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Social Media Impact on Business Evaluation

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Abstract

In a highly globalized and competition driven business world the role of social is growing. Social media is increasing. The social media has become a tool for marketing. Nevertheless the evaluation of investments in the social media and its benefits is still lacking. The proposed Stella-Excel model is based on scientific research, statistical data and observations of social media user online interactions. Five of the largest restaurants located in Jelgava town were assessed. Research period: 2015 – 2016. Partly structured interview method is used to acknowledge opinion of restaurant owners' or employees' about the impact of social media activities on the business environment along with a questionnaire to examine social media usage habits is deployed. Results show indicate that the social media has an impact on the restaurant business and customer habits in Jelgava town, however none of the assessed restaurants have gained the maximum benefit. The designed model is suitable for assessing the benefits of investments in the use of social media in other business fields.

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1. Introduction

In the globalized world the geographical and theoretical distance holds less of an importance for the politics, trade and other parts of life¹ while the interests of the citizens and the entrepreneurs depend on and are linked with the global trends. Besides the the and communication the perspective of how businesses and states organize the

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production, trade and capital investments, creation of new services and products and the corresponding marketing activities². The new economy creates conditions for such companies which organizational logistic is organized based on a network structure incorporating the new Technologies, thus facilitating coordination, control and communication³.

This is further enhanced by the increase of the internet speed and the number of users possibly leading to the majority of world's population participation in any sort of social networks by 2025⁴. The entrepreneurs are paying ever more attention to the role of the social networks in order to gain as much of the economic good as possible. The newest tendencies in the internet marketing and business communication indicate that the impact of the social media continues to grow. Some parts of community actively communicate with this tool, while the others are trying to adapt themselves, while all of them are interested to organize the communication of their company in the social media in the most effective way. If before the social media marketing could be considered a non-traditional method of marketing, nowadays it is a fully fledged tool. Besides in the settings of highly competitive environment the importance of the social media in the entrepreneurship increases⁵. The statistics gathered by the bureau of statistics "Eurostat" in 2015 indicate that 75% of EU entrepreneurs are using the social media for marketing purposes of their produce while the same proportion of companies have a web-page. In Latvia only 58% of companies do (in Lithuania – 78%, Estonia – 80%), therefore it can be assumed that social media use literacy of the Latvian companies are rather low⁶. Taking into consideration that in the second half of 2016 Latvia was considered to have the 6st fastest broad-band internet connection in the world and 4th in Europe⁷ and that the internet service in Latvia is one of the most accessible from the price perspective (most significantly for connections with speed of 4 to 8 Mbps – by 47% cheaper than the average in Europe)⁸ overall 78% of citizens are using internet daily, and 79% of internet users are shopping online. These facts indicate that the citizens of Latvia are open for further use of social media marketing⁹.

On the one hand, the speed and quality of the internet connection is high, and the clients are available for targeting by marketing, meanwhile on the other hand, the beneficial environment is not used to its full potential. As it is indicated by the deputy head of the association of the public relations companies, Ms Julija Nikitina, the rather low activity of the companies within social media platforms when compared to the results of other countries is a proof of the low levels of the return of investments index due to the limited scope of Latvia's market and the limited finance resources of the entrepreneurs¹⁰. There are different methods for estimating the return of investment in social media. Authors underline that one cannot simply base the assessment on the number of profile followers, because the large quantity of users does not fully reveal the real activity, since even as much as 50% can be fake profiles¹¹. Besides not all of the social networks are equally popular among users, thus the most visited networks will be the ones in which the cooperation with the client is the best. From the perspective of the company it is important to know whether the social media user is a potential client who is looking for offer, a regular client who is using the produce, or is he shaper of attitudes within the social media scape¹². In order for the communication to reach its aims the entrepreneurs, social media professionals are needed, which requires a considerable amount of financial resources. Is it worth to pay money for management of social media accounts? That is a question that is often asked by the many SMEs in Latvia. The answer is ambiguous, since the narrow market situation in Latvia defines that rarely does it pays off to invest into the services of an agency for it to manage these social accounts, to publish high quality advertisement articles, in order to. In addition at the entrepreneur should not forget that the social media campaigns are closely integrated within the companies marketing plan¹³.

Meaning that the problem when trying to evaluate the ROI from the social media lies not only in the complexity of methods used for the assessment, but also in the limited resource availability within the small and medium sized companies, which defines the settings for choosing a more accessible evaluation model. The aim of research is to create the social media impact on the business (restaurant business) assessment model, which would be suitable for SMEs. In order to reach the goal, following tasks are formulated: 1) to conduct an analysis of the scientific literature and other sources about the social media, benefits from investing in them and assessment of social media impact; 2) to identify the social media scape in Latvia in relation of its impact on the restaurant business; 3) to create a social media impact on business assessment model 4) to carry out validation of the social media model on the restaurant business; 5) to gather theoretical guidelines, results of modelling and to formulate the conclusions.

Methodological foundation of the research: the methodological foundation is based on the research on the social media, return on investment in social media and impact of social media on the business. For the assessment of the

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