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Bakalářská práce

**Social networks and their influence on the prosperity
and growth of small businesses and sole traders
through paid and unpaid promotion**

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Poděkování

Ráda bych poděkovala vedoucí své bakalářské práce Bc. Janě Havlíčkové M.B.A., za cenné rady a trpělivost při zpracování mé bakalářské práce.

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Introduction

Nowadays, social networks have affected everyone. Essentially, all the young people, adults and the elderly are on social networks or have already heard about social media. There are dozens of social networks, but Facebook is one of the most popular. People are able to spend several hours a day on this site. They use social media to communicate with friends, find new friends and share content from their lives. According to the global connectivity, we are able to receive current information from all around the world and find everything we need. Even companies have been using social networks to introduce and offer products and services.

Social networks provides an excellent ground for marketing.

Nowadays, there is a lot of competition nowadays and the market is constantly overwhelmed by new companies and entrepreneurs, the possibility of paid promotion on social networks is unique. This thesis is focused on paid promotions for sole traders and small businesses, so I also describe the main differences and definitions of small businesses and sole traders were described too.

Due to social networks and connectivity, companies obtain enormous opportunities to attract customers and sell their products. This promotion takes on new dimensions because people notice it more than websites, magazines, handbills, or billboards. Many companies increase their sales and their interest from customers by promotion via social sites. As Facebook spreads around the world, companies were given an extensive opportunity for visibility.

The theoretical part characterises the definition of marketing, shows areas of marketing communication and describes them and provides their brief description. Further this thesis is focused on development and characteristics of social networks. Another part presents the list of the commonly known online social media and provides a description of the most used ones in the Czech Republic. For all networks, this thesis has a focal point of paid and unpaid promotion. Graphs and statistics about users B2B, B2C and companies are demonstrated. Companies use mostly free promotion. This means company sets up an account where adds all information and products and tries to be unique and up to date in the eyes of the potential customer. A company can pay for advertising for its products and services. This process is for a fee; the social network promotes products from company and shows them to target groups. This thesis shows difference between social networks and theirs ability to promote products services in various companies.

The practical part of this thesis focused on social media used in the research. An analysis looks into how many enterprises are on social media or which social networks they use. The questionnaire contains twelve questions which have been answered by 33 individuals.

1 Theoretical background

Social networks are constantly evolving and changing and this thesis uses mostly Internet resources and the latest articles. Information about marketing was drawn from books and Internet articles. All resources that have been used are cited at the end of the thesis.

1.1 Definition of small business and sole traders

According to the Czech Trade small businesses are defined as businesses which have less than 50 employees whose turnover or annual balance sheet does not exceed 10 million €.

On the other hand, sole traders are defined as entrepreneurs which employ at the most 10 people and whose annual turnover or annual balance sheet does not exceed 2 million €.(CzechInvest)

1.2 Marketing

Dr. Philip Kotler defines marketing as “the science and art of exploring, creating, and delivering value to satisfy the needs of a target market at a profit. Marketing identifies unfulfilled needs and desires. It defines measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services.”(Principles of Marketing, Philip T. Kotler, 2017)

Marketing is a business philosophy; the focus of attention and interests is the customer, his needs, wishes and expectations. First, the prerequisite for the application of marketing is a market economy. In other words, supply over demand must slightly predominate.

1.2.1 Remarketing

Remarketing allows to show targeted ads to people who have visited a company's website in the past but for some reason have not purchased or ordered. As they have expressed an interest in the products or services offered by their visit, this target group is significantly more likely to convert. In all these cases, remarketing ads are in the form of graphic banners. The ads adapt themselves to the size of the advertising space, which even a layman can create image ads for remarketing. All advertising systems accept an image in the sized of 1200 x 628, so it is enough to have one image, logo and add advertising text. The longer the delay between the impulse to buy and the purchase lasts, the remarketing is more effective. For goods, especially higher values, buyers decide for a longer period of time, often comparing more variants. If they repeatedly see the advertisement of one of the companies under consideration during this time, the chances of that company closing the deal will increase. At the same time, remarketing contributes to better brand awareness and increased loyalty of existing customers.

1.2.2 Marketing Mix

The marketing mix refers to the set of actions, or tactics, that a company uses to promote its brand or product in the market. Marketing mix consists of 4P's- Product, Price, Promotion and Place. From the basic 4P mix, other authors began to develop its expansion, and over time, a number of different variants emerged. The 4P marketing mix expands to 6P and 4 basic dimensions were extended People and Packaging. The 7P marketing mix expands the 4 basic elements with People, Processes and Physical evidence. The 8P marketing mix extends the previous 7 elements with Productivity & Quality. The 4C marketing mix looks at it from a customer's perspective as Customer solutions, Costs, Convenience and

Communication. The 3V marketing mix is an alternative from the point of view of whom to serve - Valued Customer, what and how to offer - Value Proposition and Value Network. The 4S web marketing mix comes from the Internet environment and divides the elements into Scope, Site, Synergy and System.

James Culliton first published the idea of 4P in 1948, followed by others such as Neil Bordon but marketing mix was popularized by Phillip Kotler. To successfully apply 4P, the entrepreneur must have:

-quality product

-relevant price

-must make itself known

-visibility

-effectively get the product to the consumer

1. Product

Core - defines the basic useful properties of the product (what it is used for)

Expanding effects - creates preconditions for the so-called individualization of the product (the product becomes unique);

There are three groups of effects:

a) effects deepening the useful properties of the product (quality, warranty period beyond the statutory, authorized service, packaging...)

b) effects creating preconditions for different product experience
(brand, design, fashion, style, packaging...)

c) effects associated with sales services (method of payment, adjustment of clothes, transport to the house, assembly...)

2. Price

Price is a factor influencing demand and a factor influencing the efficiency of production and business activities. Price is an expression of the value of goods for consumers, significantly affects demand is also the most flexible component of the marketing mix. The price is based on how it affects the customer, how he perceives it and regulates his shopping behavior according to it. The reaction of competitors prices is also very important, or at what price do entrepreneur buys products from suppliers. The price has an ambivalent character, which means that if its value is too high or too low, it can force customers to leave. The trader very simply gives a signal about the quality of the product with his price, because consumers often decide "heuristically" according to the scheme: It is expensive, so it is high quality. Price is often connected to a communication tool. An example is sales promotion by price – e.g. a special discount.

There are 2 pricing groups:

Prices based on the offer

-Cost-oriented - cost calculation + margin

-Required - the essence is a predetermined profitability (cost / turnover)

Prices based on demand

-Price based on perceived value - finding out the expected price, testing it on a scale and setting a price threshold (= a place where consumer demand changes significantly)

-Price based on competitive prices - arithmetic average of competitors' prices.

-Psychological price - emotional perception of the customer (e.g. Baťa prices)

3. Promotion

Promotion means targeted addressing of a customer with a certain message. It is a form of communication between the seller and the buyer in order to influence the sale of products and services and the customer's shopping behavior.

Marketing mix x Communications mix

On the one hand, the Marketing Mix is used to shape brand strategies through factors unique to each business by 4Ps. On the other hand, the Communications Mix defines the ways to communicate with customers, i.e. the tools you use.

-advertising

-direct marketing

-sales promotion

-public relations

-sponsoring

-on-line communication (Internet)

Advertising is a persuasion process to influence other people. Furthermore it is also a marketing tactic involving paying for space to promote service or product.

Direct Marketing- This is a form of communication where organization communicates with target group of people and offers them services or products.

Forms:

direct mail (handbill x directed letter)

telemarketing

teleshopping

direct selling

Sales promotion- Along with advertising, sales promotion is the process to persuade the potential customers to buy products by:**Samples, gifts,coupons,contests**

Public relations- According to Philip Kotler, public relation means 'building good relations with the company's various publics by obtaining favourable publicity, building up a good corporate image,

and handling or heading off unfavourable rumors, stories and events'.(Phillip Kotler, Marketing 3.0)

Sponsoring is a person, activity or event supported by a company which wants to be visible and present its logo or brand.

On-line communication- This is a modern form of communication used via “new” media. Online marketing branches to:

SEO- Search engine optimization is the process of optimizing websites and digital content to improve search engine rankings, which in turn, maximizes the number of visitors to a particular webpage.(Oberlo)

PPC marketing-pay-per-click-This process is used for advertisements on web pages or on social networks (Facebook, Instagram, Seznam.cz etc.) PPC means advertisers pay for every click user make to see that advertisement.

E-mail marketing is the process of sending via e-mail direct messages to target customers to show them new products, services or sales.

Content marketing is creating, distributing and promoting online materials. The main idea is to get this information to the target customers. There are a lot of opportunities to promote it such as: blogs, videos, podcasts, e-books and e-mails.

Influencer marketing- Who is an Influencer? It is a person who has many followers and his profile is attractive. For instance, it can be some celebrity, singer, actor or politician or some influential person.

Influencer marketing consists of promotion of products or services via online social media.

Social media marketing is the process to attract and gain sales and new customers through the use of social media platforms such as Instagram, Facebook, LinkedIn or Twitter. Unpaid advertisement focuses on deepening relationships with regular customers and building community of new clients. Paid advertisement focuses on sales, new customers and visibility. Paid advertising- There are many ways how to promote services or products on social networks and each social network has its own rules and types how to promote.

4. Place

The goal of companies and managers is to get products to people who are likely to buy them. The company is therefore trying to decide where to sell the product and bring it to market.



Picture 1: Diagram of the 7P elements Source: www.marketingmix.co.uk

1.2.3 Word of mouth

Word of Mouth marketing is every oral communication within consumer behavior. Such marketing refers to the oral communication of product information between friends, family and colleagues. This marketing aims at creating the effect of word of mouth “advertising” among the customers themselves. It is very popular especially on social networks, where influencer promotes products in its “Stories” or “walls” and passes people information about the product to people, or shoots it directly on video. This process can increase companies' interest in their services and products.

2 Characteristics of social networks

A social network is defined as a chain of individuals and their personal connections. Expanding one's connections with other people is a technique that can be used both for personal or business reasons. Social networking applications make use of the associations between individuals to further facilitate the creation of new connections with other people. This could be used to meet new friends and connect with old ones, as many people do on Facebook, or to expand one's professional connections through a business network like LinkedIn (Techopedia, 2017).

According the definition social network is an internet service that offers citizens, companies, institutions to create personal or corporate profiles to share information, photos, and videos. Communication takes place either by messages only between two people or on a mass scale through a "wall" where every person places information which wants to share with other people.

Social networks are evolving very fast and everyone can use them via computers, telephones or tablets. Social networks are a closed place

where people communicate. It has its positive things, such as communication with the whole world, but also its disadvantages, which can be bullying. Each user should keep an eye on what he shares with others because it could be used against him.

Social networks are spectrum of many activities including:

-Making new friends, finding and connecting with people. People can create new friendships or relationships. Some people are not extroverted in personal contact, but sitting behind the computer or phone make them safe and they behave like extroverts.

-Searching for information about companies, people, artists... Nowadays is very easy to watch personal information about people. Users can also find a lot of videos, pictures, events, organizations and opinions.

-Chatting with friends, sending photos and videos, calling via networks. Social media make a great opportunity to create an online presence and it is very easy to spend time by watching videos and chatting.

-Adding links, sharing someone else's content- videos from another social networks e.g. Youtube, profiles, photos from Instagram, etc.

-Live broadcasts

-Paid and unpaid advertising for companies/individuals/legal entity

2.1 History of social networks

Classmates.com

Social network Classmates.com was created in 1995. It was founded for finding old classmates or colleagues from high schools and universities. Similar social network is also in the Czech Republic and it is called Spolužáci.cz. It works on the same idea; people make their personal profile and try to find their class and classmates.

SixDegrees.com

Other social network named www.SixDegrees.com was founded in 1997. Users can create their profiles and list of friends or their classmates. This social network was established for finding new contacts and communicates with them. Despite the fact that over 3.5 million people were registered, www.SixDegrees.com was closed down in 2000.

LinkedIn.com

LinkedIn was released in 2002 but the site officially launched on 5th May 2003. LinkedIn is one of the oldest mainstream social platforms, older than YouTube, Facebook and Twitter. The mission statement was keyed to connecting the world's professionals to make them more productive and successful. (Thelinkedinman,2014) LinkedIn was bought by Microsoft in 2016 for 26,2 billion dollars.

Friendster.com

In 2002 comes out the popular Friendster.com site. The main idea was make more efficient environment for meeting new people. It has

a great success and unfortunately became in 2011 a social gaming platform. Subsequently Friendster was sold in 2015 and since June 14, 2015 the service took a break and Friendster.com does not work.

MySpace.com

After Friendster.com, a new network was created in 2003 and it is called MySpace. Its slogan "A place for friends" speaks for itself. People create profiles, share videos, chat in groups and meet. Over time, MySpace has become more of a music network with social roots. It was very popular until 2007. Since 2007 when Facebook was found, MySpace was overshadowed by Facebook.

Facebook.com

TheFacebook, was first name for today's most popular social network. TheFacebook was renamed for Facebook. This social network was launched in 2004. It was founded by Mark Zuckerberg and his classmates from Harvard. Originally, Facebook has served only for Harvard students under the domain www.thefacebook.com, but it has spread to other universities. Since September 2006, Facebook can be used by everyone over the age of 13. Facebook allows everyone to have their own profile, share photos and videos and communicate with others. As a result of Facebook, Mark Zuckerberg has become the youngest billionaire in the world. In addition, Mark Zuckerberg has a net worth of \$78 billion as of Jan. 29, 2020. (Investopedia, 2020) Facebook has been used in the Czech Republic since 2006.

Twitter.com

In 2006 was established social network called Twtrr. This social network subsequently changed its name for Twitter. It was created by

Jack Dorsey with Noah Glass, Biz Stone and Evan Williams. Twitter, online microblogging service gives messages in form of “tweets”, which length is up to 280 characters and every user shares and writes so-called statuses on the wall of his profile. By the year 2007, Twitter came out with hashtag for groups.

Instagram.com

In 2010, Instagram was born. The app is the brainchild of Kevin Systrom, a computer programmer and American entrepreneur who was part of Forbes 30 under 30 Most Powerful List, and Mike Krieger, a software engineer, and Brazilian entrepreneur. (Newaudiencemedia) Instagram is a free photo and video sharing app available on Apple iOS, Android and Windows Phone. People can upload photos or videos to our service and share them with their followers or with a select group of friends. They can also view, comment and like posts shared by their friends on Instagram. Anyone 13 and older can create an account by registering an email address and selecting a username. (Instagram) Instagram also offers a lot of different filters for photos or live broadcasting. In year 2012 was Instagram bought by Mark Zuckerberg, the owner of Facebook for one billion dollars.

Googleplus.com

Social network called Google+ was established in 2011. Google+ was the hugest competitor for Facebook or for Twitter. Unfortunately, the platform Google+ has been terminated in 2019 due to low user interest.



Picture 2: Social media logos; Source123rf.com

2.2 Types of social networks

Internet offers a lot of social networks all over the world but. This thesis is focused on the widely used social networks in the Czech Republic which are Facebook, Instagram, Twitter and LinkedIn. They were also mentioned on chapter 2.2.3.

2.2.1 Facebook

Facebook is the most popular social network in the world and has almost 2.6 billion users (Oberlo) around the world. The leading country is India with 280 million users. There are also other countries which have about 190 million users; The United States has about 190 million users, Indonesia has 130 million users and Brazil has about 120 million users. Facebook has more than billion users but its main income of Facebook is about 90% of Facebook phone advertisement.

Using Facebook can be sometimes addicting. Statistics shows users spend on Facebook average of 58.5 minutes each day.

(Review42.com, 2020).

Unpaid promotion

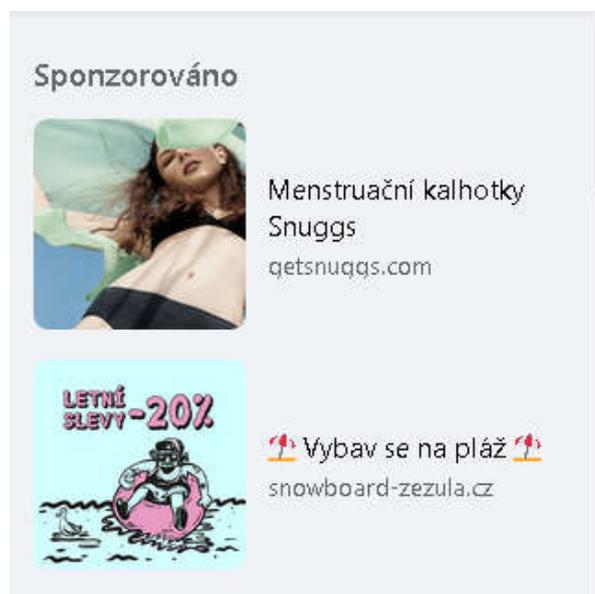
No matter how huge your company is, Facebook is a very strong and powerful tool and it can make a very good promotion to your company. Statistic shows that more than 80 million small businesses have own Facebook Pages. (Facebook, 2018) The company shares its name, address, telephone number, web pages, description about products or services. Everything the company offer, shares on its Facebook pages. People can easily find some company on the Facebook and examine all shared posts, chat and follow the pages or contribute by any comment or like. Companies on the Facebook pages should be often refreshed and renewed by owners to attract customers.

Paid promotion

Facebook allows its users to set up paid advertising for their profile, service or product. Anyone who promotes their services can pay for their advertising from 50 CZK as much as they want. There are two forms of paid advertising on Facebook; one is displayed on the wall of posts (picture 4.), while the second appears in the Facebook wall on the right sided board (picture 3.) A paid ad located on the right sided board can be shown just on the PC and is smaller. On the other hand, the promotion situated on the Facebook “wall” is displayed on both electronic devices.

Companies pay for its advertising, and waiting for potential clients who can see their advertisement and products. Every legal entity can choose the target group of people who want to reach. The target group is by gender, region of residence or address, by age or by customers who have already shown interest in the same or a similar

product in the past. Facebook also provides a choice of age of the target group to prevent them against indecent ads. At the end, there is a choice of how long the ad will show. Applicant can choose from 1 day to couple of months as far as lifetime. Afterward the payment transaction comes and after the money payment, ad begins to work to promote the company. When a company uses a picture for its ad, there is higher opportunity to get a new customer.



Picture 3: Sponsored ad on the Facebook located on the right sided board; Source: Facebook.com

After paying for the advertisement, all statistics are displayed on the Facebook account. For example, Facebook statistics shows how many people have reached the company's profile, where user comes from, or whether it is a man or a woman. As a promotion of a company, product or service, paid advertising on Facebook is a very useful thing to point out to your business and new potential customers can find out about it.

Lots of new campaigns and targeting options have been added in recent years. When an advertiser sets up a new campaign, Facebook asks them what they want to achieve. Different campaigns offer different setup options, and it also depends on how much money the advertiser pays for. This process is pictured on the “wall” of the Facebook and also in the picture 4.



Picture 4: Sponsored post on News Feed; Source: Facebook.com

2.2.2 Instagram

Instagram is another type of social network. The main purpose is the photo-sharing or video-sharing on entities profiles. Every user can also chat with anyone via DMs (direct messages) or share an Instagram Stories which lasts just 24 hours. Instagram offers an IGTV where users share videos and it is watchable like a television.

Some profiles have perfect photos from vacations, food, fashion, beauty etc. and they earn money by adding new photos and by promoting products and services. They are called influencers. More followers they have more money they usually earn. Instagram becomes more and more famous mostly by millennials.

When company wants to make a promotion must show some pictures because that is Instagram about. Any promotion can't realize without pictures. Instagram is used by 1 billion people by month. (TechCrunch, 2018) Time spend on Instagram has an average about 53 minutes per day. (BroandBandSearch, 2020)

Every user makes his profile and after he can share photos, use some filters to make them more interesting for new potential followers. Under the photo can be added some legend; tagging the place where was the photo taken and add the hashtags which describes particular words and makes groups of photos. Users can follow each other and like and comment their photos. One "like" looks like a heart.

Instagram was bought by Facebook, thus has an advantage which is the connection of all social networks with each other. It can connect with Facebook, Twitter and Tumblr. This function means when someone shares some photo or video on Instagram, it can shares content also on the same time on Facebook, Tumblr or on Twitter. Statistics shows 50% of Instagram users follow one business profile and more. (Oberlo) Instagram is a good place for promotion of your company.

Paid promotion

Instagram offers its users a paid promotion of company, profile, product or service. The procedure is made on the same base as paid

promotion on Facebook. Company chooses the way it wants to present itself between few methods of promotion.

Enterprise can show itself in the Instagram Story. Stories ads are shown in user stories among its profiles stories which the user follows. Important is the button “Swipe-up” which was invented for sharing web links and every Stories ad has this button to redirect user to companys’ web pages or Instagram profile.

The most favourite are the “Photo ads” showed on the picture 5. This kind of paid promotion is shown on the Instagram wall among the photo or video posts. If someone like the product or profile of the promotion it has just click on the ad than it is redirected to the company’s profile or websites. The same function as the “Photo ads” have “Video ads”. It has the same position on the Instagram wall but the different is how the advertisement is shown. Promotion via video could be catchier than photo advertisement. All this possibilities can be made of more photos and all depends how much money is user able to invest. There are more ways about Instagram ads but the most favourite are Photo ads. Company can make promotion as a Carousel ad where there are many photos or videos together in one ad. Collection ads are more likely for e-shops, which can show its products in more ways with price tags. They are showed by button “Shop now” or “Watch more”. Explore ads are shown in a place among profiles user doesn’t follow but they can see them. IGTV ads are shown among videos on IGTV.

When company is interested in an Instagram promotion, it can choose between the same details as on Facebook. There is the possibility to choose the location, age, gender, interests of potential customers. The final price depends how many people want company reach and

how long the ad lasts. When the ad is switched on company's profile can see insights, graphs, statistics about sale and attendance.



Picture 5: Sponsored post on Instagram; Source: Instagram.com

These paid contributions are displayed not only to the people who follow the company, but some target group. Instagram obtains information such as what is interesting for the person and what to display from monitoring user activities, as well as from external websites that the user uses. For example, a user can see ads based on the people they follow, images they like on Instagram, but also

information and interests on Facebook, as the two networks are interconnected. (Instagram.com)

2.2.3 Twitter

Twitter is a social network that allows users to post and read posts which were posted by other users. These posts are called "Tweets". "Tweets" are short messages with maximum 280 characters which are shown on user's profile. Twitter is an open social network because each profile is opened and everyone can follow others without permission. Every user wants have more and more followers and trying to be inspiring for visitors. Whatever is followed on Twitter, serve mainly inspiration, watching news or famous people. Every user can find his kind of entertainment. There are plenty of profiles of brands, celebrities, politics, fashion, economics, articles etc. Twitter uses hashtag, which is a sign and Twitter users have begun to add the hashtags "#" after words of interest, for example #food #fashion #traveling.

People love Twitter for its ability to write a short message to the world or read tweets from another people. Tweets are short and that is the advantage because it is fast, short, clear and apt. According to users and Twitter fans there is a huge advantage that users can choose Tweets content ordering. Half a billion tweets are sent out each day(Oberlo). There are two ways how Tweets are showed. First is chronologically from the newest tweets and the second is by top Tweets. Both ways are interesting and have its own advantage.

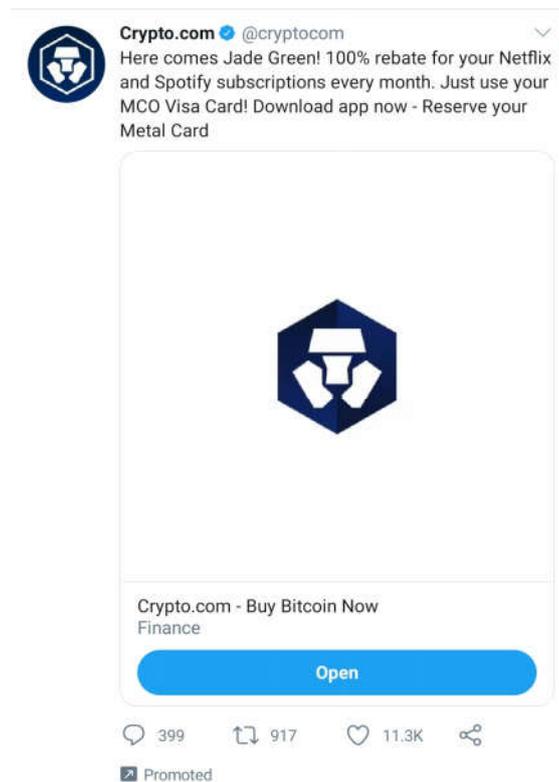
Twitter has its own plenty functions and one of them is a Retweet. A Tweet that user shares publicly with his followers is known as a Retweet. This way is great to pass along interesting discoveries and news on Twitter. (Twitter) This social network is popular mainly by

journalists, because Twitter is well-arranged and the news can be spread very fast.

As on Facebook, Twitter can create ads in the form of sponsored posts. In the Czech Republic, these ads were not allowed until September 4, 2015, in the USA, the campaign has been running since 2013. Twitter has 330 million monthly active users. (Twitter, 2019) This is a perfect place for company promotion. It needs to be mentioned, that age of Twitter users is 63% users between 35-65 years old. (Oberlo) Millennials and Youth use increasingly Instagram, Facebook, Snapchat and TikTok.

According to Twitter ads web pages, users, companies can promote their profile, products or services by eight ways. Users can promote their videos, photos, profiles, Tweets. Promoted Accounts are displayed in potential followers' timelines. The ad will also show in suggestions and in search results. Every promoted product includes a button for click and could be "open", "follow", "visit" etc.

There are 8 advertising functions available on Twitter. The basic option is to maximize reach. The second option is to keep clicks on the website (click on the www). The third option is to display a tweet based on the greatest possible audience intervention. As other way people can click to companies' ad and download applications. In the picture 3 there is a video advertisement from financial brunch which is also another form of Twitter campaign to make either by photos or by videos. The two last types of campaign are profile promotion to gain new followers and tweet promotion.



Picture 6: Sponsored post on Twitter; Source: Twitter.com

2.2.4 LinkedIn

LinkedIn is the only social network dedicated to the business world. It is suitable for connecting with customers, suppliers, recruiters, employees, sharing the news about the company or basically about the business world. For its popularity LinkedIn calls itself “the world’s largest professional network“. LinkedIn has over 660 million users over 200 countries (LinkedIn, 2019). LinkedIn is behind Facebook the second most popular platform among B2B marketers. (Social Media Examiner, 2019). One of the biggest advantage of advertising on LinkedIn is the possibility of very specific targeting. Due to the character of this social network, users are expected to provide some true and very accurate information on their profiles. The company LinkedIn as a company has around 11 800 employees. This social network is for all people who want to get a job or business partner. On

the other hand LinkedIn has a perfect function for companies which want to find a qualified employer for cooperation and new work offer. The market on LinkedIn is full of people's profiles with a high education so companies can easily address them via LinkedIn chat or get them the message.

Paid promotion

Paid promotion on LinkedIn offers 7 targets for its objective selections including brand awareness which means to find people and tell them more about its business. The second branch is focused on consideration and there belongs website visits to get the most clicks to web pages and promotion of the company. Engagement is the third way of promotion and it is focused to increase followers on the company pages. Other kind of promotion is called video views which are aimed to show your company videos to people and arouse a curiosity in them. In the picture 7 there is used the selection of video view. Conversions are the last branch of these targets and include lead generation which captures leads on LinkedIn. The second part of promotion is divided on website conversion that is for companies which want get more clicks on their websites, more purchases and more visitors. Job applicants are the last option of paid advertisement and it can be used for companies which are looking for new employees and want offer new working position. After choosing one from previous suggestions, follows selection of audience. Company can choose gender, age, location or education of its future potential followers or employees. When the selection is done, company chooses the budget for the advertisement and pays for it. As follows, promotion can start.

3DSCAN CZ
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Propagováno

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Picture 5: Paid advertisement using video view; LinkedIn.com

3 Practical part

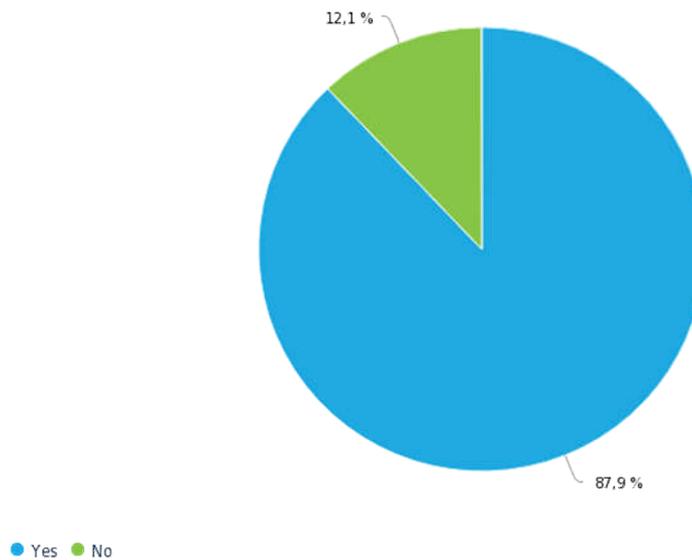
The aim of this work is to conduct a survey and find out whether companies use social networks, what networks they use and whether they use paid promotion or have a company profile. The results of the questionnaire survey are processed into graphs and then described. Do companies use social networks for marketing or other purposes? I was interested in their attitude in marketing and promotion, whether they thought that advertising on the Internet was more effective or better overall than in newspapers and magazines. Some of the surveyed companies are not on social networks at all, and I was mainly interested in the reason why not.

According to this practical part, I created a questionnaire on the website www.surveymonkey.com, which contained several questions about companies on social networks, and then sent it to 60 small businesses and entrepreneurs. I contacted some companies by phone and they answered my questions on the phone. Of the 60 companies I contacted, I received 33 responses, which is a 55% success rate. The questionnaire (in Czech) is attached in attachments.

3.1 Questions and answers of research

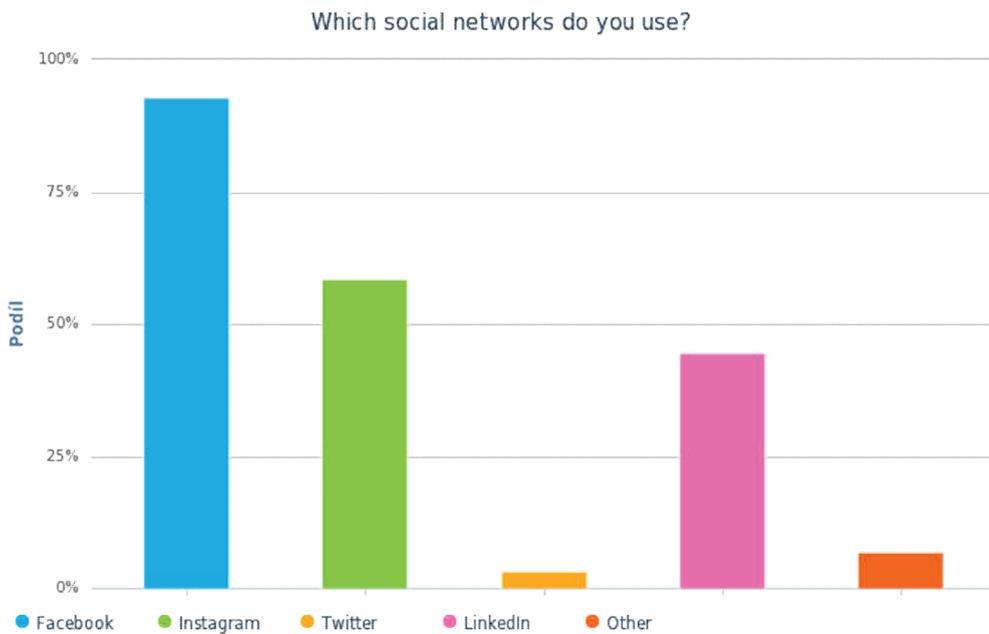
The first question I asked was whether the company has created a profile on social networks. 29 of respondents have answered yes and on the other hand just 4 of asked companies answered no.

Does your company have a profile on a social networks? If yes, answer till question 10. If no, please move to questions 11 and 12.



*Graph 1: Does your company have a profile on a social network? If yes, enter till question 10. If no, please move to questions 11 and 12.
Source: Survio.cz*

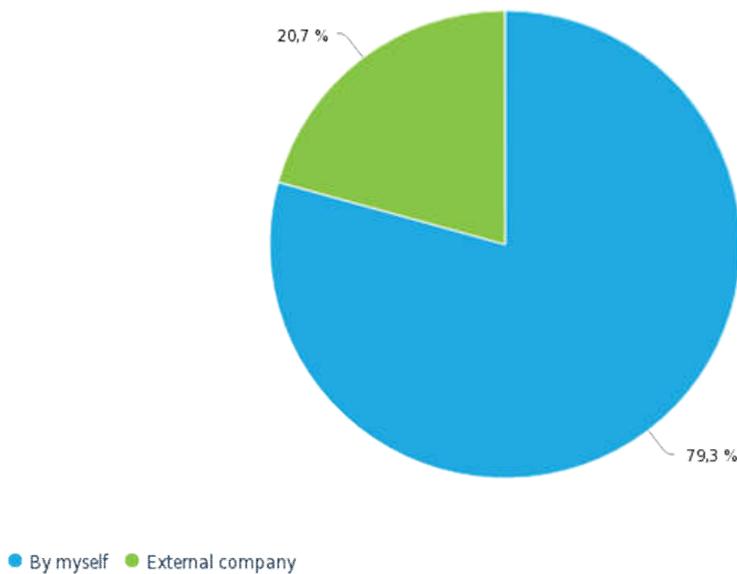
I tested question number two only on companies that have a profile on a social network and asked them, which social networks their company use. Facebook had the most answers, i.e. 27. With 17 replies, Instagram, LinkedIn received 13 replies. Only one CEO checked that his company has a Twitter account. 2 companies have an account on other social networks.



Graph 2: Which social network do you use?
Source: Survio.cz

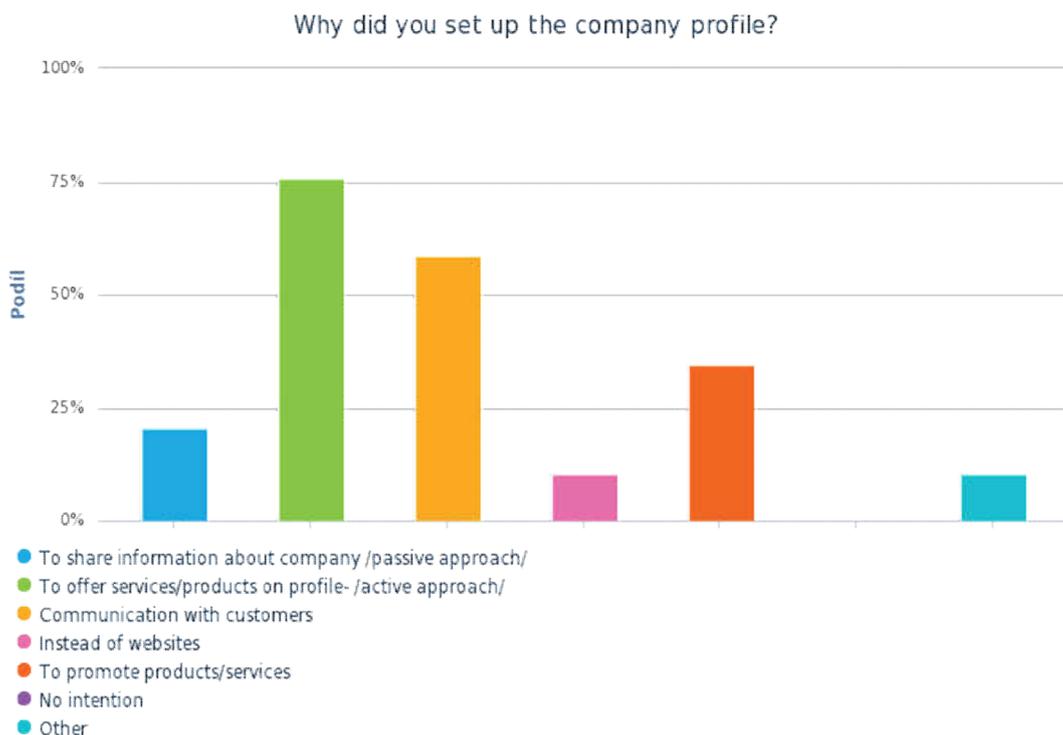
My third question was about who manages the company profile. Only 6 companies hire an external company and the rest, which is 23 companies, manage the networks completely by themselves.

Do you manage the company's website by yourself, or do you have an external company hired for it?



Graph 3: Do you manage the company's website by yourself, or do you have an external company hired for it?
Source: Survio.cz

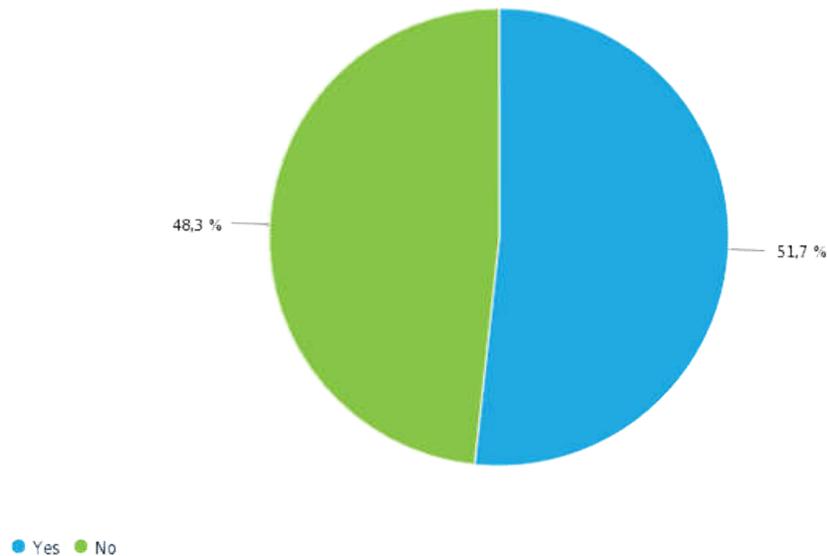
Another interesting question I asked was why the company creates its profile on social networks. There were a multiple choice of answers. Most companies, 22 have established their profile due to the active offer of their products and services on social networks. On the other hand, only 6 companies indicated sharing information about the company but with passive approach. 17 respondents want to communicate with customers. The following 10 companies only want to offer their products or services. Three companies have checked that they have a profile instead of websites. In the end, 3 companies chose another option why they have a profile.



Graph 4: Why did you set up the company profile?
Source: Survio.cz

Question number five asks whether the company uses paid promotion of its profile or products or services. The answer is impressive because 15 companies use promotion and 14 companies do not.

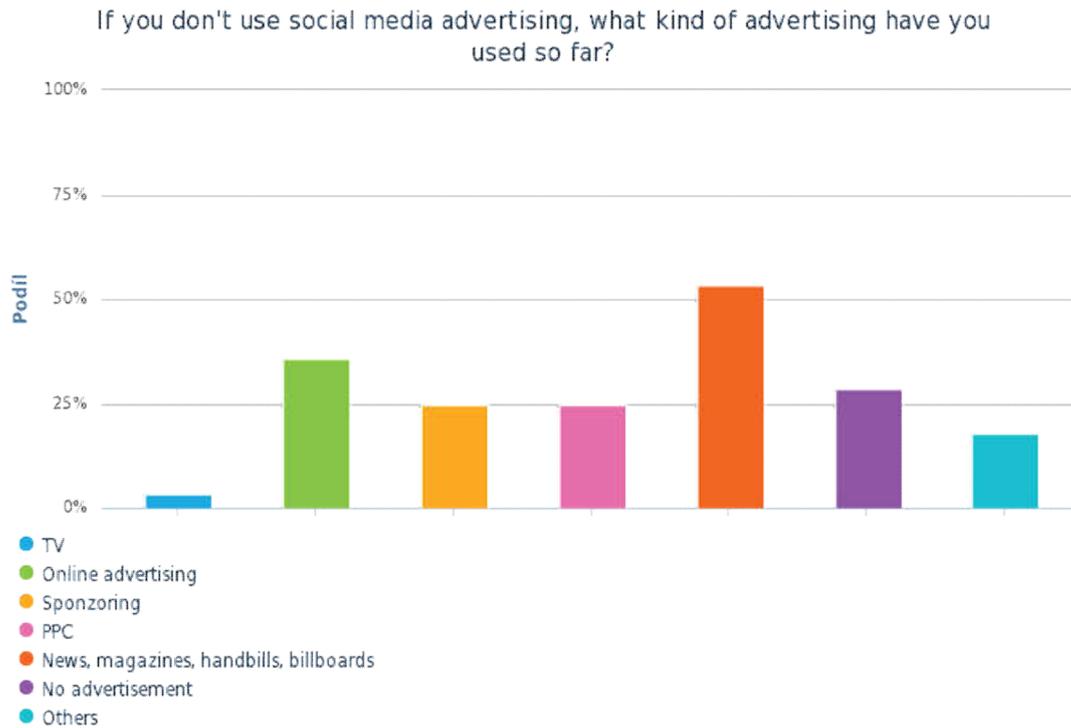
Do you use paid advertising to promote your company profile?



Graph 5: Do you use paid advertising to promote your company profile?
Source: Survio.cz

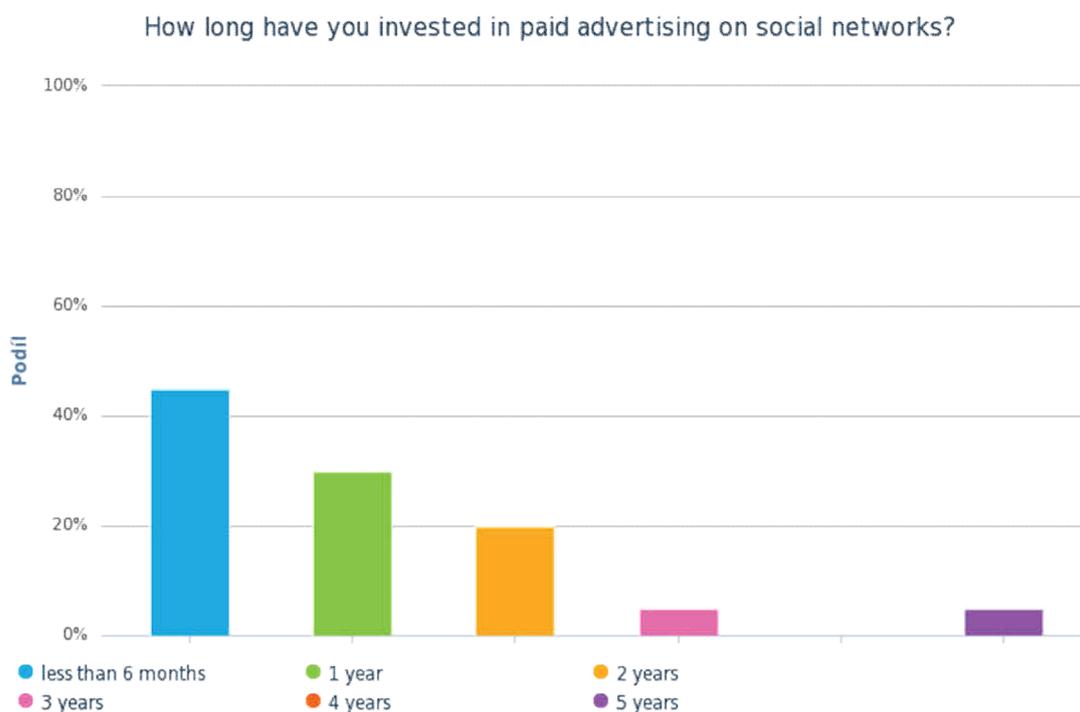
Paid promotion on the Internet is not well known to everyone and many companies and sole traders do not use it. However, there are many other ways to show up and find its potential customers. Following this, I created a question that occupies some other possibilities than paid promotion on social networks. What did you use for advertising before you were promoted on social networks? Most respondents in number of 15 had their ads advertised in newspapers, magazines and leaflets. This answer didn't surprise me, because a few years ago this ad was effective and people noticed it. The second option with a response rate of 10 was online advertising on the Internet. Eight companies have never done any advertising before,

which is interesting. With 7 responses, companies used sponsorship and PPC advertising to promote. Another form of advertising was used by 5 companies. Only one company had its advertisement in television.



Graph 6: If you don't use social media advertising, what kind of advertising have you used so far?
Source: Survio.cz

According to following question, how long have companies invested on social networks advertising, only one company has invested more than 5 years. After that, one company also paid for 3 years. Quite surprisingly, most companies in the number of 9 paid advertising for only half a year and less. For one and two years, 10 companies used paid promotion.



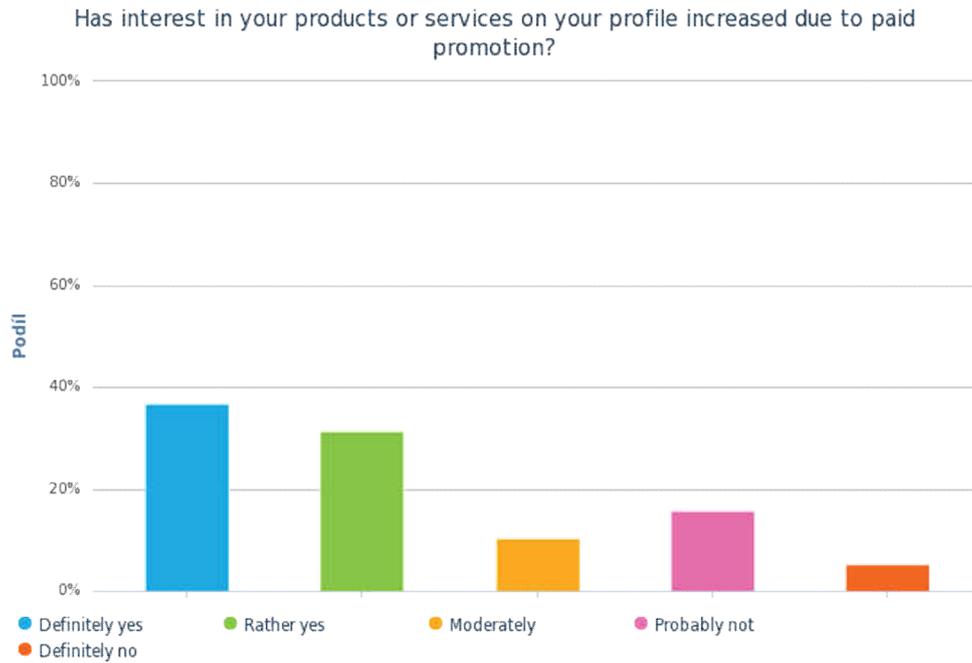
Graph 7: How long have you invested in paid advertising on social network?
Source: Survio.cz

Are you satisfied with paid promotion service? This is another question. Depending in this question, 14 respondents answered yes, they are satisfied with the paid promotion. The remaining 5 are not satisfied.



*Graph 8: Are you satisfied with paid promotion service?
Source: Survio.cz*

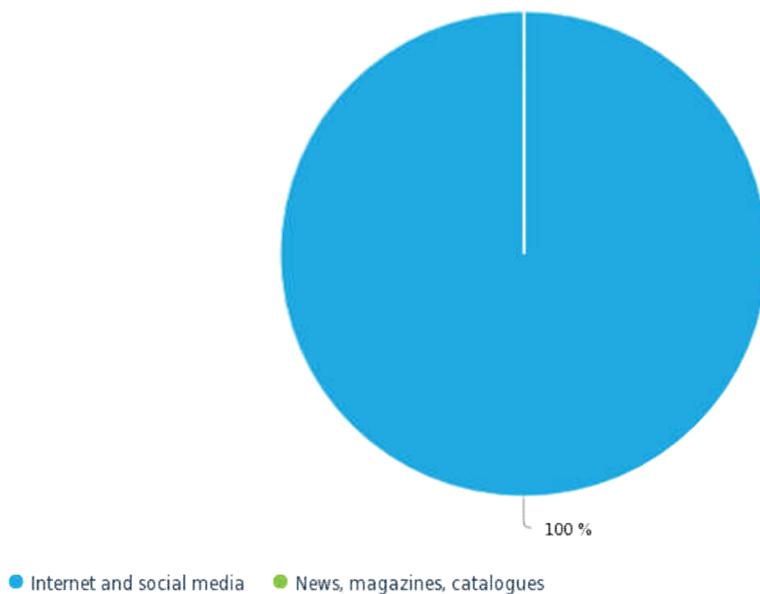
The influence of social networks on corporate sales and feedback is very important so the respondents were asked if their demand increased after they paid for the promotion. Positive answers outweigh negative ones. Seven of the companies were definitely satisfied, six were satisfied, two respondents were moderately satisfied. Two companies encountered bad experience with increasing demand. The single company indicated that even after the promotion, there was no interest in the company.



Graph 9: Has interest in your products or service on your profile increased due to paid promotion?
Source: Survio.cz

The question of whether it is better to promote the company over the Internet and social media or in newspapers, magazines and leaflets, there was 100% agreement in the answer yes.

Is it better to use social networks and the Internet to promote your company, or newspapers, magazines, catalogs, etc.?

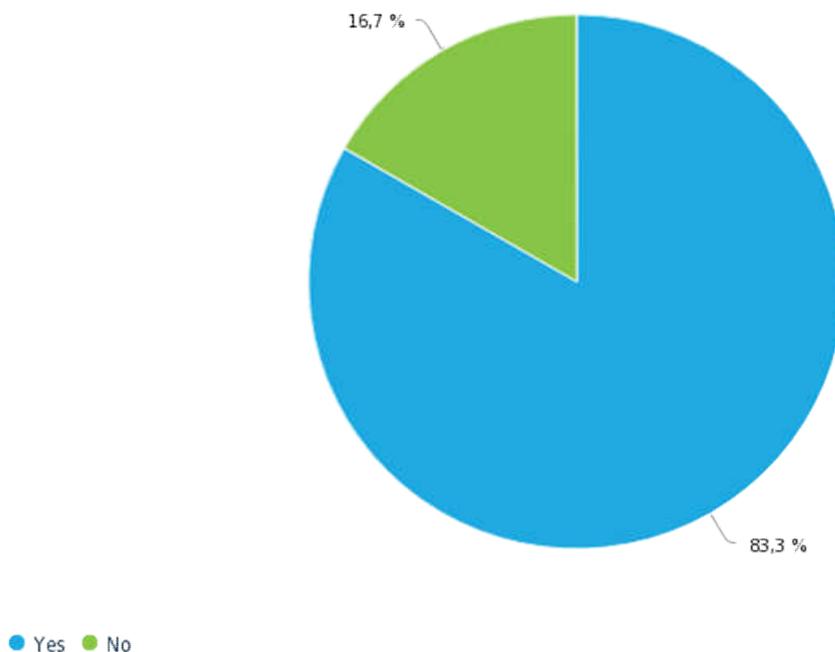


Graph 10: Is it better to use social networks and the Internet to promote your company, or newspapers, magazines, etc.?

Source: Survio.cz

The two remaining questions mainly concern companies that initially answered "no", which means that they do not have a company profile on social networks. Out of six respondents, only one does not want to create a company profile. The other six respondents are interested in establishing a enterprise's profile on social networks.

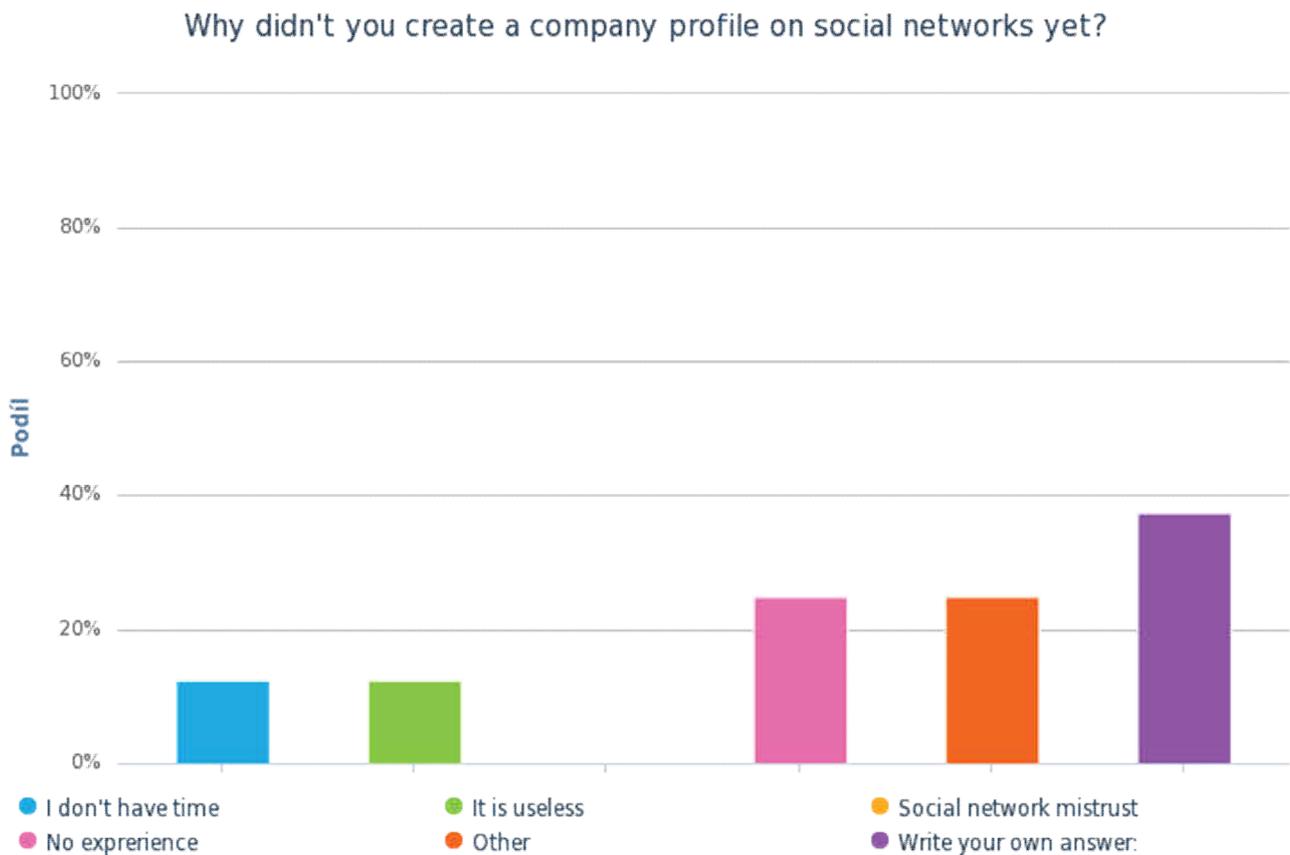
Question for those who answered "no" at the beginning: Do you plan to set up your company profile on social networks?



*Graph 11: Question for those, who answered „no“ at the beginning: Do you plan to set up your company profile on social networks?
Source: Survio.cz*

The last question, which also targets companies that do not have an account on social networks, asks why they do not have an account at all. One respondent thinks that being on social networks is useless anyway one company representative does not have the time for it. Understandably, a lot of people may not have experience with social media function, which is why two companies indicated this possibility.

Three respondents wrote their own answer as to why they do not have yet a company profile. One sole trader stated that he had only been in business for a short time and that he was still making decisions and looking for various ways of promotion. Another enterprise sent a response that they work on new websites and then they will try to create a company profile on a social network.



Graph 12: Why didn't you create a company profile on social network yet?
Source: Survio.cz

Conclusion

The topic of my bachelor's thesis was Social networks and their influence on the prosperity and growth of small businesses and sole traders through paid and unpaid promotion. This topic is very close to me, because I have a few experience with social media promotion. I am glad I have taught very new information and enriched myself.

This thesis is divided into two parts. Theoretical part describes marketing generally and marketing mix which is a strategy how to success on the market. Marketing is followed by advertisement in general and its basic division. Advertisement and marketing are very extensive topic and my thesis is focused on its parts corresponding with advertising on social media.

Social media are commonly used mainly by millennials. In my opinion, social networks are the future of growth and development of enterprises and sole traders. That is the reason social networks are still in progress, people want to be online every day a share their lives and on the other hand companies want also share their development, new products, new thoughts.

History of social networks is very interesting due to bloom and many breakthroughs. The thesis describes its history and follows with description of every most common used social network in the Czech Republic. I have described the paid and unpaid promotion on Facebook, Instagram, Twitter and LinkedIn into details.

The practical part of my thesis is focused on research among small companies and sole traders. I have made a questionnaire, consist of 12 questions and I sent them into many companies. Results of my research are showed in graphs, ordered and describes. I am very

surprised that half of respondents from different companies already pay for a paid advertisement.

Due to my practical part I discovered, half of enterprises have paid promotion and another type of advertising and they are satisfied with services social media provides them.

90% companies which don't have any profile on social network want to set up new profile.

Due to this thesis I have learned a new vocabulary regarding marketing and advertising. I am glad I chose this topic; it is very beneficial to gain so many things about social networks and marketing and I hope I will use them in my further work opportunities.

Abstract

The title of this bachelor thesis is: „Social networks and their influence on the prosperity and growth of small businesses and sole traders through paid and unpaid promotion”. Thesis is divided into two parts – theoretical and practical.

Theoretical part deals with description of marketing and marketing tools, history of social sites and subsequently with the main characterization of the most used social networks in the Czech Republic.

Practical part is made as a research between social networks and small businesses and sole traders. I made a survey which occupied about the influence, satisfaction and opinion on social networks. Results are encouraging within the meaning enterprises want to grow up on social media and pay for its promotion.

Abstrakt

Název mé bakalářské práce je „Social networks and their influence on the prosperity and growth of small businesses and sole traders through paid and unpaid promotion“. Práce je rozdělena a dvě části, teoretickou a praktickou.

Teoretická práce obsahuje popis a charakteristiku marketingu a jeho nástrojů, také historii sociálních sítí ve světě a podrobněji se věnuje čtyřem nejpoužívanějším sociálním sítím v České republice.

Praktická část je pojata formou výzkumu ve vztahu sociálních sítí s malými firmami a živnostníky. Výzkum v podobě dotazníku se zabývá tím, jaké mají sociální sítě vliv na firmy, jak jsou firmy spokojené a jaký mají na sociální sítě názor z pohledu podniku. Výsledky jsou povzbudivé, je pěkné vidět, že se i na českém trhu chtějí firmy prosazovat.

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Appendicies

-Attached questionnaire

Social networks and their influence on growth of small businesses and sole traders

Dobrý den, věnujte prosím několik minut svého času vyplnění následujícího dotazníku. Jedná se o průzkum k mé bakalářské práci, která se zabývá vlivem sociálních sítí na malé podniky a živnostníky. Děkuji za Váš čas. Koudelková Petra

1. Má Vaše firma profil na nějaké sociální síti? Pokud ano, odpovídejte až do otázky číslo 10. Pokud ne, přesuňte se prosím na otázku 11. a 12.

Nápověda k otázce: *Vyberte jednu odpověď*

- Ano
 Ne

2. Které sociální sítě používáte?

Nápověda k otázce: *Vyberte jednu nebo více odpovědí*

- Facebook
 Instagram
 Twitter
 LinkedIn
 Jiné

3. Spravujete si firemní stránky sami, nebo na to máte najatou externí firmu?

Nápověda k otázce: *Vyberte jednu odpověď*

- Sami
 Externí firma

4. Z jakého důvodu jste si založili firemní profil?

Nápověda k otázce: *Vyberte jednu nebo více odpovědí*

- Mít profil s informacemi o firmě /nepřidávání příspěvků/
- Nabídnout lidem služby a produkty - být aktivní na svém profilu
- Kvůli komunikaci se zákazníky
- Místo webových stránek
- Zpropagovat své produkty/služby skrz placenou reklamu
- Profil byl založen jen tak, bez jakéhokoliv úmyslu
- Jiný

5. Využíváte k propagaci svých stránek placenou reklamu?

Nápověda k otázce: *Vyberte jednu odpověď*

- Ano
- Ne

6. Jestliže nevyužíváte reklamu na sociálních sítích, jakou reklamu jste dosud využívali?

Nápověda k otázce: *Vyberte jednu nebo více odpovědí*

- Televize
- Internetová reklama
- Sponzoring
- PPC
- Noviny, časopisy, letáky, billboardy
- Žádnou
- Jiné

7. Jak dlouho jste investovali do placené reklamy na sociálních sítích?

Nápověda k otázce: *Vyberte jednu nebo více odpovědí*

- Méně než 6 měsíců
- 1 rok
- 2 roky
- 3 roky
- 4 roky
- 5 let

8. Zda využíváte formu placené propagace, jste se službou spokojeni?

Nápověda k otázce: *Vyberte jednu nebo více odpovědí*

- Ano
- Ne

9. Zvýšil se zájem o vaše produkty nebo služby na Vašich firemních stránkách díky placené propagaci?

Nápověda k otázce: *Vyberte jednu nebo více odpovědí*

- Ano
- Spíše ano
- Středně
- Spíše ne
- Ne

10. Myslíte si, že je lepší používat k propagaci své firmy spíše sociální sítě a internet, nebo noviny, časopisy, katalogy atd.. ?

Nápověda k otázce: *Vyberte jednu odpověď*

- Internet a sociální sítě
- Noviny, časopisy, katalogy

11. Otázka pro ty, kteří na začátku odpověděli "ne": Máte v plánu vybudovat si svůj firemní profil na sociálních sítích?

Nápověda k otázce: *Vyberte jednu odpověď*

- Ano
- Ne

12. Z jakého důvodu jste si nezaložili firemní profil na sociálních sítích?

Nápověda k otázce: *Vyberte jednu nebo více odpovědí*

- Nemám na to čas
- Půjde mi to zbytečné
- Nedůvěra k sociálním sítím
- Nemáme zkušenosti se sociálními sítěmi
- Jiný
- Napište vlastní odpověď: