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Analyzing the effectiveness of social media in the promotion of entrepreneurial businesses in the Republic of Macedonia

Abstract

Starting an entrepreneurial business in a country in transition, characterized with a fluctuating and unstable market, such as Republic of Macedonia, can be a daunting task. Promoting the products and services is one of the most important tasks when starting a business. The marketing strategies related with start-up businesses are often be characterized with limited statistics and unsatisfactory results. The main hypothesis in this scientific research paper is whether social media platforms can prove as an efficient and cost effective way for promotion of entrepreneurial and start-up businesses in the Republic of Macedonia. For the purposes of this research paper, a case study was conducted where a typical start-up business with low marketing funds, the course "Self-defense and Fitness for women", was promoted on a two months basis, separately through social media and traditional media. The results of this research were sufficient enough to confirm the hypothesis and present concrete numbers that social media can be used as an effective marketing promotion tool. Furthermore, this scientific research paper provides trends about different aspects of paid and organic social media promotions by companies of different sizes in the Republic of Macedonia.

Keywords: social, traditional, media, marketing, Macedonia, entrepreneurs, trends

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1. Introduction

Social media is defined as a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of user-generated content (Kaplan and Haenlein, 2010). In the recent years, we are witnessing the rise of social media platforms. In 2012, nearly 4 in 5 active Internet users visited social networks and blogs, while 70% of the active adult Internet users shop online (Nielsen, 2011). These numbers are a precursor that social media can be used as a marketing tool for any type of business.

We, as authors, were faced with the choice between traditional media² and social media while developing a marketing strategy for the entrepreneurial business "Self-defense and Fitness for women". The business plan, which is developed by Emil Jotov and Ognjan Jotov, is composed as a two days per week training course with a specific target group – women. For the purposes of the course, a training room was reserved for 4 separate days of the week. Two separate, identical courses per week were planned, the first one taking place on Monday and Wednesday, while the second taking place on Tuesday and Thursday. A decision was made to promote one course (Monday and Wednesday) purely through social media and the other course (Tuesday and Thursday) was promoted purely through traditional print media. This kind of diversification provided the basis for conducting the necessary research for this paper.

We think that many entrepreneurs in the Republic of Macedonia are faced with the difficult choice between social media and traditional media. In most cases they can't choose both due to low marketing funds, which is understandable for a start-up business. Motivated by this dilemma, we decided to conduct a case study analysis of using social media to promote an entrepreneurial business for a time period of two months versus using traditional media to promote the business in the same time period. By comparing various statistics, as well as the end-result, which is how many clients were obtained for each of the two separate courses, we can provide insights of the impact and effectiveness of social media marketing for an

² Traditional media encompasses television, radio and print media

entrepreneurial business on the territory of the Republic of Macedonia. Furthermore, by using questionnaires to examine the existing Macedonian businesses that utilize social media, we can provide trends for various aspects of social media usage as a marketing platform in the Republic of Macedonia. Although this type of research has already been done in developed countries, we believe that the market in Macedonia, as a country in transition, has specific political, technological and economic factors that differentiate it from the other more developed countries, so the research might produce different results.

The main goal of this scientific research paper is to provide a conclusion about the effectiveness of social media marketing for entrepreneurial and start-up businesses, which are typically characterized with low marketing funds, as well as a comparison of the effectiveness of using traditional and social media for promotion in the same time period.

2. Methods and materials

All the data presented in this scientific research paper is collected from December 2012 through February 2013. The primary method of analysis was conducting a case study of planning and executing a marketing strategy for the entrepreneurial business "Self-defense and Fitness for women", but other various scientific methods were also used to obtain and analyze the results.

Before selecting the appropriate marketing strategies for both the social and traditional media, a research through questionnaires was performed to analyze the Macedonian market. A total of 60 questionnaires were sent to Macedonian businesses of various sizes, cities and industries. The only selection criteria used was that the business had to have an existing social media account and to be actively engaged in social media promotions. The businesses were divided in three groups according to their size: micro and small businesses, medium businesses and large businesses. The purpose of the questionnaire was twofold. One goal was to gather information on various aspects and construct trends for social media usage

as a marketing platform in the Republic of Macedonia. The second goal was to gather insights which would assist the authors to select the appropriate social and traditional media platforms for the marketing strategy of the course. The specific content and questions used in the questionnaires can be found in the appendix of this scientific research paper.

Using the insights from the questionnaires, the authors formed a marketing strategy and chose the appropriate platforms for both the social and traditional media. Evaluating social media, the authors chose the social platform Facebook as the single platform which would be used for social media promotion of the course on the Internet. Print media, including posters and banners, were chosen for promotion from the traditional media platforms. These choices are based on the authors' personal judgment and expertise and should not be considered as the default choice for other entrepreneurial businesses of the same type. The authors' justifications for these choices are further elaborated in the Discussion part of this paper.

The budget was divided equally to ensure that the same conditions apply for both traditional and social media marketing tools. The overall budget of the campaign was 400 euros, which was divided equally between the platforms - 200 euros for social media marketing and 200 euros for traditional print media marketing. For the social media campaign, a fan-page was created on Facebook titled "Self-defense and Fitness for Women" and the authors relied on their personal expertise for promotion and creation of content for this platform. For the traditional print media campaign, a total of 2000 banners and 1000 posters were printed throughout a time-period of 2 months, which were afterwards strategically positioned on places through Skopje, the capital city of Macedonia. The same principle applies for the design of banners and the selection of promotion sites – the authors relied on their personal expertise to select the best alternatives. Having previous successes with various marketing campaigns, online and offline, we think that there is no reason to doubt the validity of the choices made during the length of the marketing campaign.

The results of the social media campaign throughout the case study were collected primarily using the tool Facebook Insights. This is an analytics tool provided by the social media platform Facebook, which offers various statistics about the engagement, demographics and interactivity of the fan-page. Because Facebook is a serious and professional social platform, there is no indication that the statistics from Facebook Insights are false or invalid. For both traditional and social media, further information relevant to the results was collected via phone-calls from potential clients. Each client that called was questioned whether they obtained the number through social media or through print media. The end success of the campaign was measured by the conversion rate, which is the number of people that signed up for the course in the duration of the marketing campaign.

Different qualitative aspects, such as targeting options and flexibility of the campaign, are analyzed in the Discussion part of this scientific research paper. The discussion is based on the quantitative and qualitative information gathered throughout the research.

3. Results

3.1 Social media trends in the Republic of Macedonia

Based on the information gathered from the questionnaires, we developed trends for different aspects of social media marketing in the Republic of Macedonia. The data is combined from the questionnaires that were sent to respondents from the analyzed businesses.

Only 25% of the analyzed businesses have a separate budget specifically intended for promotion on social media platforms. This goes in conjunction with the 33% of companies that have a designated employee who is responsible for maintaining and executing social media marketing campaigns. From the analyzed companies, 60% use only one social platform to promote their business, 31% use 2 social platforms and 9% use 3 social platforms for promotion. None of the analyzed companies are using more than 3 social platforms for promotion.

One of the most significant statistics, which also influenced the choices made for the social media campaign of the course, is the span of social media platforms that are actively used by businesses in Macedonia, which is summarized in Figure 1. The most popular social platform among businesses is Facebook with 98%, followed by Twitter with 44% and LinkedIn with 23%. The two least used social platforms in Macedonia are the blogs and Pinterest, respectively with 12% and 4%. Note that the answers on the questionnaire are not mutually exclusive, meaning that the respondents could choose more than one platform, which reflects the logic that companies use more than one social platform to promote their business and products.

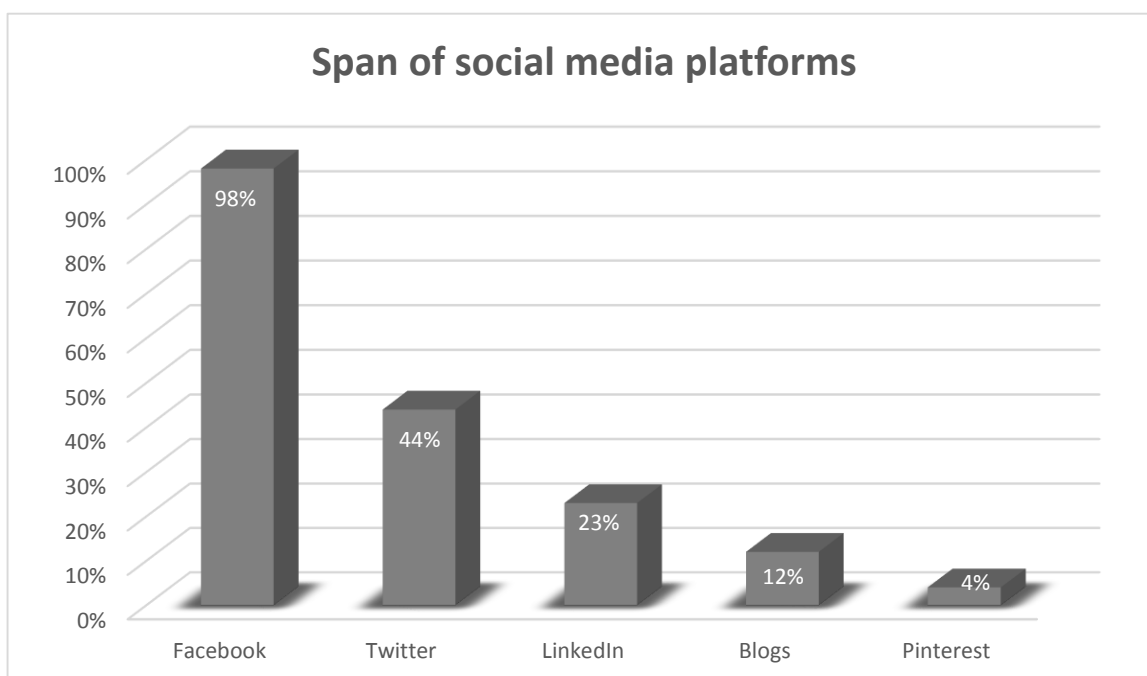


Figure 1: Span of the usage of social media platforms by businesses in the Republic of Macedonia

The frequency of content creation for the social media platforms is presented in Figure 2 on the next page. From the analyzed businesses, 46% create content for their social media platforms on a daily basis and 34% create content on a weekly basis. Only 12% create content several times a day, while 8% create content once every month or even longer.

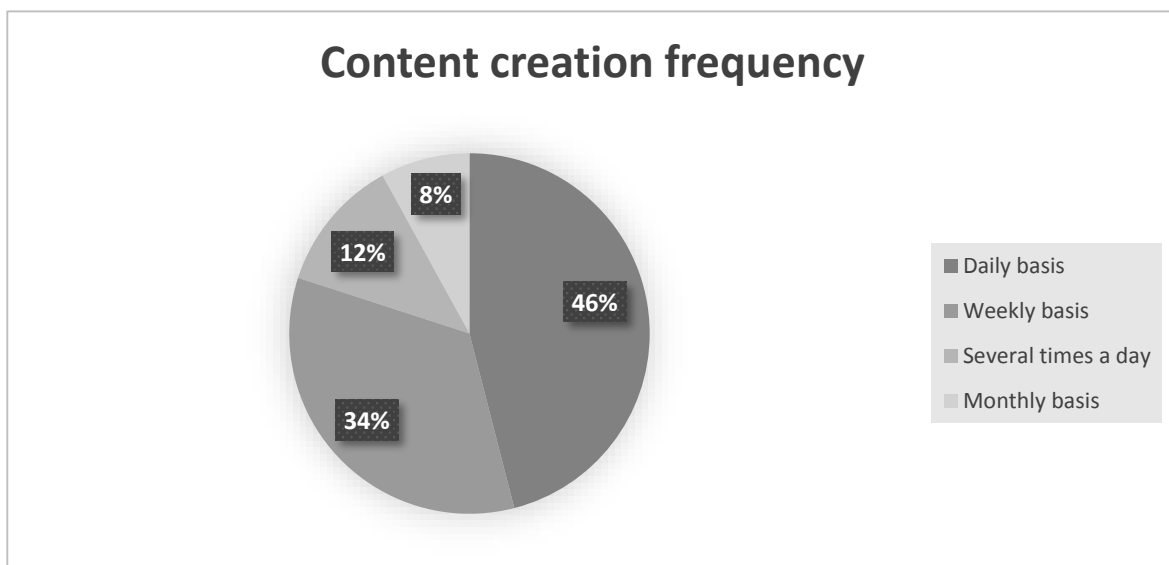


Figure 2: Frequency of content creation for social media platforms by businesses in the Republic of Macedonia

The specific percentages of companies which use paid promotion on social media platforms are presented in Figure 3. The data is divided in three groups according to company size: micro and small, medium and large companies. 15% of the small and micro companies have used paid promotion at least once in their past social media campaigns, while 25% of the medium companies have used paid social media promotion. This is contrasted by the high 90% of the large companies who have paid for promotion on social media platforms.

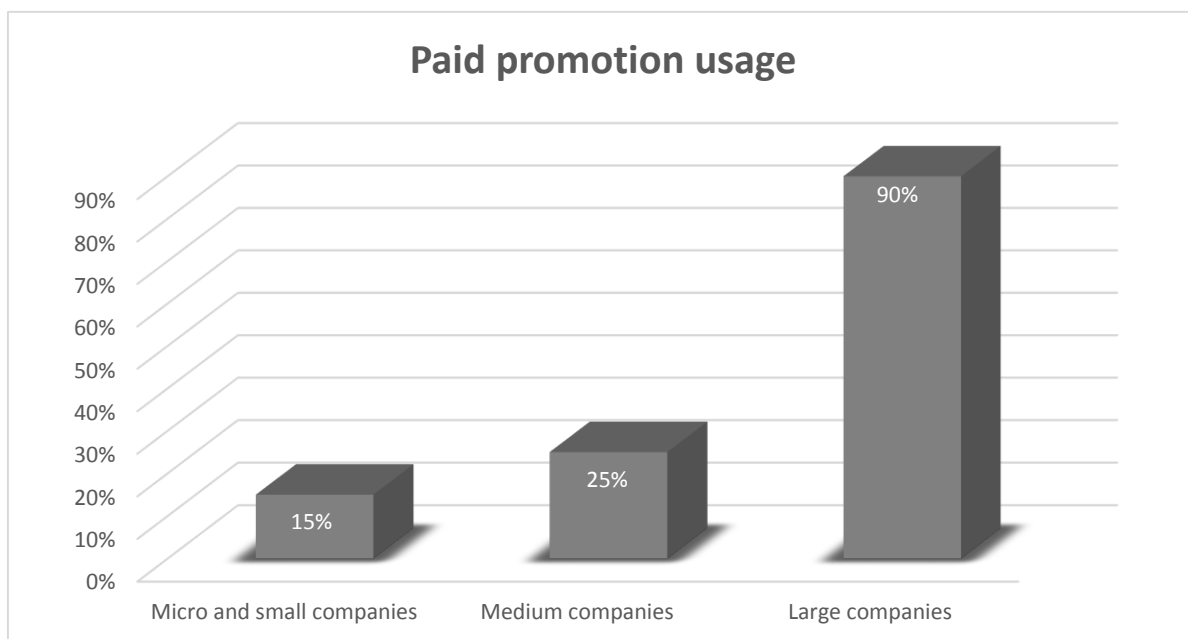


Figure 3: Paid promotion usage by company size in the Republic of Macedonia

3.2 Social and print media campaigns

For a time period of one month, using paid, organic and viral means of promotion, the fan-page “Self-defense and Fitness for Women” accumulated a total of 2,510 fans. In the height of the promotion, more specifically the time period between 15th of December 2012 through the end of the campaign on January 28th 2012, the average number of newly acquired fans was 103 fans on a daily basis. Analyzing the demographics on the fan-page in Figure 4, over 67% of the fans belong to the target group of the business, which is female.

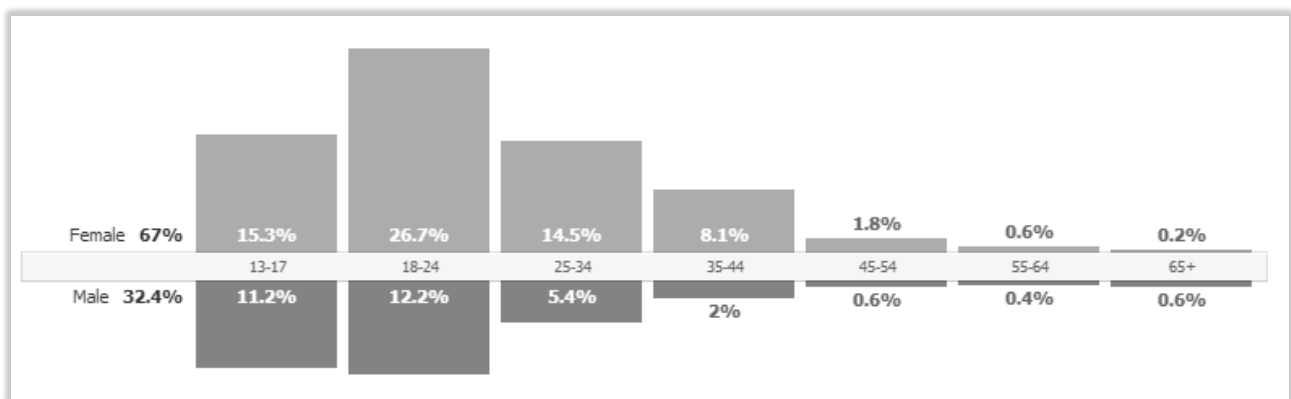


Figure 4: Demographic characteristics of the Facebook fan base

The weekly number of people reached through Facebook fan-page promotions is presented in Figure 5. The average number of people reached in January 2013 is 4,600 people on a weekly basis.

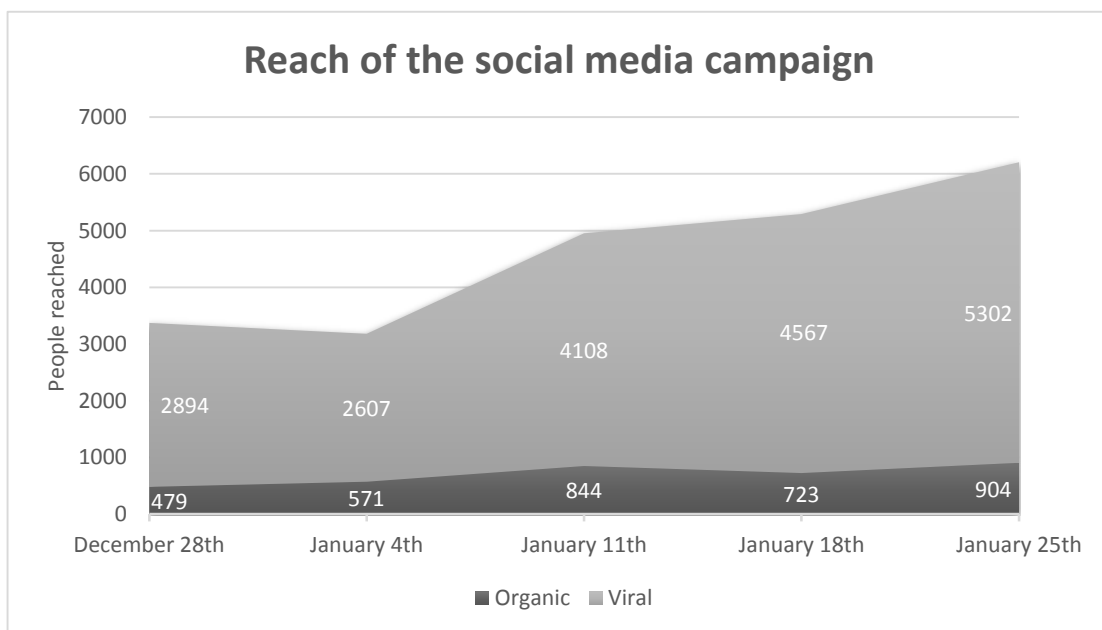


Figure 5: Number of people reached through Facebook on a weekly basis

The statistics about the end results are presented in Figure 6. A total of 67 messages were received via the Facebook fan-page and 52 people who called verified that they found the course through the fan-page. The end-result is 24 new clients that signed up for the course on Monday and Wednesday. Such detailed statistics were not available for the print media campaign. The only measurable statistics for the print media campaign are the number of calls received and the end-result, which is the number of new clients acquired through print media. Throughout the print media campaign, a total of 16 calls were received. The end-result is 2 new clients that signed up for the course in Tuesday and Thursday.

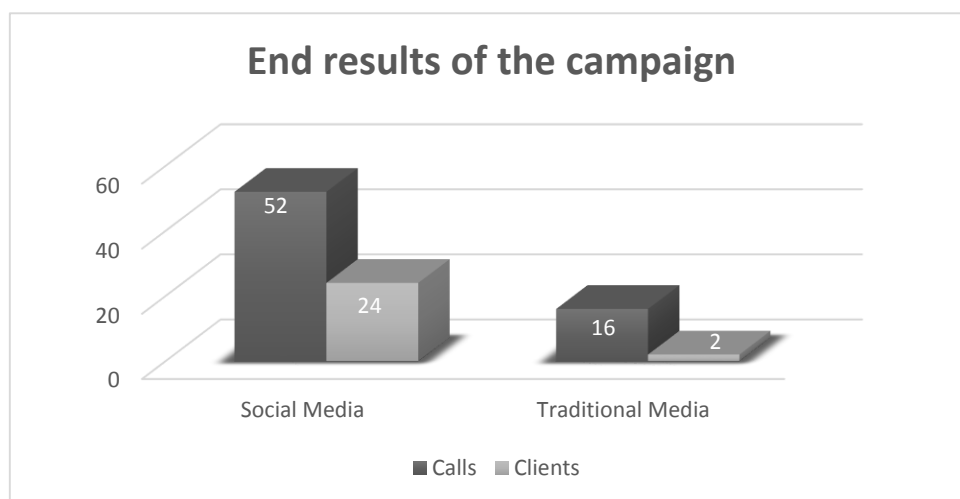


Figure 6: End-results of the social and traditional media campaigns

4. Discussion

Analyzing the trends developed for social media usage by businesses in the Republic of Macedonia, we can notice that only one third of the companies have a separate budget and a designated employee specifically set for social media promotion, 25% and 33% respectfully. We think that this is due to the nature of social media, meaning that these marketing tools are seen by companies as a stop-gap between more serious print and other media promotions. The business aspect of social media is further researched in Figure 3.3, where the usage of paid promotion on social platforms is examined. Our hypothesis is that the size of the company directly correlates in a linear fashion with the usage of paid promotion on social media platforms. Nearly all analyzed large companies (90%) use paid

promotion, while less than one third (15% and 25%) of the micro, small and medium companies use paid promotion. This high contrast in percentages confirms our hypothesis that as the size of the company increases, so does the usage of paid social media promotion. We think that this is due to the budgeting policies of large companies – the marketing department sets a specific budget for social media and usually the company does not want to rely solely on viral and organic means of promotion.

The popularity of the various social networks is analyzed in Figure 3.1. As expected, the social platform Facebook dominates with 98%, meaning that from the analyzed 60 companies, only one doesn't use Facebook for social media promotion. The second most popular social platform is Twitter with 44%, and the third most popular is LinkedIn with 23%. These results indicate that newer social platforms, such as Pinterest, are rarely used by Macedonian companies and the main focus is on the three most popular social platforms – Facebook, Twitter and LinkedIn. These results directly influenced the choice of platform for the social media campaign of the analyzed course. The authors chose Facebook as the single social media platform, because it has the highest number of daily users, as well as the potential to provide visual material, such as pictures and videos, for future promotions. From the analyzed companies, nearly all of them create new content on a daily or weekly basis (92%). This parameter was not analyzed in greater detail due to the correlation of the nature of business and type of social media promotion. Some types of businesses want to be taken seriously and don't want to ruin their image by posting viral pictures or videos on a daily basis. We think that the quality of the content and it's relation to the products and services of the company is more significant than the frequency of new content that is posted.

The main hypothesis of this scientific research paper is whether a start-up business should choose social media or traditional media for promotion of its products and services. In the period designated for the case study, a total of 2,510 fans were acquired for the Facebook fan-page "Self-defense and Fitness for Women". We perceive this is an extremely high number, considering the needed clients and the

typical conversion rate. The maximum capacity of the course is 24 attendants, which is 1% of the total fan base on Facebook. This is a solid conversion ratio, but these statistics aren't sufficient enough to reflect the success of the social media campaign. The qualitative aspects, such as engagement and targeting options, are of even greater value than the quantitative aspects. With Facebook, a company could interact with fans and potential clients on a daily basis, post promotions and special offers instantaneously and make the necessary adjustments in real-time. Also, through social media, potential clients have a direct call to action, meaning that they could send a message to the fan-page or write a comment to find out more information. The viral aspect is another advantage of social platforms. Throughout the duration of the campaign, in January 2013, an average of 4,600 people were reached on a weekly basis, meaning they saw or read content from the fan-page. The average number of people reached through organic promotion in the same time period was 704 people, while the average number of people reached through viral promotion was 3,841 people.

For the print media, we couldn't acquire the same type of statistics as presented above. Although there are certain economic principles to calculate the engagement and interaction ratios based on the number of printed materials, we, as authors, refuse to speculate and state uncertified numbers and percentages in this research paper. The print media campaign is measured by the number of calls received and the number of new clients acquired. A total of 16 calls were received through print media for the duration of the campaign and only 2 new clients were acquired. We qualify these results as unsatisfactory and grade the print media campaign as unsuccessful in terms of capital invested versus results achieved.

During the same time period, the social media campaign achieved significant results. A total of 52 calls were received, accompanied by another 67 messages that were received through Facebook. Combining the calls and messages and comparing them with the equivalent results from the print media, the engagement achieved through social media is 743% higher than the engagement achieved through traditional print media. The end-result is 24 new clients acquired through the social media campaign,

which is higher by 1200% than the clients acquired through the print media campaign. We have to note that the 24 new clients were acquired by January 14th, so the sign-up was closed after that particular date. This means that the number of clients acquired through social media may have been even higher, if the maximum capacity of clients wasn't prematurely reached. We qualify these results as satisfactory and grade the social media campaign as successful.

5. Conclusion

The main hypothesis in this scientific research paper is whether to use social media or traditional media for the promotion of an entrepreneurial business. Comparing the end results from the social media campaign and print media campaign, there is a definitive indicator that using social media is the more efficient, flexible and cost-effective way for promoting a start-up business. There are different quantitative and qualitative benefits that can be achieved only through social media promotion. However, social media campaigns, as any other marketing campaign, require a professional and dedicated approach, which can prove as time consuming and cannot be performed by a person inexperienced with social media promotions.

This research can be expanded by examining social media effectiveness as a marketing tool for medium and large companies. The research provides concrete results which point out the benefits of paid and viral social media promotions, but regardless, social media promotion should not be taken as a definitive and absolute choice for the promotion of a start-up business.

Literature

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6. Appendix

A. Sample from the questionnaire that is used for the purpose of this scientific research paper

Questionnaire about using Social Media as a marketing and a promotional platform

Instructions

You can select more than one answer for specific questions. If you don't know the answer for a particular question, leave it blank and move on to the next one.

1. What social media platforms are you using for the promotion of your business?
 - A. Facebook
 - B. LinkedIn
 - C. Twitter
 - D. Blogs
 - E. Pinterest

2. Has your business used paid promotion on any of the social media platforms?

- A. Yes
- B. No

3. How often do you create new content for your social media platforms?

- A. Several times a day
- B. Daily
- C. Weekly
- D. Monthly

4. Do you have a separate budget set for social media promotion?

- A. Yes
- B. No

5. Do you have a designated employee managing your social media platforms?

- A. Yes
- B. No

6. How many different social media platforms do you use for promotion?

- A. One
- B. Two
- C. Three
- D. Four and above