average feedback per shared funny article resulted in 114 actions (likes, comments,...) | • Targeted communication active in 5 regional countries  
• The number of followers increased up to 600% in each of the targeted countries  
• Interaction on the Jana Facebook brands page has increased by 300% compared to the previous, untargeted communication period | • 17,819 new followers  
• 1,578 clicks on the special offer tab  
• 6,741 players of the Memory application  
• 48,944 Memory games played  
• Every user spent 56 minutes on average playing Memory game |
Examples of four successful SMM campaigns in Croatia and the region are presented in the table (Table 2), while more examples are available via (iSTUDIO, 2012). Presented campaigns cover different industry sectors, ranging from health/beauty and media/news/publishing to food/beverages and telecom companies. Moreover, campaigns had various goals and durations (ranging from a short 15-day campaign with the goal of boosting new drug store brand consumer base and sales to a long half-year campaign with the goal of strengthening regional brand reputation for the leading water brand in Croatia). However, despite all differences among described campaigns they all resulted with great brand effects, what again confirms SMM as a very efficient marketing tool.

Socialnumbers

Socialnumbers (http://socialnumbers.com) is a portal offering rich statistical information about Facebook pages. It was launched in 2011 and first provided statistics only for Croatia and the neighboring countries. However, following initial success it rapidly proliferated across all relevant SMM markets and in mid-2012 Socialnumbers provide statistics for all European countries as well as 50 major countries outside the Europe. Information provided by Socialnumbers could be of interest to brand and community managers, marketing agencies, journalists, bloggers, academics and all others interested in Facebook marketing. Socialnumbers gives an insight into:

- ranked lists of Facebook brand pages by size and by quality;
- specific graphs for every Facebook brand page showing trends regarding the number of followers, frequency of interactions and distribution of status updates;
- ranked list of the top status updates from Facebook brand pages;
- ranked list of the top social media agencies;
- ranked list of the most shared web sites.

According to Socialnumbers, there have been almost 2,000 official Facebook pages in Croatia in mid-2012, what makes SMM very developed in Croatia when comparing with situation in the region (Austria (1,000 brands pages), Bosnia and Herzegovina (600 brands pages), Hungary (450 brands pages), Italy (700 brands pages), Montenegro (200 brands pages), Macedonia (650 brands pages), Serbia (110 brands pages) and Slovenia (1,700 brands pages)). The list of top ten most popular Facebook pages in Croatia in mid-2012 is the following:

1. “Love Croatia – Croatian National Tourist board” (travel/leisure) – 775,000 followers;
2. “24sata” (media/news/publishing) – 475,000 followers;
3. “Put oko svijeta” (travel/leisure) – 395,000 followers;
4. “Ok je OK!” (media/news/publishing) – 375,000 followers;
5. “Index” (media/news/publishing) – 350,000 followers;
6. “Severina Vuckovic” (musician/band) – 275,000 followers;
7. “Vicevi” (fun) – 250,000 followers;
8. “Tportal Hr” (media/news/publishing) – 245,000 followers;
9. “Jutarnji” (media/news/publishing) – 200,000 followers;

Socialnumbers is the project run in cooperation of partners from different countries in order to offer opulent statistical information for each individual regional SMM market. The goal of Socialnumbers is not only to provide the statistics and business intelligence in community management but also to outline the best agencies and best cases in the area of social media. Figure 10 depicts a screenshot of the Socialnumbers web site presenting graph for Facebook brand page of the Croatian retail and consumer merchandise brand Konzum showing trends regarding the number of Konzum’s followers (please see Figure 4 for detailed explanation of the Konzum brand Facebook page).

Figure 10. A screenshot of the Socialnumbers web site for the Croatian brand “Konzum”

**Mediatoolkit**

Mediatoolkit ([http://mediatoolkit.com](http://mediatoolkit.com)) (Youtube, 2012) is a web service developed in Croatia that enables a real-time discovery, on a global scale, of the most popular and shared content originating from any web site the user is interested in. Additionally, Mediatoolkit predicts which content will be popular in the near future. It is a fact that SNSs like Facebook, Twitter, LinkedIn and others influence the consumption of news on the web. What is being shared is being read, thus generating more and more traffic to web sites that have share-friendly content. This is why there is a great need to know which content users will share with their friends.
When using Mediatoolkit, all a user has to do is to enter web sites he/she is interested in (i.e., the user can enter any web site, his/her own or the one that belongs to his/her competition). Next, Mediatoolkit analyzes each web site and articles published on these sites to see how much users have shared observed articles on SNSs. Finally, as a result the user gets a list of the most shared (i.e., most popular) articles in real time.

During its calculations, Mediatoolkit pays a special attention to factors like total number of content shares. However, what is even more important for the final result are the rate of share growth and the time passed since the article has been published. Mediatoolkit analyzes these factors and uses the proprietary mathematical algorithms to rank each article. Once the system gathers all of described data, it can use mathematical algorithms again to identify growth patterns for each of web sites. Now, using these recognized growth patterns, we can predict the popularity of each new article in the early stage after it has been published. Usually, it takes no longer than 10 minutes from the moment new article is published to identify how popular this article will be.

![A screenshot of the Mediatoolkit web site](image_url)

*Figure 11. A screenshot of the Mediatoolkit web site*
The Internet and SNSs are developing faster than ever. Every day we are witnesses of new social startups and innovative social services. We cannot even probably begin to imagine the possibilities that will be available in just five years from now. However, we can be sure that the evolution of SNSs in Croatia will follow the global trends. Currently, Facebook is the strongest SNS on the global level, as well as in Croatia. Facebook does not have only by far the largest user base, but also the most diverse demographics among SNSs in Croatia. These are the reasons which make it hard to believe that Facebook will have real competitors in the next few years. It will remain the largest Croatian SNS and its user graph will be integrated in various kinds of applications. However, it will be interesting to follow the evolution of the latest Google’s attempt in the SNS area – Google+, especially now after Google acquired social media management platform Wildfire in mid-2012. Not only Google+ has a tremendous growth in the number of users, but what is even more interesting from the SMM point of view, Google+ has introduced the new Pages feature in late 2011, enabling businesses, brands, and other entities represent themselves on Google+ (Google, 2011).

Facebook’s strength is not only the number of its users, but also the fact that every user has its own virtual profile with real name, picture, information about him/her and links to his/her friends. This profile is not only available on Facebook any more because more and more web sites connect with Facebook over Facebook Connect for the ability to use Facebook profile on external web sites. In our opinion, this trend will continue and we will encounter a lot of great integrations and Facebook-based mash-ups in the next several years. Nevertheless, Facebook alone will introduce lots of innovative services in the near future. Currently it tests Facebook credits, virtual currency for its users. With Facebook credits, a user can have virtual money and buy on the web. Facebook's goal is to make Facebook credits available everywhere. Because of its huge user base, Facebook has great chance to achieve this goal. The other SNSs will also develop but less rapidly and in other directions. The best example is Foursquare, which is growing extremely fast and this trend will continue in next few years.

Given the dynamics of a superfast and ubiquitous Internet, a social media landscape defined by applications built on top of a Facebook platform and millions of connected devices, in the next few years we will see shifts in certain areas of media, such as television and radio. For example, Croatian national television station NovaTV already integrates user comments on interesting topics from Facebook in the program. Additionally, almost all radio stations in Croatia communicate with their listeners over the Facebook. Furthermore, friends and family, wherever they physically are, will exchange comments while watching the same show, will suggest other shows and even start onscreen video or voice calls. Social TV will be another element of personalization, one that combines the “me” with “my friends” (Bulkeley, 2010).

We envision the physical and digital worlds will become even more tightly connected. Today we are able to run in the park and track our progress online while sharing it with our friends or track our weight loss. Furthermore, we are able to shop in the large retail chains by smartphones, scanning bar codes with
phone camera and ask Facebook friends for recommendations on certain products. Finally, group buying social sites, such as the biggest one named Kolektiva.hr (http://www.kolektiva.hr), revolutionized electronic commerce in Croatia and paved the way for introduction of mobile social shopping.

CONCLUSION

Social networking services not only represent a place where users spend hours and hours of their time every day, but also offer completely new ways of promotion, such as highly targeted and intensely personalized communication which is hard to achieve when using traditional media. A study (Swallow, 2011), which analysed behaviour of approximately 1500 consumers, strongly supports a claim that Facebook promotion has highly positive effects for brands. Namely, the study asserts that:

1. 56% of consumers said they are more likely to recommend a brand to a friend after becoming a follower on Facebook;
2. 51% of consumers said they are more likely to buy a product since becoming a follower on Facebook.

Facebook is the largest SNS and as such most attractive for most brands and marketers. Next strongest SNS is Twitter, but Twitter’s attractiveness varies significantly from country to country. For example, in the US Twitter is very strong and attractive to marketers (there are 140 million registered Twitter users in the US (Semiocast, 2012)), whereas in Croatia Twitter has only several thousands users and as such is unattractive to mass marketing. Google+ was recently launched and the related statistics is still not known. Therefore, marketers will wait for some time to see the performance of Google+ and then choose whether to invest in their presence on Google+ or not to invest at all. Foursquare is the smallest in the set of major SNSs (20 millions users only). Nevertheless, its growth is fast and it is inherently very different than other major SNSs, what makes it very attractive for smaller marketing campaigns (1 million brands are present on Foursquare).

The major advantage of Social Media Marketing is the fact that it provides almost-free message channel to consumers (e.g., Facebook or Twitter followers). For example, the brand connects with hundreds, thousands or even millions of followers on Facebook (the most popular Facebook pages have tens of million of followers – in mid-2012 Coca Cola leads the list with 48 millions of followers, Disney is the second with 38 millions and Converse the third with 33 millions (Socialbakers, 2011b)). Whatever the brand publishes, it will be forwarded to its followers free of charge. This way, the brand builds its own media channel for communication instead of buying it from marketing agencies through expensive marketing campaigns.

Another advantage of Social Media Marketing is a two-way as well as personalized and transparent communication. Not just most of traditional marketing approaches, but a huge portion of digital marketing as well, is based on a one-way communication. Brands send messages to readers or viewers without giving them a possibility of replying with a feedback. On the other hand, SNSs enable that every
follower can reply to brand and give a feedback. For example, if the consumer’s favourite retail chain posts a promotion scheduled for the next week, the consumer (which is as well that brand follower on social networks) can reply and ask questions (e.g., what products will be included), praise or express dissatisfaction. This way, the brand is getting valuable feedback, but also consumers are provided with transparent communication channel. If brand posts an announcement about a new product and other followers react positive about it, the consumer can choose to buy it. On the other hand, if brand posts an announcement about a new product and other followers complain, perhaps it is not a good idea for the consumer to buy that product.

REFERENCES


ADDITIONAL READING SECTION


KEY TERMS AND DEFINITIONS

Web 1.0: An information and communication service based on client-server architecture, enabling users to read and search interrelated information using computers connected to the Internet. The user in the Web 1.0 era is a passive consumer of a read-only web.

Web 2.0: An information and communication service enabling not only the connection of information, but also linking people in the ad-hoc groups that can be assembled and disassembled according to the current need. The user in the Web 2.0 era is a prosumer which actively participates and collaborates in the ecosystem of a read-write web.

Social network: A set of actors (e.g., people, organizations, brands) interconnected via relationships (e.g., acquaintance, familiar bond, dislike).

Social networking service: An information and communication service focused on building, managing and utilizing social networks.

Facebook: The largest and the most influential global social networking service.

Social media marketing: An Internet marketing paradigm based on spreading brand-related messages directly from one social network user to another.

Viral marketing: A marketing paradigm that utilizes pre-existing social network to increase brand awareness or to achieve other marketing objectives (e.g., high product sales or broad consumer base) through self-replicating viral process, analogous to the spread of viruses.