

THE ROLE OF SOCIAL MEDIA IN INCREASING COMPETITIVENESS OF COMPANIES

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***Abstract:** The transition from Internet access, mainly from desktop / laptop to Internet access via mobile devices, is one of the factors behind the increase in the number of Internet users and, implicitly, the increase in the number of Social Media users. As a result, companies are increasingly attributing their presence to the Internet by creating websites that offer more functionalities and using Social Media platforms. Starting from these premises, the paper aims to present an analysis of how companies use Social Media to increase their competitiveness. The results of this analysis present the benefits brought to companies by using Social Media platforms.*

***Keywords:** Companies, Social Media, Internet, Customer.*

***JEL Classification:** L82, L86.*

1. Introduction

Presence in the online environment is a basic condition for a successful business, through Social Media companies being able to provide customers accessible, useful, relevant information that has an appropriate presentation.

Almost every Internet user accesses at least one Social Media platform daily, Facebook's social networking site being the first, followed by YouTube, and instant messaging (WhatsApp, Facebook Messenger) (Statista, 2018). Corporate blogs/microblogs as well as wiki-based knowledge sharing tools are also used to promote companies.

Corporate blogs, through the link they establish between the company and users / customers, bring a number of benefits such as:

- ◆ Increasing traffic to the company's website by creating relevant content for customers as well as by inserting links in published articles into various pages of the site;
- ◆ Imposes the company as an expert in the online community by posting articles demonstrating good training in the field of work that answer readers questions and add value;
- ◆ Improves site listing position in major search engines by using keywords in both page titles and content;
- ◆ Increases the visibility of the company in the online environment.

2. Using Social Media by companies

In 2017, the average EU-28 of companies (excluding the financial sector, with at least 10 employees) who had a website was 77%. Finland ranks first with 96%, followed by Denmark (95%) and Sweden (91%). Romania occupies the last place with 45% (% of companies) (Eurostat, 2018°).

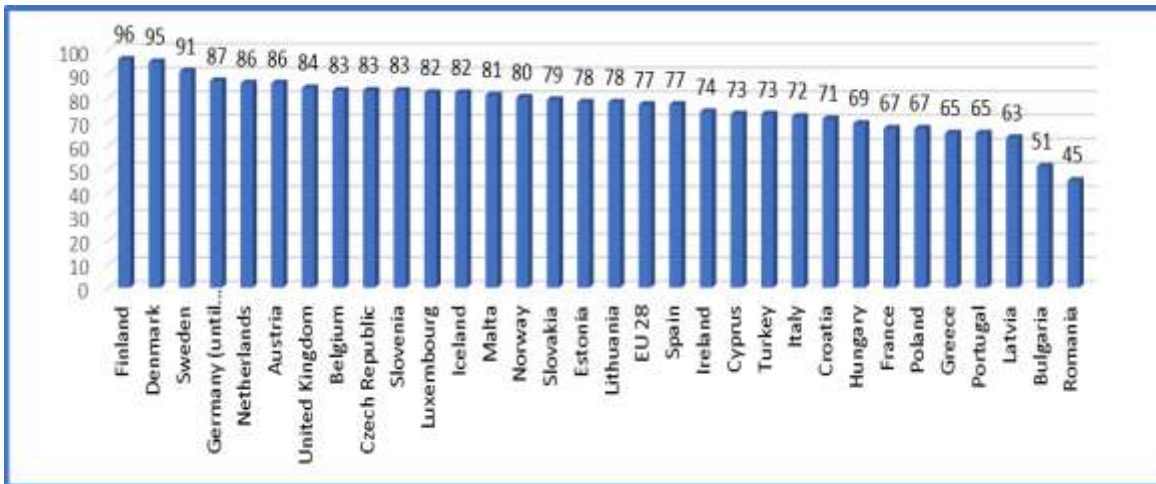


Figure no. 1. Companies that have a website, 2017, (% of enterprises)
Source: Eurostat, 2018a. *Websites and functionalities* [online] Available at: <http://appsso.eurostat.ec.europa.eu/nui/show.do?dataset=isoc_ciweb&lang=en> [Accessed 14 February 2018].

Of these companies, at the EU-28 level, 47% use at least one Social Media platform (from 2014). The first place is occupied by Iceland (79%) (% of companies), followed by Malta (74%) and Norway (72%). For Romania, the percentage is 35% (Eurostat, 2018b).

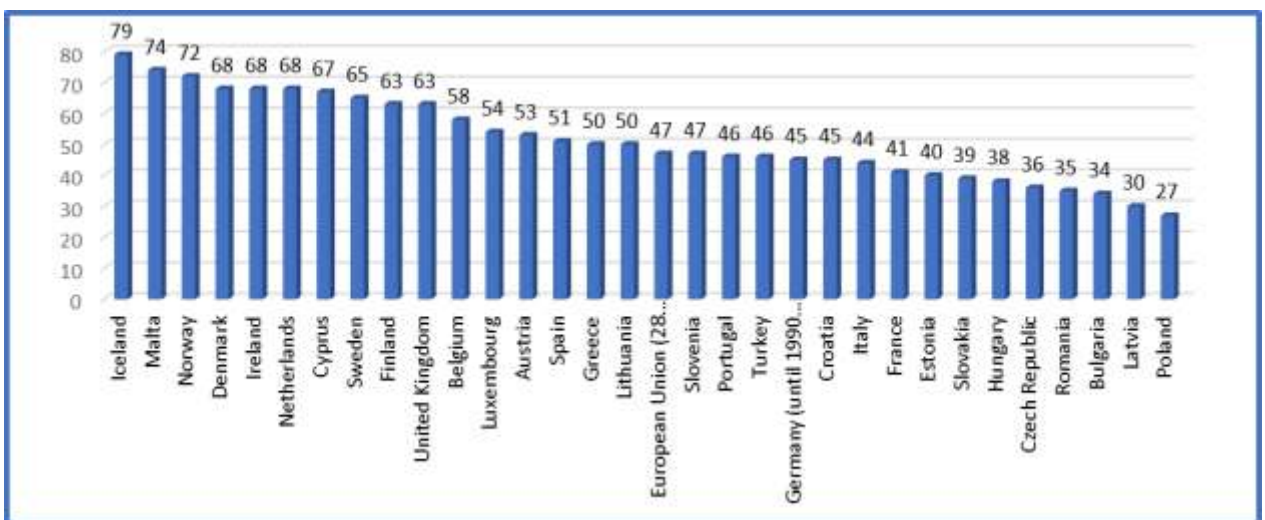


Figure no. 2. Companies using any type of Social Media (since 2014), 2017, (% of enterprises)

Source: Eurostat, 2018b. *Companies using any type of Social Media* [online] Available at: <<http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>> [Accessed 14 February 2018].

It is interesting to note that all three types of companies (large, medium and small) use Social Media platforms as tools of the communication strategy, aiming at achieving a competitive advantage. At the EU-28 level, in 2017, 68% of large companies used social networks, 35% of them used multimedia content websites, 42% used corporate blogs / microblogs and 19% used sharing tools of wiki-based knowledge (Eurostat, 2017a).

Also, social networks were used by 54% of medium-sized companies and 43% of small businesses in 2017; multimedia content websites were used by 21% of medium-sized companies and 13% of small businesses; corporate blogs / microblogs were used by 25%

of medium-sized companies and 13% of small companies, and 8% of medium-sized companies and 4% of small companies used the wiki-based knowledge sharing tools (Eurostat, 2017a).

Percentages varies a lot from one country to another. Thus, with regard to the use of social networks, Romania is on the antepenultimate place with 34%, the EU-28 average being 45%. Along with Poland and Hungary, Romania ranks the penultimate place (5%) in the use of corporate blogs / microblogs, the EU-28 average being 14%, and in terms of the use of multimedia websites, Romania ranks last along with Bulgaria with 7%, the EU-28 average being 16% (Eurostat, 2017b).

According to data provided by Eurostat, companies in the European Union (EU-28, 2017) use Social Media mainly for (Eurostat, 2017c):

◆ Increasing the company's awareness or the products and services offered (40% being the European average, 28% being the percentage recorded by Romania). The first place is taken by Malta and Iceland by 66%, followed by Cyprus by 63% and Ireland by 58% (Figure no. 3). Of these, 85% are large and medium-sized companies and 83% are small companies (Eurostat, 2017d).

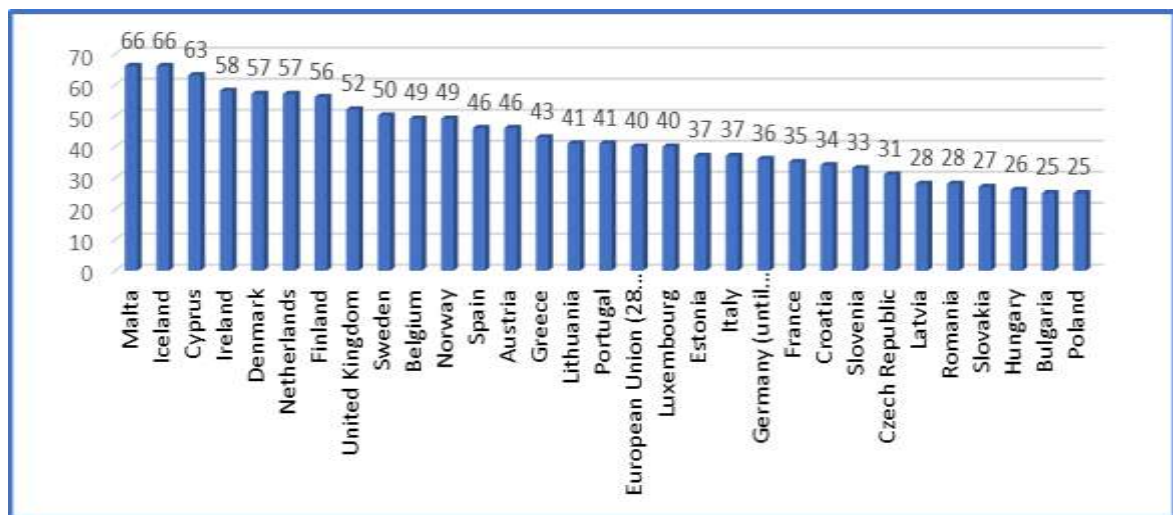


Figure no. 3. The use of Social Media by companies, (without the financial sector, with a minimum of 10 employees) for the development of the company's image or market products, 2017 (% of enterprises)

Source: Eurostat, 2018b. *Companies using any type of Social Media* [online] Available at: <<http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>> [Accesed 14 February 2018].

◆ Obtaining opinions, reviews from clients, or answering customer questions is the reason why 27% of European companies choose to use Social Media platforms (Figure no. 4). Of these, 60% are large companies and 56% are small and medium-sized companies. Romania occupies the antepenultimate place with Estonia and Slovenia, with 20% of all companies (Eurostat, 2017d). The first place is occupied by Iceland with 54%, second place, with 51% being Cyprus and Malta, followed by Ireland with 42%.

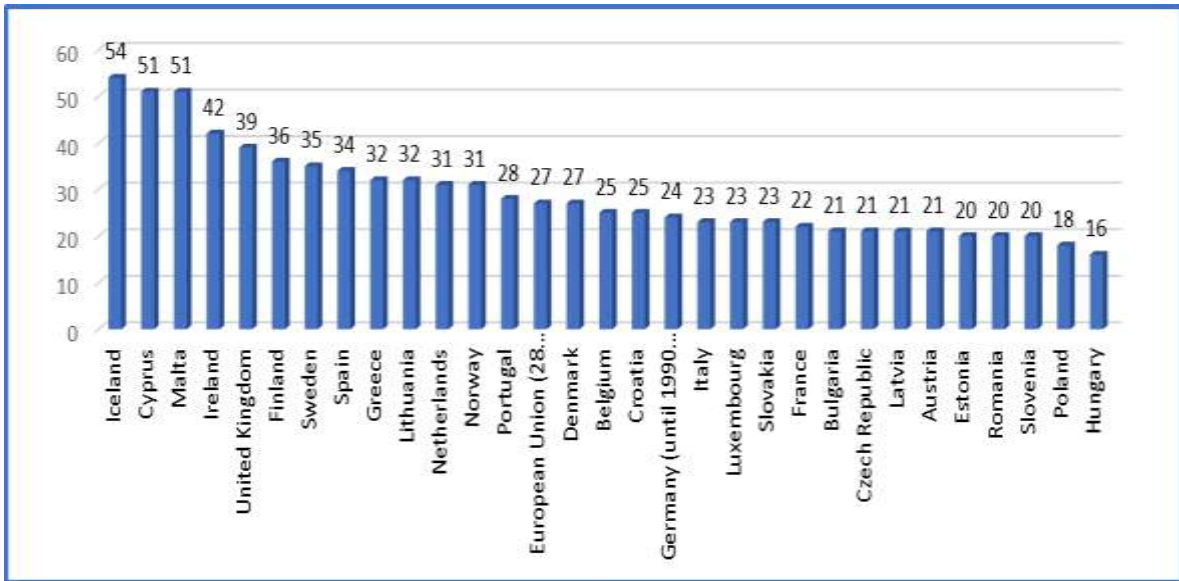


Figure no. 4. Social Media use by companies, (without the financial sector, with a minimum of 10 employees), for getting / answering customer opinions, reviews, questions, 2017 (% of companies)

Source: Eurostat, 2018b. *Companies using any type of Social Media* [online] Available at: <<http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>> [Accesed 14 February 2018].

◆ recruiting employees.

Figure 5 shows that at the EU-28 level, 23% of companies choose to use Social Media platforms to recruit staff, with Malta (52%) ranking on the first place and Italy (10%) on the last one. Romania is on the penultimate place with 11%. Regarding the size of the companies, 72% of the large companies, 59% of the medium companies and 45% of the small companies recruit staff through Social Media (Eurostat, 2017d).

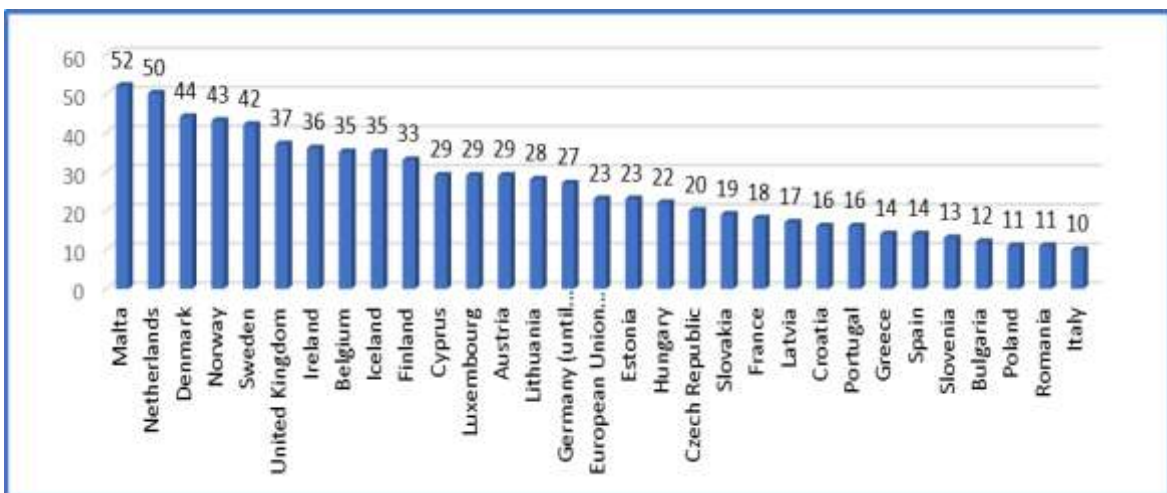


Figure no.5. Social Media use by companies, (without the financial sector, with a minimum of 10 employees) for recruitment, 2017 (% of enterprises)

Source: Eurostat, 2018b. *Companies using any type of Social Media* [online] Available at: <<http://appsso.eurostat.ec.europa.eu/nui/submitViewTableAction.do>> [Accesed 14 February 2018]

Companies also choose to use Social Media platforms when they want to involve customers in developing their own goods or services, when collaborating with other companies or business partners, or for internal communication.

In Romania, 90% of companies use Social Media platforms for communication, 75% for marketing and 39% for sales (Financial Market, 2017) (according to the study "Like & Share" –Social media marketing in companies from Romania in 2017 by Valoria Business Solution) (Figure no. 5).

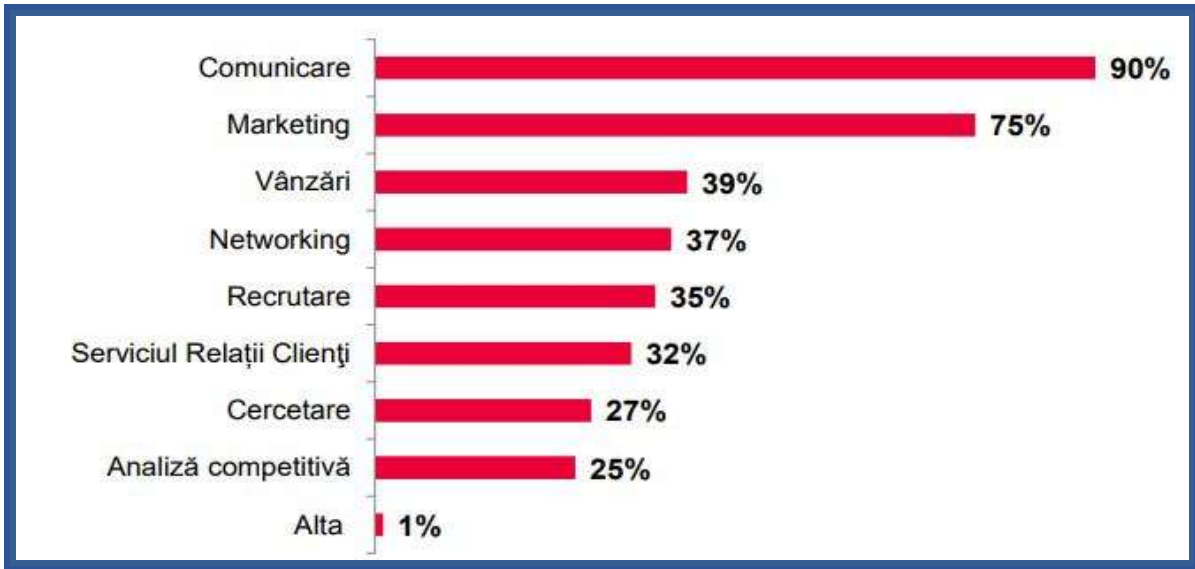


Figure no. 5. The use of Social Media by companies in Romania, 2017

Source: Financial Market, 2017. 93% dintre companiile din România consideră marketingul pe rețelele de socializare ca fiind un avantaj competitiv. [online] Available at: <<https://www.financialmarket.ro/featured/93-dintre-companiile-din-romania/>> [Accesed 12 February 2018].

It is important for companies to look at Social Media "as an investment, not as an extra cost they can not avoid," because Social Media activity can be linked to business indicators (IQads, 2018), globally 41% of companies measuring investments in Social Media compared to 59% in Romania (Doing Business, 2017).

Regarding the investments made in promotion by Romanian companies, 37% invested less than 1000 euro/year, 25% invested between 1000 and 3000 euro/year, 11% invested between 3000 and 5000 euro/year, 9% invested between 5000 and 10000 euro/year and 13% invested more than 10000 euro/year (Doing Business, 2017).

Against the background of the increase in the number of Internet users, traditional media (radio, television, print media) are increasingly losing ground. As a result, companies are increasingly focusing on the Internet by using Social Media platforms for marketing and advertising campaigns.

In Romania, 93% of companies consider that marketing on social networks is a competitive advantage in interacting with current and potential customers, this activity being in the top position in Social Media activities for industrial production companies (27%), financial-banking services (24%) and food industry (21%) (Doing Business, 2017).

Regarding the use of Internet advertising by companies in 2016, Romania ranks last with 12% of all companies (excluding the financial sector, with a minimum of 10

employees), the EU average being 25%. First places were occupied by Malta (46%), Sweden (42%) and Denmark (40%) (Figure no. 6).

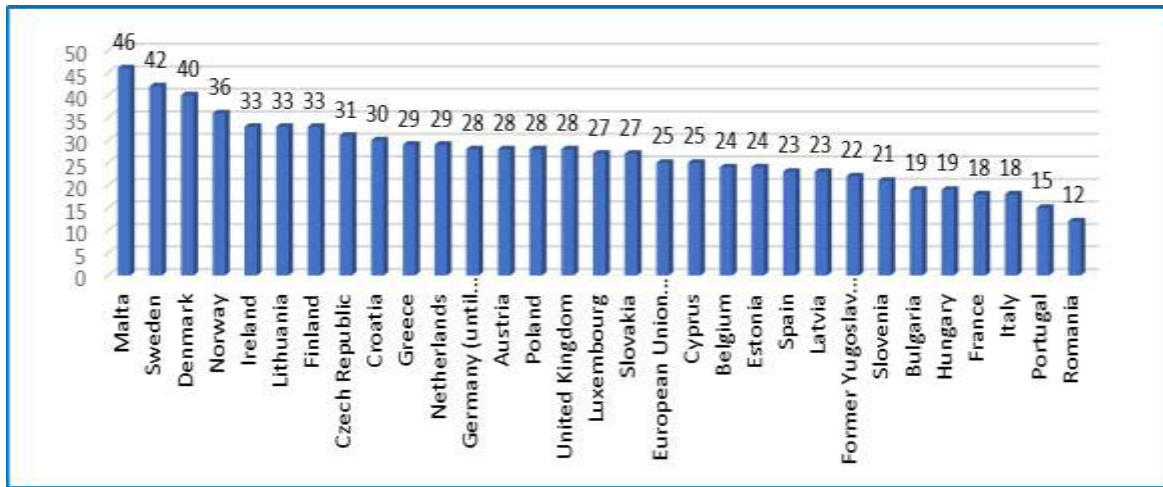


Figure no. 6. Companies that advertise on the Internet (without the financial sector, with a minimum of 10 employees), 2016, (% of companies)

Source: Eurostat, 2016. *Statistics Explained. Enterprises' internet presence*. [online] Available at: <[http://ec.europa.eu/eurostat/statistics-explained/index.php/File:V3_Enterprises%27_internet_presence_\(use_of_internet_ads_by_type,_websites,_social_media\),_2016.png](http://ec.europa.eu/eurostat/statistics-explained/index.php/File:V3_Enterprises%27_internet_presence_(use_of_internet_ads_by_type,_websites,_social_media),_2016.png)> [Accesed 14 February 2018]

Regarding the Social Media platforms used by Romanian companies for sponsored ads, the top 3 places are occupied by: Facebook (81%), Google (50%) and LinkedIn (14%) (Valoria, 2017).

3. Conclusions

The benefits of using Social Media platforms (Facebook, Twitter, LinkedIn, Instagram, YouTube, Pinterest) to large companies, but especially to small and medium-sized companies, are incontestable. Of these, in order of importance, we recall (Wtm, 2017):

- ✓ increasing the company's reputation;
- ✓ increasing traffic on the company's website;
- ✓ increasing the customer loyalty rate;
- ✓ generating a market outlook;
- ✓ lead generation;
- ✓ recognition as an expert in the field of activity;
- ✓ increasing the number of business partnerships;
- ✓ increased sales.

The use of Social Media platforms within companies has resulted in improved employee engagement, better internal collaboration, and bidirectional dialogue with decision-makers (Tech Funnel, 2017).

In the context of a global economy, in order to gain a competitive advantage, companies in Romania should attach greater importance to:

- ✓ presence on the Internet (which would lead to an increase in the number of companies that have a web site);

- ✓ increasing Social Media investment (by using social networks, using corporate blogs / microblogs, using multimedia websites).

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