Chapter 7
Web 2.0 as a Foundation for Social Media Marketing:
Global Perspectives and the Local Case of Croatia

Vedran Podobnik
University of Zagreb, Croatia

Tomislav Grubisic
iSTUDIO, Croatia

Daniel Ackermann
iSTUDIO, Croatia

Ignac Lovrek
University of Zagreb, Croatia

ABSTRACT

In the Web 1.0 era, users were passive consumers of a read-only Web. However, the emergence of Web 2.0 redefined the way people use information and communication services–users evolved into prosumers that actively participate and collaborate in the ecosystem of a read-write Web. Consequently, marketing is one among many areas affected by the advent of the Web 2.0 paradigm. Web 2.0 enabled the global proliferation of social networking, which is the 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 to as the viral marketing. This chapter will describe: (1) how social networking became the most popular Web 2.0 service, and (2) how social networking revolutionized Internet marketing. Both issues will be elaborated on two levels–the global and the Croatian level. The chapter will first present the evolution of social networking phenomenon which has fundamentally changed the way Internet users utilize Web services. During the first decade of 21st century, millions of people joined online communities and started using online social platforms, about 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, the chapter will focus on Social Media Marketing, the latest step in the Internet marketing evolution. The three most popular Social Media Marketing platforms (i.e., Facebook, Twitter, and Foursquare) will be described, and examples of successful marketing case studies in Croatia will be presented.

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 of 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 and 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 and 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 and 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,

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