



THE NEW MARKETING RENAISSANCE: PARADIGM SHIFT IN SOCIAL NETWORKS

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ABSTRACT

Consumers are getting smarter as they can shop around the globe and share their views with other consumers. Customers have more control and influence with a increasing internet user base in India, which has resulted in tremendous growth of online retail in India. Even though it is at a very nascent stage. Internet retailing is getting more and more important because it is a game of relationship and scale. It offers the advantage of indefinite self space to the wildest selection of product, compare to restricted and expensive retail space. Online retailers thereby save both on inventory and retail outlet. More consumer will go online as the reach of internet increases and retailers have been focusing that strategy on reaching more and more customers and the consumer experience. The main factors for increased internet users has been the sprit of computer literacy and internet familiarity. According to the latest IBM survey on CMO's it was found that 82% of the CMO's plan to increase the use of social media over the next 3-5 years, ironically only 26% are tracking blogs today. The importance of social media has been understood by most of the large corporates and MNC's, P&G the worlds largest advertiser has been increasing its budget by 24% over 2 years, but sales have not kept place, its now turning towards digital and social media campaigns like google and facebook where they expect the returns to be more efficient. Every Uniliver manager remotely associated with the brand, studies online social media. Nearly a 5th of Maruti Suzuki's leads are seeded by digital marketing leads. P&G India is hiring *commodity managers* for social media marketing. A slow revolution is making a paradigm shift in the marketing scenario, from traditional marketing to social marketing, a growing percentage of funds are being sliced out of the budget and moving towards digital space. Companies like, HUL, P&G, Vodafone, Cadbury Kraft and the UB group are looking closely at cost effective and base to connect digitally with the consumers.

Social media has exploded as a category of online discourse where people create content, share it, bookmark it and network at a prodigious rate. Examples include Facebook, MySpace, Digg, Twitter and JISC listservs on the academic side. Because of its ease of use, speed and reach, social media is fast changing the public discourse in society and setting trends and agendas in topics that range from the environment and politics to technology and the entertainment industry. Since social media can also be construed as a form of collective wisdom, community chatter can indeed be used to make quantitative predictions that outperform those of artificial markets. These information markets generally involve the trading of state-contingent securities, and if large enough and properly designed, they are usually more accurate than other techniques for extracting diffuse information, such as surveys and opinions polls. Specifically, the prices in these markets have been shown to have strong correlations with observed outcome frequencies, and thus are good indicators of future outcomes. In the case of social media, the enormity and high variance of the information that propagates through large user communities presents an interesting opportunity for harnessing that data into a form that allows for specific predictions about particular outcomes, without having to institute market mechanisms. One can also build models to aggregate the opinions of the collective population and gain useful insights into their behavior, while predicting future trends. Moreover, gathering information on how people converse regarding particular products can be helpful when designing marketing and advertising campaigns.

KEYWORDS: Social network, marketing applications, data explosion, connectivity, demo-graphics.

INTRODUCTION

According to the latest statistics published by the Internet and Mobile Association of India (IAMAI), the number of Internet users in the country has for the first time exceeded 100 million, a *Business Standard* report reveals. The number of Internet users in India stood at 112 million in September this year, with 88 million of them coming from the urban cities and 24 million from the country's numerous villages and small towns. That is a growth of about 13% from the numbers that were reported last year, and the research

organisation predicts that a further 11 million users will be added to the tally before the end of the year. These figures may sound impressive but 112 million is less than 10% of the country's overall population of over 1.2 billion; even among those, only 90 million claim to use the Internet at least once a month. The numbers for moderate to heavy Internet users fall further still. There are 58.6 million computers use in the country and 14.7 million Internet connections, out of which 11.9 million are broadband.

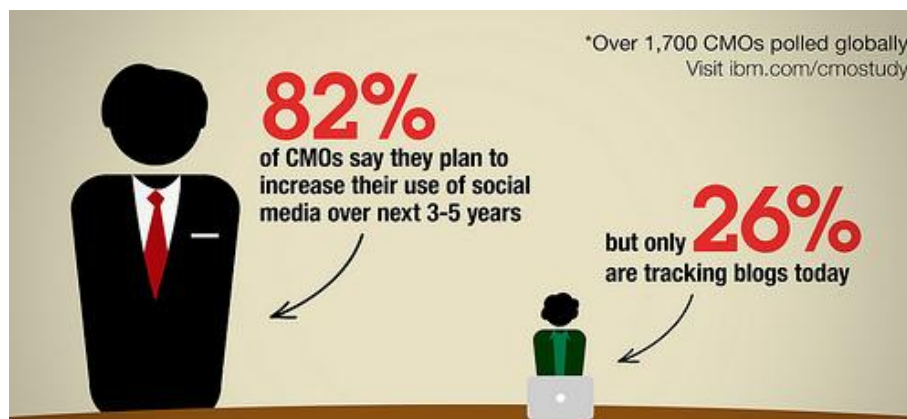


Fig. 1- 2011 CMO STUDY

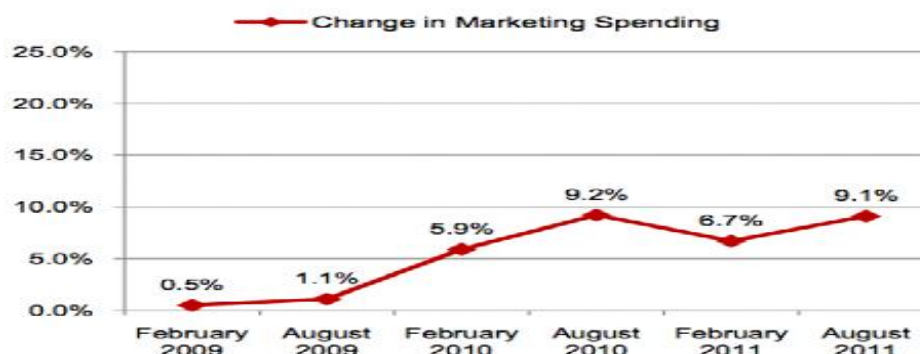


Fig.2- % Change in Marketing Budgets in Next 12 Months

Internet usage in the country is driven primarily by young people, with over 75% of the Internet users being school- or college-going kids and young men. The use of public cyber cafés is falling, even as the use of government-installed common service centres (CSCs) in villages continues to rise. In the urban areas, people are moving from cyber cafés to broadband connections installed in their homes, which is a positive sign. The report predicts that Internet usage will continue to rise in India as awareness about its use spreads and says that India may become the world leader in Internet usage by the end of this decade. Data from Google backs that prediction, which itself claimed that Internet users will triple in the country by the year 2014. Another interesting facet of the report was the statistic on mobile usage, which it claimed only accounted for 8% of overall Internet use in India. However, given the recent attention being paid to the development of the mobile Internet infrastructure in the country, specially with Bharti's joint venture with Japan's SoftBank and both Reliance Industries' and Bharti's plans to bring 4G to India, we should see those numbers start rising soon.

Companies should be increasingly turning to the new media, not to replace the old media, but to find blends of the new and the old that work well together. Tools that should be considered include webinars, blogs, podcasts, and most importantly, mining the social networks, where so much dialogue takes place about products and services (both favourable or unfavourable). We haven't yet figured out how

to use these new avenues and vehicles profitably; we're still in the experimentation phase. Most companies are still using traditional media for the bulk of their promotions, but they should also be carrying out experiments to determine where they can mine some 'gold' in the new media.

	Feb-11	Aug-11	% Change
Low Price	48.3%	53.0%	+9.7%
Quality	62.4%	65.1%	+4.3%
Innovation	34.0%	31.7%	-6.8%
Service	71.2%	69.9%	-1.8%
Trust	60.7%	59.0%	-2.8%
Brand	25.5%	25.7%	+0.8%

Table -1 Customer Priorities in next 12 months

Customers are sharing their experiences widely online, giving them more control and influence over brands. This shift in the balance of power from organizations to their customers requires new marketing approaches, tools and skills in order to stay competitive. CMOs are aware of this changing landscape, but are struggling to respond. More than 50 percent of CMOs think they are underprepared to manage key market forces – from social media to greater customer collaboration and influence – indicating that they will have to make fundamental changes to traditional methods of brand and product marketing.



Fig.3- How Effectively Social Media is Integrated with Strategy

Like the rise of e-business more than a decade ago, the radical embrace of social media by all customer demographic categories represents an opportunity for marketers to drive increased revenue, brand value and to reinvent the nature of the relationship between enterprises and the buyers of their offerings. Marketers who establish a culture receptive to deriving insight from social media will be far better prepared to anticipate future shifts in markets and technology. While they identify customer intimacy as a top priority, and recognize the impact of real-time data supplementing traditional methods of channel marketing and gathering market feedback, most CMOs say they remain mired in 20th century approaches. Eighty-percent or more of the CMOs surveyed are still focusing primarily on traditional sources of information such as market research and competitive benchmarking, and 68 percent rely on sales campaign analysis to make strategic decisions.

The challenges ahead

- **Data explosion:** every day we create 2.5 quintillion bytes of data, 90% has been created in the last two years alone. The difficulty is how to analyze the vast quantity of data and draw meaningful insights to improve products services and customer experience.
- **Reach and connectivity:** Research shows that consumer is not ready to travel more than 15 kms, for shopping, travel time and inventory are the major issues, that need to be tackled, except for the fast food joints, phone has not been exploited as a device to order products and interact with the seller.
- **Social Platform:** social media enables anyone to become publisher, broadcaster and critic. FB have more than 750 million active users, twitter users send about 140 tweets a day and you-tube 500 million users upload more video content in two months than the three major US TV networks created in the last 60 years. It power has been displayed the classic case of Kolaveri De

which became an instant hit world-wide over net. It is a challenge for most of the CMO's to capture the customer insight from the unstructured data they produce.

- **Channel and Device Choices:** There has been a growth in marketing channels and devices like smart phone and tablets. Mobile comers is expected to reach 31\$ billion y 2016. For most of the CMO's tapping the new marketing channels and devices has become a top priority.
- **Shifting Demo Graphics:** New Global markets and influx of younger generation is changing the face of market place. In India the middle class is expected to rise from 5% to 40% in next two decades. Marketer will need to adapt their strategies to tap this emerging middle class.

Managing the Four Challenges

Collectively, the study findings point to four key challenges that CMOs everywhere are confronting: the explosion of data, social media, channel and device choices and shifting demographics will be pervasive, universal game changers for their marketing organizations over the next three to five years. But a large majority of CMOs feel unprepared to manage their impact.

Lack of Influence:

Today's CMOs have to cover more ground than ever before. They have to manage more data from disparate sources, understand and engage with more empowered customers, adopt and adapt to more sophisticated tools and technologies – while being more financially accountable to their organizations.

In fact, 63 percent of CMOs believe return on investment (ROI) on marketing spend will be the most important measure of their success by 2015. However, only 44 percent feel fully prepared to be held accountable for marketing ROI.

Most CMOs have not traditionally been expected to provide hard financial evidence of their ROI. But given the current economic volatility and pressure to be profitable, organizations can no longer afford to write a blank check for their marketing initiatives. CMOs recognize they now need to quantify the value they bring to the business, be it from investing in advertising, new technologies or any other activity.

This increasing emphasis on ROI also reflects the scrutiny the marketing function is currently attracting, itself a reflection of the function's growing prominence. Today's CMOs are in much the same position as chief financial officers (CFOs) were a decade ago, when the CFO's role was evolving from guardian of the purse strings to strategic business adviser.

If CMOs are to be held responsible for the marketing returns they deliver, they must also have significant influence over all "Four Ps": promotion, products, place and price. The study found that this is often not the case.

CMOs say they exert a strong influence over promotional activities such as advertising, external communications and social media initiatives. But, in general, they play a smaller role in shaping the other three Ps. Less than half of the CMOs surveyed have much sway over key parts of the pricing process, and less than half have much impact on new product development or channel selection.

To meet these new challenges, CMOs must boost their own digital, technological and financial proficiency – but many seem surprisingly reticent in this respect. When asked which attributes they will need to be personally successful over the next three to five years, only 28 percent said technological competence, 25 percent said social media expertise and 16 percent said financial acumen.

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