

The Application of Social Networks in the Marketing

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Abstract: Consumption always acts as one of the most significant links to economics. In recent years, the way of consumption has changed entirely due to the evolution of the internet. A dramatic increase in the number of people who tends to obtain product information online instead of offline. So, is this either an opportunity or a disaster for the business? How should enterprises utilise this new tool in this unprecedented reform? In this article, the author will reveal the following difficulties 1. How the Social Networking change consumers' behaviour? 2. What are the differences between some typical social network approaches used for diffusion? 3. How to employ the social network in marketing? By analysing the research of previous essays and the several views of the author. Furthermore, it is to identify to them when is the best chance to use which method and what is the most appropriate to the companies employing different approaches to operate.

Keywords: social network, marketing, economics

1. Introduction

The development of the Internet is inevitable because of its irreplaceable convenience—people can obtain information from all over the world without leaving home, which offline cannot do. Therefore, people will spend more time in the one, which is why online marketing, a new promotion channel, should be used by more companies. However, Sinha and Swearingen propose that friends' suggestions seem more credible for most people than those on the Internet [1]. Therefore, when companies use the Internet for marketing, they also cannot give up the influence of real-world relationships on the market present; there seems to be no article that clearly explains the relationship between them and which method the company should use more for marketing. Therefore, in this article, the author will combine the previous papers with his, extrapolate, and try to give a basic answer to this question. First, in the first part, the author will connect Linton C. Freeman's research to show the basic marketing principles [2]. The difference between the methods will be shown in the second part, followed by the third stage; the author will combine different markets and business conditions to give various small suggestions for enterprises. Finally, some shortcomings of this paper will be a poet and provide the future directions for future research.

1.1. How Social Networking Changed One Consumer's Mind

Fishbein and Ajzen propose that human behavior is made up of five factors: beliefs, behavioral attitudes, subjective norms, behavioral intentions, and behaviors [3]. And they are influenced by

observing the behavior of others and self-regulation [4]. For example. Suppose Leo wants to eat KFC at the beginning, but at this time, his friend tells him that McDonald's is better than KFC. Because of this exchange, Leo may change his views on KFC and McDonald's and choose to eat McDonald's instead of KFC. Then it is still Leo. He wants to have afternoon tea this time. Still, he needs to find out which restaurant's afternoon tea is better, so he looks online for everyone's comments and recommendations and finally chooses an afternoon tea shop. Through these two examples, it is easy to see that observing the behavior of others changes people's behavior follow the following steps. First, instill information into the parties and use it to guide them to change their attitude towards one thing (or make them develop a view on something); then, consumers have the potential to do this thing and finally do this matter. It is consistently named homophily in social network learning. However, there are times when Leo may not listen to his friend's advice and stick to his ideas, which is self-regulation.

1.2. The Difference Between the Two Diffusions Ways

1.2.1. The Advantages of Offline Marketing

Do consumers trust the information on the Internet and the information at the same level? According to the facts of Sinha and Swearingen's experiments [1], people seem more willing to believe the information provided by friends they know in reality than the illusory information on the Internet. Therefore, communication with friends is bound to be more effective than communication on the Internet. Let's take the simplest example first. As shown in the figure, suppose Leo initially has no idea about product A. His friend recommended him this product and asked him to buy it. The probability of the outcome has increased by 50% (Figure. 1). Currently, the likelihood of Leo purchasing this product is 50%. However, if Leo sees this information online, his purchase intention may be only Thirty per cent (Figure. 2).

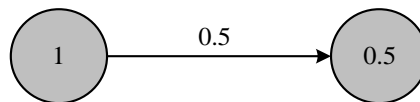


Figure 1: The diffusion of the friend one to one.

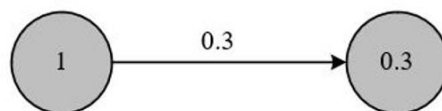


Figure 2: The diffusion of the internet one to one.

Now, upgrading this example, In the beginning, Leo's willingness to buy this item is -0.4. After a friend's recommendation, he still can buy this item (Figure. 3), but if it is the Internet, Leo, then there is no possibility of purchasing it (Figure. 4).

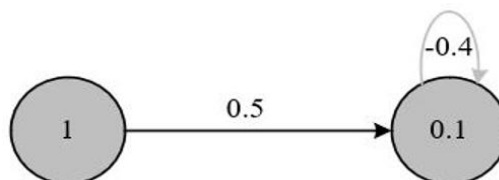


Figure 3: The diffusion of the friend with self-thinking one to one.

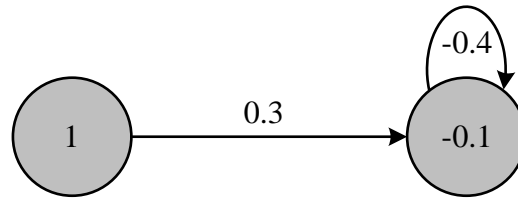


Figure 4: The diffusion of the internet with self-thinking one to one.

And then, for a deeper example again. For instance, now Leo has a friend A, who does not know Leo's friend, B. Suppose he is also interested in the same product, and Leo got the information from the Internet and his friend. Then ask Leo for his opinion, then Leo's advice to him may also have a different impact because of Leo's initial information channel Figure.5 and Figure 6; similarly, adding more factors is also possible, such as Leo's friend A is also friend of B, the author won't elaborate too much in this article. In conclusion, using a real social network as a marketing tool within a fixed range is far more effective than network marketing.

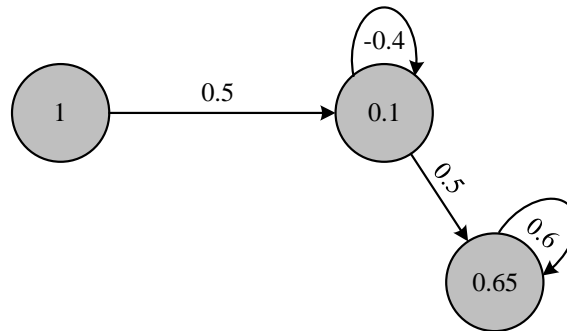


Figure 5: The diffusion of the friend with self-thinking one to many.

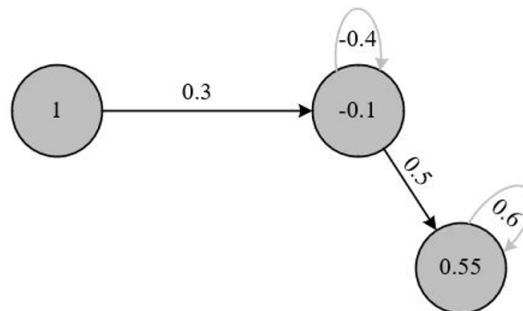


Figure 6: The diffusion of the internet with self-thinking one to many.

1.2.2. The Benefits of Utilizing Online Marketing

However, does network communication itself has no advantages? No, it is not. Because online diffusion always possesses more outdegree than traditional diffusion. For example, switching the scene to infinity. Currently, enterprises still have only two communication methods: online and offline. Suppose now that two different companies are using both ways simultaneously. This article will show the actual communication first. The communicator may spread further, but the number of word-of-mouth communication is limited, so the scope of information dissemination will be minimal. Still, information dissemination presents an entirely different trend, and the range of

information dissemination is vast since it can ignore geographic distances. As long as it is connected to the Internet, even tens of thousands of people can see the product information simultaneously, thus changing people's willingness to consume. Although people's credibility for it may still be very low, when the number of people who know about it gradually increases, people may buy it in their spare time. In addition to discussing this matter, the author believes it is even more invisible. Over time, people will be more likely to buy this product. Therefore, network marketing is far more helpful than helpful communication in this case.

1.3. Methodology

In this article, the authors use two different research methods, the literature research method and the thesis research method, to form the central part of the article.

Literature research: the acquisition of information within a specific literary work. Follow the steps from developing a thesis, identifying theories, and finding quality materials.

The dissertation research method: A crucial part of the thesis, dissertation, or research paper, the methodology chapter explains what the author did and how he did it, allowing readers to evaluate the reliability and validity of the research. It should include The type of research conducted and how the author collected and analysed his data.

2. Audience

In this section, the authors distinguish the audience for online marketing based on several different factors: country, age and gender.

2.1. Different Countries

Different countries have different percentages of Internet use, so using other communication methods in different geographic areas according to local conditions is reasonable. In some countries with high internet penetration (e.g. Ireland), information is spread faster and more widely than in some countries with low penetration (e.g. South Sudan) (Figure 7).

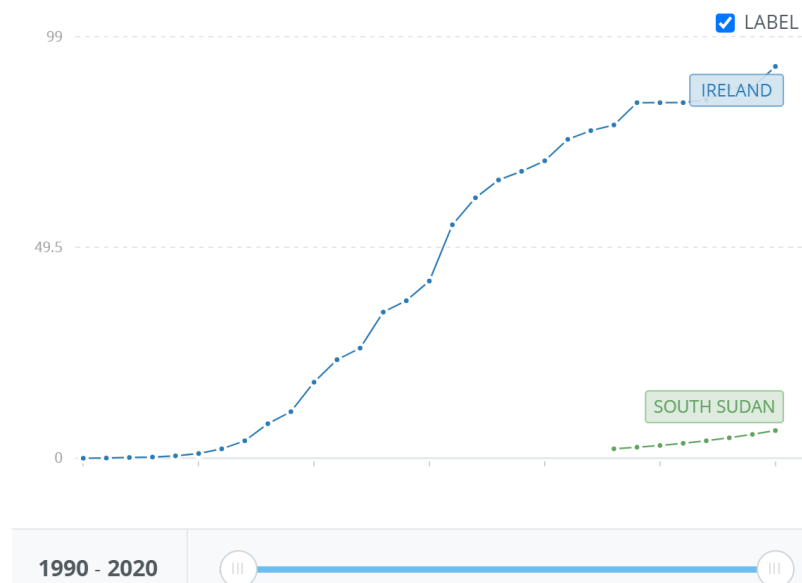


Figure 7: The individual internet access rate in Ireland and South Sudan.

Nevertheless, the population base is also an integral factor. For example, there is no doubt that in a country like China, where the population base is much larger than in Monaco, the spread of social media will be much more expansive(Figure 8).

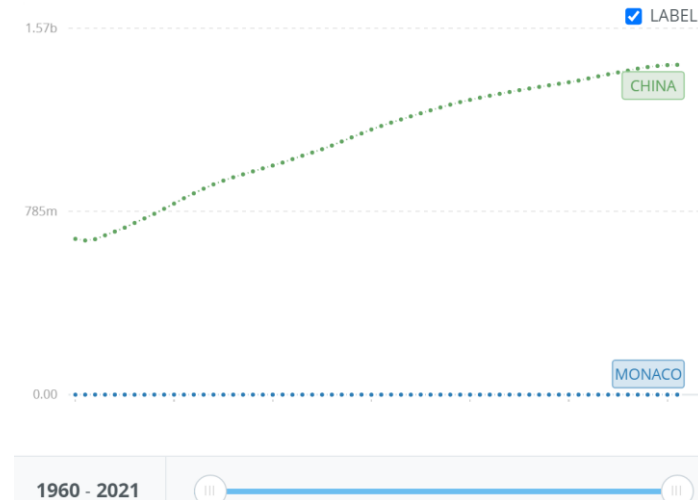


Figure 8: The total amount population of China and Monaco.

At the same time, the country's economic strength is also significant; in some economically strong countries, such as Luxembourg and Ireland, people are more likely to buy products than in some financially vulnerable countries, such as India and South Africa (Figure 9).

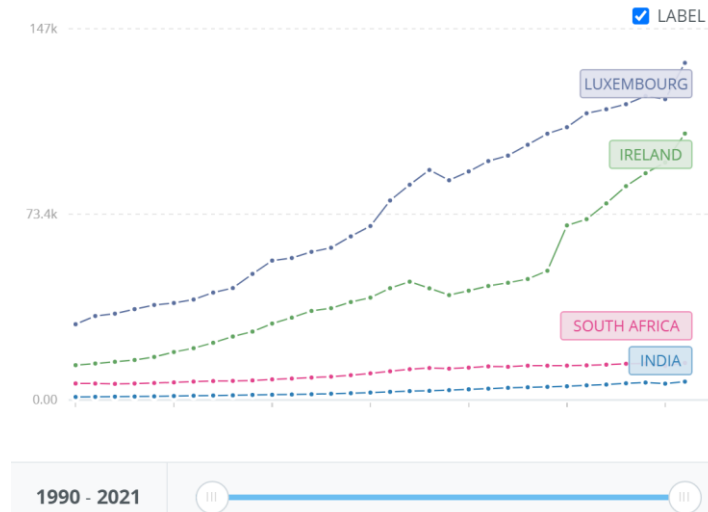


Figure 9: The gross domestic product per hand in Luxembourg, Ireland, South Africa and India.

2.1.1. Degree of Aging

The research report of Ruby Roy Dholakia and Outi Uusitalo shows that young people are more willing to spend online than older people [5], and they are more inclined to pay, so in countries like the United Arab Emirates; where to possess a higher amount of people, the use of online marketing is much more effective than in some ageing societies like Japan(Figure 10).

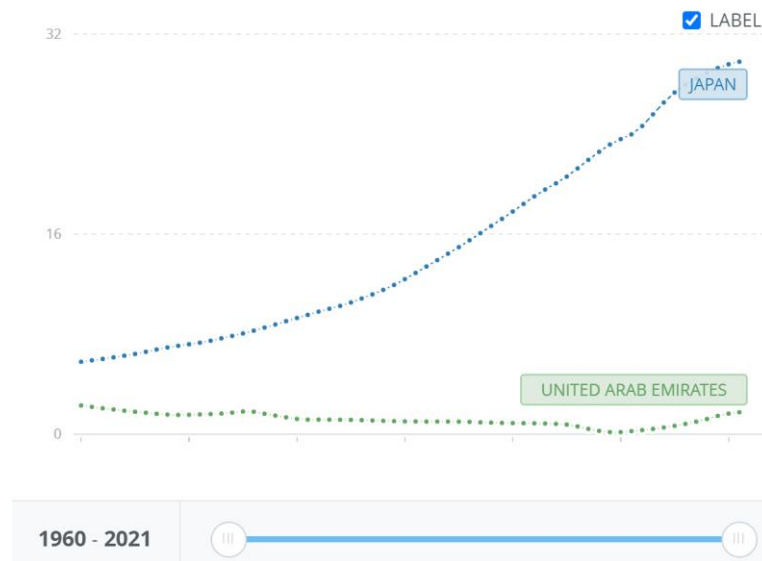


Figure 10: Proportion of the population aged 65 and over in the total population in Japan and United Arab Emirates.

2.2. Gender Reason

Different genders may have different needs for online shopping. Zongyi and Tianrong have mentioned that women prefer to look at images while shopping. In contrast, men prefer to read the text [6], so in countries like Latvia, where there are more women than men, it may be more effective to use beautiful pictures for communication. In a country like Qatar, where there are more men than women, the use of text may be more effective.

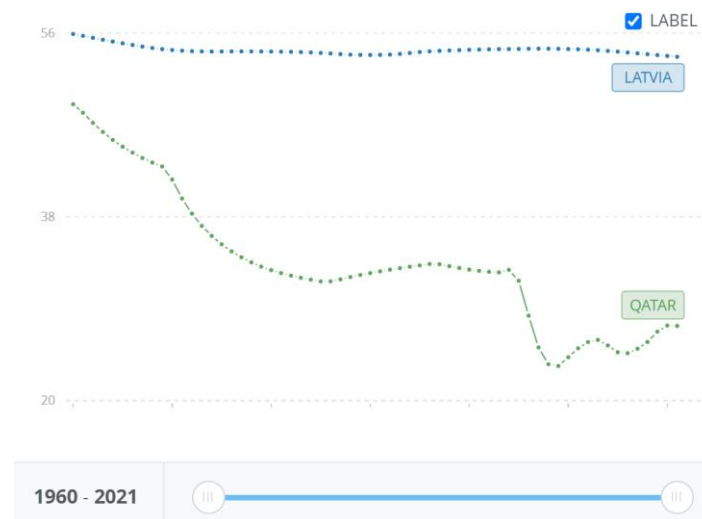


Figure 11: Women as a percentage of the total population in Latvia and Qatar.

2.2.1. Piece Sensitivity

The study of Junhong Chu, Pradeep Chintagunta and Javier Cebollada explains that people are usually more price insensitive when shopping online because people typically have an inertia when shopping online [7].

3. The Application of Different Marketing Ways in the Other Kind of Business

3.1. Selling Goods Online

Now the difference between two communication methods – honest and network communication is clear, but, how to use them efficiently? That is the point of this part.

First, consider how the company operates. If it is an e-commerce company, it is, of course, no problem to use the Internet to promote because it can guarantee the customer's shopping experience when they get many orders --- online customer service can serve more customers at the same time and compared with the space of the offline network It is unlimited, so customers do not have to be bothered by crowds. Suppliers can also have more time to arrange the distribution and transportation of goods, which greatly benefits both parties—consumers can buy their favourite products. At the same time, producers can get more profits. For example, every Black Friday, the order volume of merchants will increase a lot. If consumers want to go shopping on the street, they will encounter a series of things, such as crowds and traffic jams. Therefore, their shopping experience will significantly decrease, but if they look up information and choose products online, they can get a relatively better shopping experience than shopping outside.

However, this method also faces a great dilemma: losing customers. Gregory Chen and Xavier Faz's research proposal that customers acquired on social media do not easy to establish long-lasting cooperation with the business through many stages, such as finding new clients (pitch, account opening) and Deepening customer relationships (attrition, up/cross-selling) [8], so how to retain customers also becomes a critical factor in developing online marketing.

Therefore, it is also a challenge for companies to increase customer stickiness, which can be solved by referring to the approach proposed by Judy Chuan-Chuan Lin in Behavior & Information Technology [9].

3.2. Selling Service Online

For example, Ming can divine and tell fortunes online, but to get this service, he must pay the diviner and a fortune teller by direct transfer or topping up an app. Suppose Ming has divined once. What is his motivation to continue spending next time? That is right. The service provider has experienced the correct result the first time and wants to experience the service again. So according to this principle, how could sellers maximize the benefits? The author thinks merchants can use the method of survivor bias to find a large number of customers at the beginning and help them divination for free [10], and later charge for customers who have succeeded a few times. There is also a typical case of this principle in our life.

Regarding gambling, a team found many people's mailboxes and divided them into two groups. One half said that a particular team would win, and the other half said they would lose. At the end of the game, half of the predictions are always correct. Repeat this cycle several times, and some users will trust this team. As last, the team can obtain benefits by charging for the prediction.

3.3. The Store Selling Goods

The first is the merchants who sell their products. For these merchants, both online and real-life communication are well met suitable. Still, physical contact is usually better because they must let everyone know about their products. However, generate the desire to buy, which is also possible through the Internet and honest communication. Still, the radiation scope of services limits the development of physical stores. Some people who want to consume may need more time to finish because the distance is too far; for example, Leo opened a breakfast restaurant and promoted it online. People worldwide know that Leo has opened an excellent breakfast restaurant online.

Furthermore, they all want to try it, but because Leo's restaurant is open in Asia, some friends living in America and Africa may need help to eat Leo's breakfast.

3.4. The Store-selling Service

From the perspective of the service industry, for the traditional service industry, quality is the core that determines the quality of an enterprise. For this kind of quality-based industry, there are too many mutual recommendations among friends than trustworthy things on the Internet. Too many customers may affect the service quality and lead to a poor reputation; for example, Leo opened a new dry-cleaning shop, which He also advertised online this time, but the service of this dry cleaner could have been better. When the store opened, many people came to this dry cleaner to deal with clothes because of Leo's advertisement. However, gradually, people found that Leo's shop was not good at washing clothes and sometimes even damaged clothes, so they all stopped. Continuing to spend in Leo's store, or perhaps persuading friends not to go to Leo's dry cleaners when chatting with friends, so, over time, Leo's dry cleaners have no customers despite their unique online marketing. Therefore, offline publicity is often the core of such enterprises. Of course, moderate network marketing is also indispensable, such as when there is no stable customer source in the early stage of entrepreneurship, like when Leo first started.

4. Discussion

This article does not adequately consider the influence of external factors on consumers such as the platform's recommendation system [11], the influence of previous consumers on subsequent consumers and other factors that may have an impact on consumer behaviour. However, the authors would like to make a conjecture about the different business models of companies based on the information available. Firstly, for e-commerce, online marketing is a particularly important aspect, as it is feasible to spend the vast majority of money on extensive online marketing. The situation is different for offline shops, where businesses can market themselves on the local community network and add offline promotion.

5. Conclusion

Overall, the revolution of the Internet has created convenience, unlike any previous era. Being a part of this era, everyone unknowingly participates in this revolution - namely, spending more time online, which is why people are using and discovering this new marketing method online. People will have more advanced technology with the rapid development of science and technology. At the same time, the new generation will also find more creative and unexpected marketing methods. However, even if the Internet develops faster, utilizing traditional marketing methods is still necessary. No one in this society is rational, so everyone is more willing to trust the people around them rather than some monotonous data.

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