Facebook as a Marketing Tool

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ABSTRAKT

Tato práce popisuje sociální síť Facebook jako nejdynamičtěji rostoucí marketingový nástroj současnosti. Práce pojednává o využití této sociální sítě jako efektivního marketingového nástroje. Teoretická část vyzdvihuje důležitost sociálních sítí v dnešním marketingovém prostředí a zejména pak fenomén dnešní doby Facebook. Praktická část analyzuje marketingovou komunikaci firmy JOHASPORT s. r. o. na této sociální síti.

Klíčová slova:

Facebook, sociální síť, fan page, marketing, reklama, aplikace, nástroj, Internet

ABSTRACT

The bachelor thesis describes the social networking site Facebook as the fastest growing marketing tool currently and looks at how it is being used effectively. The theoretical section highlights the importance of social networks and especially the phenomenon - Facebook in today's marketing world. On the other hand, the practical part analyzes how JOHASPORT s. r. o. communicates to its market using this social network.

Keywords:

Facebook, social network, fan page, marketing, advertising, application, tool, Internet

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INTRODUCTION

Today's digital revolution allows consumers to have access to all types of information. Thanks to the rapid globalization process and technological innovation of the last few decades, any kind of communication is easier and faster than ever before. The Internet is the most commonly used tool for people to gain information.

Online social networking functions as a World Wide Web of people and seems to be the top medium or tool of the digital revolution. The leader of today's social networking world is definitely Facebook, with more than 750 million members worldwide. The users can communicate with their friends through chat, video calls, posting on their walls, or they can upload personal photos and videos. Facebook is a free service that appeals to both young and old alike by constantly updating formats and usability. On the other side, all the members are sharing information, such as gender, age, interests, or hometown, which can be very useful for marketing purposes. This information helps marketers to target their Facebook advertisements as accurately as possible, thus making them more efficient. Companies are also able to make their own profiles called fan pages which help build their reputation by communicating to their existing and new customers as never before.

Only the companies that constantly adapt to changing conditions are able to succeed in today's competitive market. All the above-mentioned facts are obviously well known, especially among companies in the United States of America, where Facebook was created and where the new marketing trends come from. However, there are still some Czech companies who do not pay enough attention to Facebook and they either underestimate the power it has or do not use it at all. The total number of Czech Facebook users has reached 35% of the whole population meaning more than three and half million people, and the number of active users is still growing. The aim of this thesis is to highlight the importance of being a part of this phenomenon and show a possible way of use.

I. THEORY

1   SOCIAL NETWORKING

Social networking is a revolution. The concept does not come from the field of informatics, but from sociology. A social network is a cluster of individuals, groups or organizations connected for some reason. Such a network is, for example, a group of friends who share common interests. These all are social behaviors, which every human person has. (Ryan 2011, 4)

Online social networks are the fourth era considering "social" working with a computer. They might change everything about business as much as the previous three eras. The three eras I am mentioning were: mainframes in 1970s, personal computers in 1980s and World Wide Web in 1990s. Social networks are spreading through the Internet, connecting people and transferring relationship context to every website and application, so technology can finally care more about people and less about technique. (Shih 2009, 11)

The previous three eras were connected with work places far more than with our personal life. Social networks are different. It affects our personal life first, then our work life. However, the line between our personal and work life is thinner than ever before. Nowadays, people work more for themselves by working from home and solving their personal issues at work. Successful business interactions involving sales, hiring, development and others are defined by relationships, which are becoming more personal than in the past. Important decisions are affected by recommendations and references from people we know – our friends and colleagues from work. These relationships, interactions and connections are passing more and more from our real life to the social networks and vice versa. (Shih 2009, 14)

Online social networks go beyond technique and media. It is one of the most important socio-cultural phenomena of this decade. They broaden and create new kinds of ordinary interactions, which enable new kinds of relationships with low obligation. (Shih 2009, 15)

1.1   History and Summary

The first pioneer of social networking was Classmates.com in 1995. However, the era of modern social networking, as we know it nowadays, began in early 1997. That is when a service called SixDegrees.com started first social networking site based on real relationships between real people using their real names. Members were joining SixDegrees.com after receiving email invitation from an already existing member. All the other successful social networks adopted this method. The current popular websites like

Facebook, MySpace, Linkedln, Orkut, Hi5 and CyWorld who have tens or hundreds million users, were all based on the idea from 1995 and 1997. The five most visited social networks per month are listed below. (Kirkpatrick 2010, 69-70)

Table 1.1 Top social networking websites

Logo	Name	Unique monthly users	Interesting feature
	Facebook	750.000.000	The most powerful
	Twitter	250.000.000	Tweets (authentic post)
	Linkedln	110.000.000	Corporate social network
	MySpace	70.500.000	The biggest social network in the United States until 2009
	Google Plus +	60.500.000	Established in 2011

Source: Data collected from Top 15 Most Popular Social Networking Sites.

The first social networks in the Czech Republic were Líbímseti.cz in 2002, famous for rating pictures of the users, then Lidé.cz and Spolužáci.cz, which are both owned by Seznam.cz, a. s. However, currently there is no Czech social network that would allow users to work with communities or target advertising as the mentioned global networks do. The figure below shows growth of Czech users on the Czech social networks Líbímseti.cz and Lidé.cz together with Facebook between the years 2004 and 2007. The rapid growth of Czech Facebook users since 2005 compared to the Czech social networks is clear.
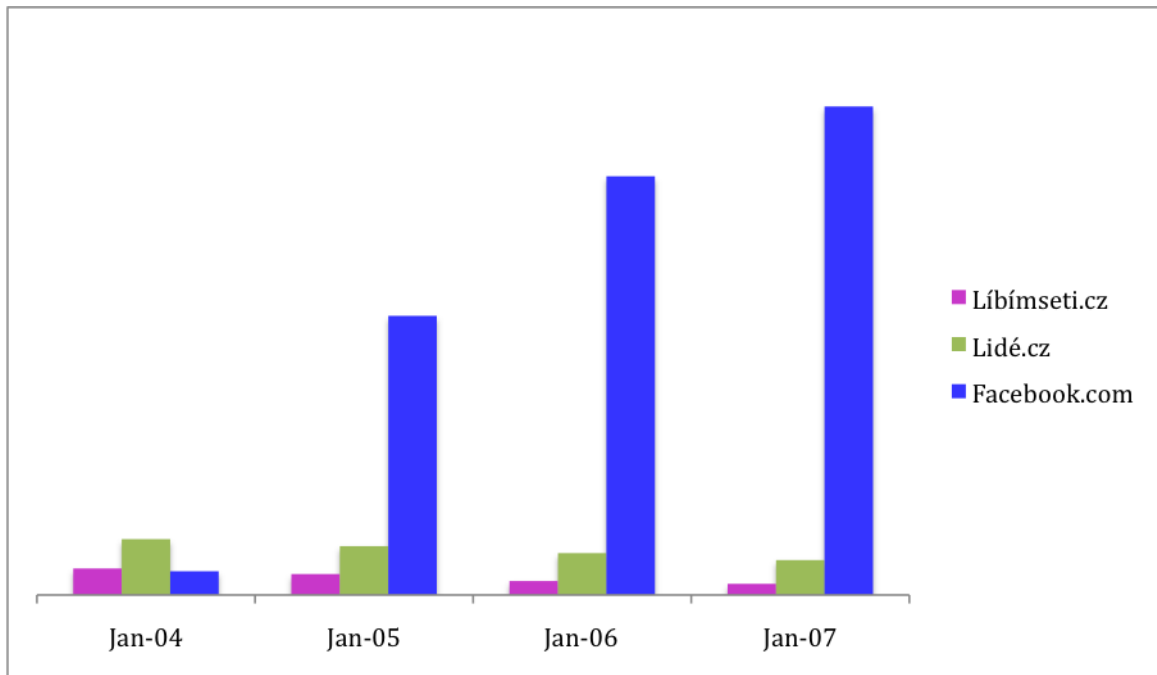
Figure 1.1 Growth of members on the Czech social networks compared to Facebook. Data collected from Google Trends.

1.2   Social Capital

For millions of people around the world, social networking has become their daily routine. They come home from school or work, turn on their computers and go find out what is going on. Some of them do not have to even turn on their computers, because they are online through their cell phones or tablets. It has become a routine or addiction. We can choose what sounds better to us. Nevertheless, it is an indisputable part of life for many individuals.

As individuals, we have two sources of personal competitive advantage: human capital and social capital. Human capital, which includes talent, intellect, charisma and formal authority, is necessary for success but we usually cannot control it. On the other hand, social capital is based on our relationships. (Shih 2009, 43)

What does social capital stand for? "Robert Putnam, a professor of political science at Harvard who coined the term in his seminal work in the mid-1990s, defines social capital as the collective value of all social networks and the inclinations that arise from these networks to do things for each other. According to Putnam, social capital can be measured by the level of trust and reciprocity in a community or between individuals, and is an essential component to building and maintaining democracy" (Shih 2009, 43).

Bringing networks online makes people's lives easier. They are more capable and efficient at managing, exercising and maximizing their social capital from relationships. In fact, people establish a new category of relationships. For better understanding and proving how social networks could be valuable, there is a simple figure shown below describing how people interact on a social network. There are eight different people, who have some kind of need. They can figure out a solution by using the same network. In the end everyone wins, since it would have been hardly possible to meet the need of everyone by using a different tool.
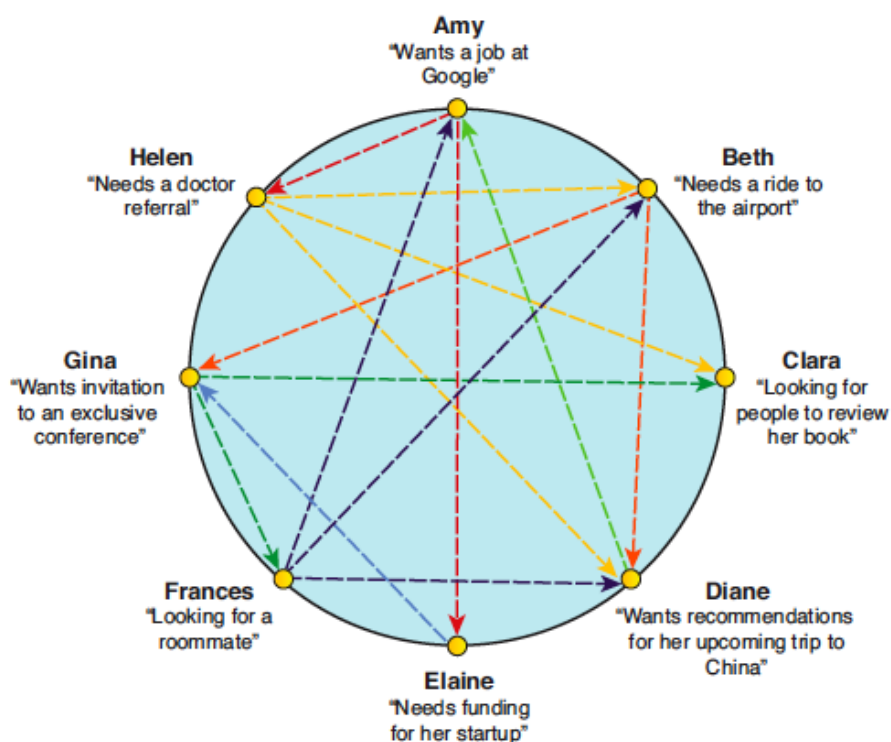

Figure 1.2 Circle of needs. Shih 2009, 55.

2 FACEBOOK

2.1 Phenomenon

Why is Facebook so different from the other online social networks and what makes it so special? Most of the previous social networking sites, like SixDegrees.com or Yahoo! 360˚, were either short-lived or just could not offer as much as Facebook causing users to loose interest. Facebook has, however, always been different. "Three early decisions and innovations helped set it apart from the rest: trusted identity combined with clearly defined networks, exclusiveness, and providing continual engagement" (Shih 2009, 34).

Everyone knows the story of Facebook and its CEO Mark Zuckerberg. However, the fact that he and the other founders were Harvard undergrads has given unique and trusted identity to their project. Facebook was basically built on a University network, which is clearly defined and well understood in the form of student directories and yearbooks.

The decision to limit the number of schools whose students could join the network created certain exclusiveness. Facebook started at Harvard and then was spreading across other American universities based on their ranking of prestige. Although Facebook can be joined by anyone nowadays, its beginning created an image of an exclusive service. Limited searching within one's own network, for example helped the school to build a sense of trust, while users of MySpace were getting message spam and friend requests from unfamiliar people. (Shih 2009, 35)

The final secret to Facebook's success is its News Feed, which keeps members updated and engaged. Ironically, the News Feed feature used to be very controversial when it was introduced. People did not like changes to something they are used to. Nevertheless, the innovations and new services is what keep the social network attractive. News Feed has become the addiction that keeps people returning to Facebook. The very first service was just to share pictures with friends, but nowadays we can chat and make video calls with our friends or tell our life story by using Timeline. (Shih 2009, 36)

2.2 Facebook 2004 – 2012 in Steps

Facebook celebrated their 8th birthday in February 2012. Facebook is a company, a platform, a marketing tool, a brand, a phenomenon, and a veritable force of modern culture. The estimated value of the company has reached $100.000.000 dollars, which is three

times more than last year. I summarized the most important changes of Facebook concerning marketing and commerce into points. (Swartz, Martin, Krantz 2012)

- February 2004 – birth of Facebook
- September 2006 – Facebook is opened to everyone older than 13 years
- February 2007 – virtual gifts were introduced
- May 2007 – applications platform is launched and connects Facebook to WWW
- November 2007 – Facebook pages launches giving brands an eventual shop window
- May 2008 – Facebook announces Facebook Connect, which allows users to connect their Facebook identity to any website
- February 2009 – like button is introduced
- July 2009 – first transaction on Facebook is made
- August 2010 – Delta Airlines launches ticket window allowing users to book flights directly from Facebook
- August 2010 – Facebook checks in with places
- September 2010 – first retailer sold a Facebook gift card
- November 2010 – users can now use Facebook credits to buy real goods
- March 2011 – Facebook questions: tool for brands to gain insight from consumers
- June 2011 – British O2 launches Pay As You Go application to let users top up their phones directly via Facebook
- July 2011 – Facebook requires all game developers to process payments through Facebook Credits
- February 2012 – Facebook introduces Timeline for fan pages (Megan 2011)

2.3 Facebook in the Czech Republic

Facebook has become a natural daily occurrence for more than three million Czech users, but it was not that long ago when Facebook started being translated into the Czech language. It happened exactly in June 2008. There is a figure below, which shows the growth of Czech Facebook users between the years 2009 and 2012.
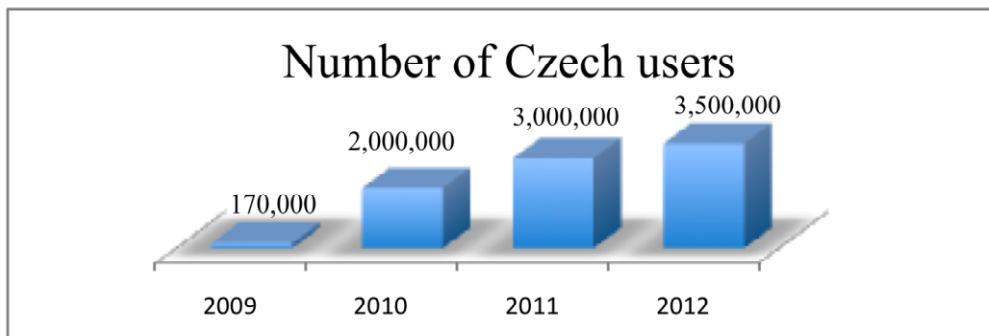
Figure 2.1 Number of Czech Facebook users. Data collected from Social Bakers.

The figure brings very interesting data. In 2012 the total amount of Czech Facebook users reached 35% of the whole population, 53% of people with Internet connection also use Facebook, and it classifies the Czech Republic as the 43rd biggest Facebook nation in the world. Another figure shows Czech cities with the most users.
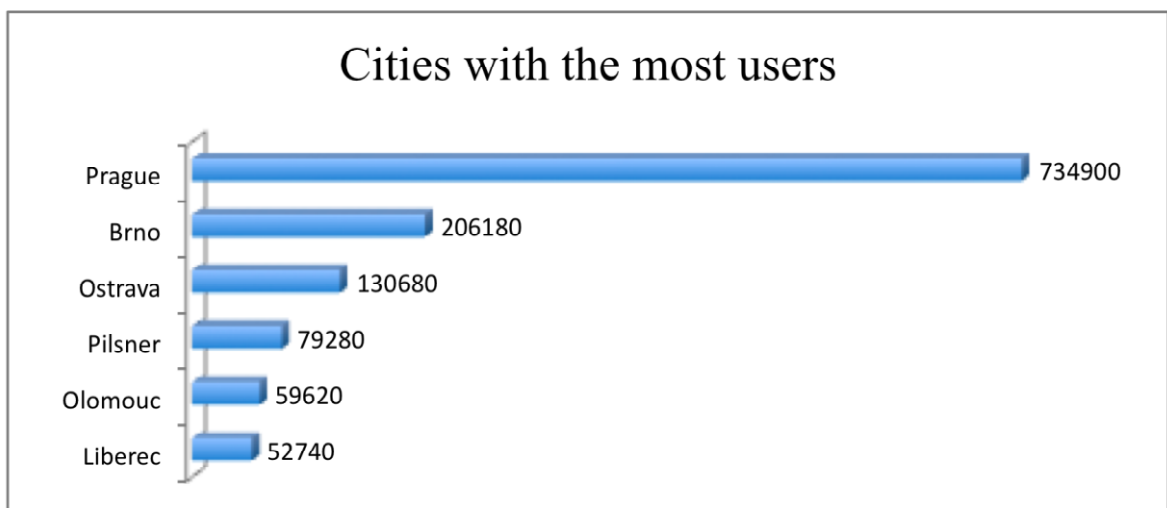
Figure 2.2 Cities with the most users. Data collected from Social Bakers.

The figure below shows the Czech Facebook population divided into age groups. The largest age group is currently 18 – 24 with a total of 994.874 users, followed by the group 25 – 34 years old users. This fact is one of the most important considering target marketing on Facebook. It might also be surprising for someone that the teenagers are not the largest group; they are even after the group of age 35 to 44 years. There are 49% of men and 51% of women, compared to 56% and 44% in Greece for example.
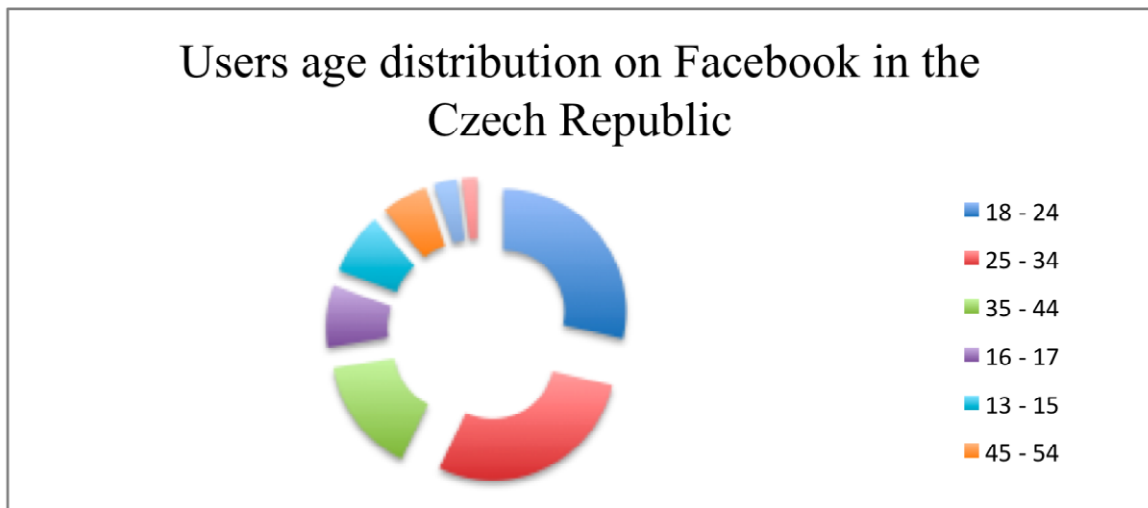
Figure 2.3 Users age distribution on Facebook in the Czech Republic. Data collected from Social Bakers.

2.4 Marketing Tool

Marketers always look for tools, which help them to reach as big of an audience as possible. Social networking is a fast growing phenomenon spreading across the whole world. There are hundreds of millions of active users every day. They are the most valuable demographics, and they are spending more of their time and attention on Facebook than on any other channels and media. Marketers in today's world are dealing with overloaded information, which make it difficult for businesses to make their messages different from the others and for the customers to find what they are looking for. Hypertargeting on Facebook solves this problem. This marketing tool enables marketers to involve the right people in their messages at the right time by using users given profile information. The hypertargeting tool is described more in chapter 3.

Nevertheless, Facebook offers more than advertising with offering the unique hypertargeting tool. When the users log in to their profile, they feel they are among friends and there is some kind of level of trust. Companies build their customer base by creating Facebook fan pages and groups. Through these communities, the word-of mouth marketing can be shared. Customers share their experiences or give advice to other costumers or to the company itself. "The challenge has been that although advertisers might be catching their audience in a more trusting mind-set, social networking sites thus far have largely been about communication, not purchase intent. It is still an open question of whether high

context from friend and profile data will be able to overcome low intent, or whether online social networks will be able to successfully incorporate elements of online marketplaces, search, and product comparison sites" (Shih 2009, 82).

3 MARKETING ON FACEBOOK

First of all, every marketer has to set his expectations realistically and properly. Facebook marketing takes time and it is not something that can be planned overnight. The social network does not do the job for the marketers; it does not sell the product itself or make every marketer creative. Facebook is a set of tools that can give marketers a chance to attract people in an exciting way. (Treadaway 2010, 18)

3.1 Marketing Areas of Use

There are about 7 areas of Facebook used as a marketing tool:

- Presence marketing
- Branding
- Guerilla marketing
- Stealth marketing
- Viral marketing
- Word of mouth marketing
- Loyalty marketing

Presence marketing simply represents increased awareness of a brand or company. Facebook is a perfect place to increase awareness of a brand by using for example a company's fan page. Branding is often confused with presence marketing. However, branding does not stand for just awareness rise, but it should connect the brand with a product or service, and the customer should always remember the company's product as a unique one, which can fulfill all of his needs. If the customer becomes a fan of our fan page we can tell him more about the company and products, or motivate him emotionally by special offers, discounts in order to raise his loyalty. (Janča 2009)

Guerilla and Stealth marketing enable companies to reach high results for minimum expenses. However, they also bring high risks. Guerilla marketing uses more aggressive forms of advertising, which break the common rules. Nevertheless, even great idea and aggressive campaigns cannot be successful without a budget, which allows us to address wide audiences in a short amount of time. If a company operates with a limited budget, it is impossible to use TV commercials or any kind of advertising that covers the whole Czech Republic. Facebook solves this problem. The companies are basically allowed to share and spread information for free by using pages or groups. At this point it is important to realize

that the strategy of communication on Facebook is not always about sharing positive information, but the campaign could be aggressive and negative against the competition. (Janča 2009)

Facebook is perfect tool to use stealth marketing too. When we use stealth marketing the goal is to spread information among potential customers who do not realize it is an advertisement. Instead of creating a fan page about a brand, product or company, we need to create a page that connects users based on an activity where our product is used. For example, if I sell football shoes I can setup a fan page and invite my customers through the contacts I have gained. However, not everybody wants to become a fan of a company. Nevertheless, I can create a group called "I love football shoes", invite my friends who invite their friends and the group starts growing. The members share their experiences with their favorite football shoes, give advice while allowing nobody to feel directly connected with some company or marketing process. Then, when the group is big enough, I can inconspicuously post a link from my online store with a popular football shoes with a comment, "I bought those Adidas football shoes, they are perfect and for a great price". The admin is invisible so that no one knows I am doing the advertising. (Janča 2009)

Viral marketing is a kind of synonym for social networking from a marketing point of view. A viral marketing strategy has three parts: the message, the medium, and the delivery. The aim is to motivate users to share your message. A successful message has to be creative, emotional, and credible and tell some story. If the users like it, they can share it for minimum costs. The medium is usually in a form of a video clip, image, game or just a text. It does not have to come from Facebook directly. We can post a funny video to Youtube.com or an interesting article to our website. Afterwards, through the share or like button, the users can spread it over Facebook. So it is the delivery that makes Facebook special in connection with viral marketing. The message on Facebook can be shared in more mediums than phone, e-mail, TV or SMS can offer to us. It is more widespread and has longer life, because Facebook walls display historical information. (Shih 2009, 99)

Word of mouth marketing is the most effective and least expensive marketing tool. Why? For a simple reason: it does not seem as an advertisement at all. People do not tell their friends about something in which they are not interested. It is very practical and emotional. The key is to provide good service to your customers, so then it can spread through Facebook several times faster than in the real world. But, the companies have to be

careful, because it can ruin them in case they provide a bad service, which can cause them to lose customers and their reputation. (Glassman 2011)

Facebook is not strictly a place to reach a new audience. Companies should also build loyalty. Social media is a commitment to customers, not just a campaign. There are several types of a loyalty programs on Facebook. For example, the company can show its appreciation to loyal customers by giving them a discount for the membership on the company's fan page or organizing contests with gifts for winners. Another example is a credits-based loyalty program launched by Plink in the United States of America. The program rewards Facebook users for dining at American chain restaurants. The users need to log into the Plink program via their Facebook accounts and securely register a credit or debit card, and then users earn Facebook credits whenever they pay by the registered card at a participating restaurant. There are nowadays more than 25.000 participating facilities across the United States. The program is very easy to implement and does not require any paper coupons, staff training or any other interruptions. (Hutchings 2012)

3.2   Hypertargeting

"Hypertargeting (also called microtargeting), the ability on social networking sites to target ads based on very specific criteria, is an important step toward precision performance marketing" (Shih 2009, 82). Facebook has incorporated this fantastic tool, which enables companies to select the exact people they want to reach. The basic three options to specify are: location, demographics and interests. Location can be targeted either on a country, a city or even a small village. Demographics include two main choices which are age and gender, so we can target our advertisement on exact age match of men or women. The option of interests is based on the information that the users provide on their profiles. We can either pick a precise interest, like a name of a football club, which has its fan page on Facebook or pick from a more broadened category targeting, which would be, for example football. The advertisers can also target based on education, workplace or relationship status. For example, if a user changes his relationship status to "engaged", there will most likely show some wedding planning services advertisements. (Facebook 2012)

Hypertargeting is all based on the information the members share on their profiles. They want to express themselves, connect with their friends or find new friends more easily; they just try to make their identity as comprehensive as possible. For example, it is

usual to share gender, birthday, hometown, favorite music, movies, books or employer. All of this information is unique for hypertargeting and reaching the correct audience. Even if a user hides certain information through privacy settings, Facebook still offers the information for targeting advertisements.

3.3   Fan Pages and Groups

Facebook fan pages and groups are the two main tools companies use for wider communication with their audience. Throughout the past years, the pages and groups have moved closer together and there are just few slight differences, which I am going to describe.

The main general difference between these two Facebook products is their aim. Facebook groups should be focused on organizing around topics or ideas, while Facebook fan pages should serve as a place where organizations broadcast information to their fans. The groups used to be very popular several years ago; however they are mostly used for closed communities rather than for marketing purposes nowadays. A good example is, again, the Kofola Company. There are many pages with thousands of members, but only a few groups with hundreds of members or less. There is a figure below, which summarizes the main differences between groups and pages. (O'Neill 2010)

	Groups	Pages
Mass Messaging	✅*	❌
Indexed By Google	✅	✅
Stream Publishing	✅	✅
Targeted Stream Posts	❌	✅
Targeted Updates	❌	✅
Support For Applications	❌	✅
Membership Restrictions	✅	❌
Event Inbox Messaging	✅	❌
Engagement Metrics	❌	✅
Promotional Widgets	❌	✅
Vanity URLs	❌	✅

*messaging is restricted once a group grows past 5,000 members

Figure 3.1 Facebook groups vs pages. O'Neill, 2010.

The biggest advantage of groups is definitely mass messaging to the members and event inbox messaging. This way we reach most of the members when we want to inform them about something. On the other side, when we want to inform members of fan pages we can only post on the wall. Nevertheless, mass messaging is only possible if the group has up to five thousand members. Another good feature of the groups is the ability to restrict who can access them. However, the fan pages offer many more services and features than the groups overall. Facebook pages can be easily customized. They support applications and promotional widgets. We can also target updates based on location of members or languages. (O'Neill 2010)

3.4 Difficulties and Limitations

Throughout my thesis, I have described mainly the advantages and importance of the most powerful social network, Facebook. Of course, there are also some disadvantages and difficulties as well. In order to stay objective, I summarized the most common issues into points and describe them.

- Poor brand fit
- Poor performance
- Social network fatigue
- Nonstandard ad formats
- Negative buzz

Using Facebook for marketing purposes is not ideal for every brand. It always depends on two critical factors: the product and the target demographic. There are products and brands from certain fields, which are ideal for social networks such as sports, movies, books, clothing, recreation or celebrities, because they evoke passion and people are expressing themselves by showing they like them. On the other side, there are products or services which people use and pay for, but they do not want to be connected with them officially. They can be too personal or impersonal, less exciting or embarrassing, such as medication, tax filling services or laundry detergent. (Shih 2009, 103)

There have been many viral hits spreading all over Facebook, such as T-Mobile using funny videos from a gym to introduce their new programs and products. They introduced a commercial first on TV and then uploaded it to Youtube and posted it on Facebook. They even run paid ads on Facebook to attract more people to the videos. Nevertheless, there

have been also a lot of poor-performing campaigns that have never met exceeded expectations. There is no perfect formula that would lead the companies to successful campaigns and high purchases through Facebook. The best way is to set realistic expectations, strategy and start testing.

One of the largest threats to marketers is that people can start being tired of Facebook and other social networks. Only time will tell if people continue to sign up, log in and like fan pages. Some members are already complaining that the sites seem too commercial. Social networks need to keep balance and not let people feel like it is not about them and their friends, because it would only lead to the end. (Shih 2009, 104)

Advertising on social networks is still relatively new and there are no standards set considering formats and metrics of advertisements. Some of the big companies are still not sure about social network advertising. The users spend a lot of time on Facebook and there are a lot of impressions and clicks, but these do not have to necessarily mean growth of sales at the same rate as traditional online advertisements. Nevertheless, the experts are not worried, because when Google AdWords launched in 1999, it was also new to the business and there were no standards either. Afterwards, while the AdWords proved its effectiveness, it became the most successful online advertising ever. (Shih 2009, 104)

Negative buzz is closely connected with word of mouth marketing mentioned in the previous chapter. The users are empowered to spread and define brand messages and it might not be always in a positive way. In situations like those, the company does not really have control over the consequences. Members have brand conversations whether the companies know about it or not. A good example is Czech company Kofola, which operates its official fan page with more than three hundred thousand fans, but there are many more unofficial communities such as "Kofoláci" or "Ať žije Kofola", which have thousands of fans and the company cannot really take control of them. (Shih 2009, 105)

II. ANALYSIS

4   JOHASPORT S. R. O.

4.1   Basic Information about the Analyzed Company

JOHASPORT, s. r. o. (further in the text mentioned just as JOHASPORT) belongs to the top leaders in the sports resellers in the online Czech and Slovak market. JOHASPORT supplies to its costumers a wide range of competitively priced sports and leisure time equipment, footwear, clothing and other accessories manufactured by more than 140 worldwide brands such as Adidas, Nike, Asics, Puma, Umbro, Lonsdale or Dunlop. There are about 25.000 products offered to the costumers every day by the company's online store, which is operated on domain www.joha.cz for Czech customers since 2009, also on www.joha.sk for Slovak customers since 2010. JOHASPORT also operates a retail store located in Zlín since 2011. The company supplies more than 20.000 domestic customers in the entire Czech Republic as well as approximately 8.000 buyers from Slovakia. JOHASPORT lately has broadened its sales portfolio of wholesale cooperation with some smaller Czech and Slovak retailers. The main company's suppliers are located in the United Kingdom, Belgium and Netherlands.

Table 4.1 Basic information about the Company JOHASPORT s. r. o.

Trade name	JOHASPORT s. r. o.
Seat of the company	Praha 3 – Žižkov, Domažlická 1256/1, PSČ 130 00
Legal status	Limited company (Ltd.)
Identification number	247 04 938
Statutory body	Executives
Executive head	Ing. Lukáš Hrančík Ing. Martin Kolář
Day of enrolment in the Trade register	July 1, 2010

Subject of enterprise	Manufacture, sale and service not included in enclosures 1 to 3 of Trade Licensing Act

Source: Data collected from Obchodní rejstřík a Sbírka listin.

As it was already mentioned, JOHASPORT is a reseller, retailer and wholesaler. The wide range of products offered by the online store and retail store covers the whole spectrum of customers. For example, they offer a large selection of football shoes, balls or jerseys for players of all ages and levels.

The company itself is young and considered very small with only six employees. However, today's online business does not require a high number of staff.

5 MARKETING COMMUNICATION IN THE COMPANY

5.1 Structure of Marketing Communication

The company focuses mostly on e-commerce type of business model, since most of its products are being sold directly to consumers using different kinds of tools, mainly computers, connected to a network. All the company marketing communication activities can be divided into two levels: B2C communication and B2B communication. Since the wholesale trading is quite new to the company, the major part of the marketing strategy is focused on the end users. The vast majority of marketing activities of JOHASPORT are being done online, so the Internet is the most important medium for the company. The whole Internet marketing of the company can be divided into the categories stated below.

- Price comparators
- E-mail marketing
- Search engine marketing (SEM)
- Search engine optimization (SEO)
- Social media marketing

Nowadays, the most important marketing tool for the company and other online stores are definitely price comparators. The most powerful and visited price comparators in the Czech Republic are Zbozi.cz and Heureka.cz. These comparators upload current products feed every day from the online resellers and afterwards provides them to its visitors. There are several filters which a visitor can use to target the exact product, such as the lowest price, availability or best match. This process is all for free, unless a company wants to be more visible and on the top of the offers. In that case, the company pays usually per each click. It is Zbozi.cz that leads most of the visitors to www.joha.cz based on the company's analysis from Google Analytics tool.

E-mail marketing, specifically newsletters, has become a very popular tool for JOHASPORT in 2011 and currently they are being sent every other week and sometimes even more often. The company has collected together about 25.000 e-mail addresses in the three years of its existence, which has created an interesting marketing medium. While customers finish their orders on the online store, they have an opportunity to pick whether they want to receive a newsletter in future or not. JOHASPORT uses just the e-mail address of customers who agreed, so it is fully legal. These e-mail addresses create the

best-targeted and free marketing resource. The company has sent about 8 newsletters since January 1st until March 30, 2012. The major disadvantage of newsletters compared to social networks is their sharing and spreading. Just one person can usually see each newsletter and many of them are not even read, because they are either delivered as a spam or deleted before opening.

Search engine marketing and search engine optimization are closely connected, because it is very difficult to work on search engine marketing without a good optimization. The most used Czech search engines are Seznam.cz and Google.com. JOHASPORT uses Google AdWords from time to time. The company also works on its optimization by providing as much information as possible. They do it by focusing on using keywords connected with low prices, wide range of products and the most searched.

6   ANYLYSIS OF COMPANY'S FACEBOOK COMMUNICATION

The first connection with Facebook was made approximately in the middle of 2010 when the share button was added to the online store and started to be displayed with all products so every customer could share a product they found with their friends on their Facebook wall. Unfortunately, that was the only connection with Facebook for a long time. Finally, on June 22, 2011 JOHASPORT joined Facebook by creating its fan page.

Figure 6.1 JOHASPORT Facebook fan page. Facebook.

The screenshot above shows the current look of JOHASPORT's Facebook fan page. It is obvious that the company is using the new timeline look introduced on March 31, 2012. The cover photo was created by the company's graphic designer exclusively for the Facebook fan page to express its focus. The profile picture is the company's logo, which is also displayed with every interaction of admin on the page and the entire Facebook. Visitors can also see the major information given – field of the company, number of likes representing number of fans, address of the store and whether it is opened at the moment they visit the page or closed and the Internet address of the online store. There are several photos in a gallery such as photos of the Zlín's store or the company's logo. Members can also watch a short video, which was made especially for Facebook purposes and shows them at the Zlín store in a little tour. The company uses a welcome application, which leads the members to the online store by clicking on its picture.

The figures showed below are visible only to the admin of the page. The first screenshot is showing the demographics and location of people who like the page, which is very interesting and a useful data source for the company. The total number of fans on April 7, 2012 was 336. The main feature of demographics is gender distribution, which shows that 73% of the fans are men and only 26% are women. This feature does not accurately reflect the real proportion of company's customers. However, more fans the fan page gets causes the proportion to become more equal.

The largest age groups are 13-17 and 18-24, which reflect more the demographics of Facebook itself than the online store. On the other side, two thirds of the fans are from the Czech Republic and one third from Slovakia, which is a fact clearly reflecting the reality. There are few fans from different countries, but these are more likely Czech or Slovak citizens living abroad. The participation of cities the fans live in is mostly affected by the store located in Zlín and the fact that most of the friends of employees are from Zlín too.
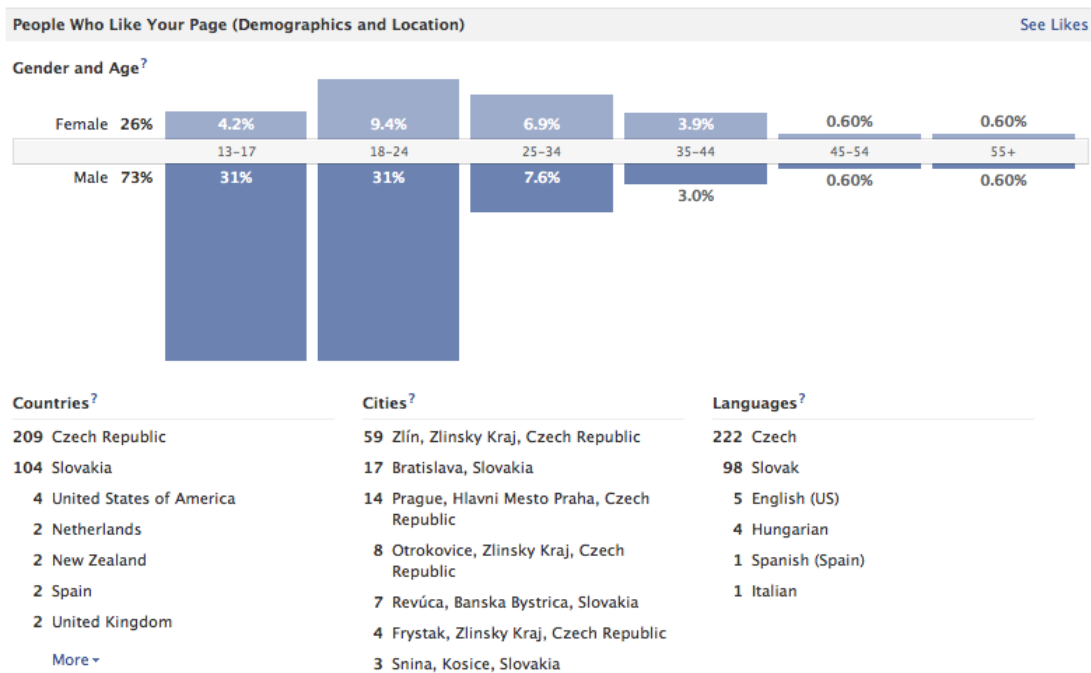

Figure 6.2 People who like JOHASPORT's Page. Facebook Page insights.

Another figure below shows how the page reached the users and the frequency of the users. The graph on the left side shows how many people saw any content about the Page from March 1 to April 1 and, where applicable, whether these people were reached through an organic, paid or viral channel. The highest reach is always when something is happening on the Page, meaning especially posts on the wall. It is also clear that the company can reach more people than just the fans. There are currently 336 fans on the Page, but

combined they all have more than 73.000 friends that can be reached. There is no paid reach, because there were no paid ads during this period. Organic reach represents unique people who saw content from the Page in their News Feed, in a ticker or on the Page. This includes people who have liked the Page and who have not. Viral reach represents the people who saw a story about the Page published by their friends. These stories represent liking the Page, posting on the Page and taking other actions related to the Page. Total reach is the number of people who saw any content associated with the Page. The graph on the right side clearly shows that most of the people were reached just one time.
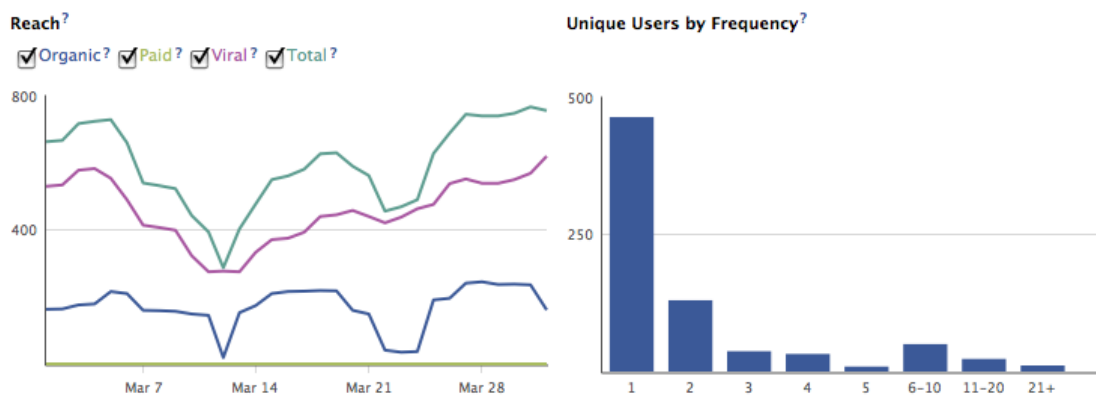
Figure 6.3 Reach and Unique users by frequency. Facebook Page Insights.

Nevertheless, there is another figure below, which proves that when users come to the Page they do not leave it after seeing the Timeline or Welcome tab, but they tend to go through the wall, photos or information. The yellow line stands for unique visitors, while the blue line represents the number of times the Page was viewed on each day from February 1 to April 1, 2012.

Figure 6.4 Page Views. Facebook Page Insights.

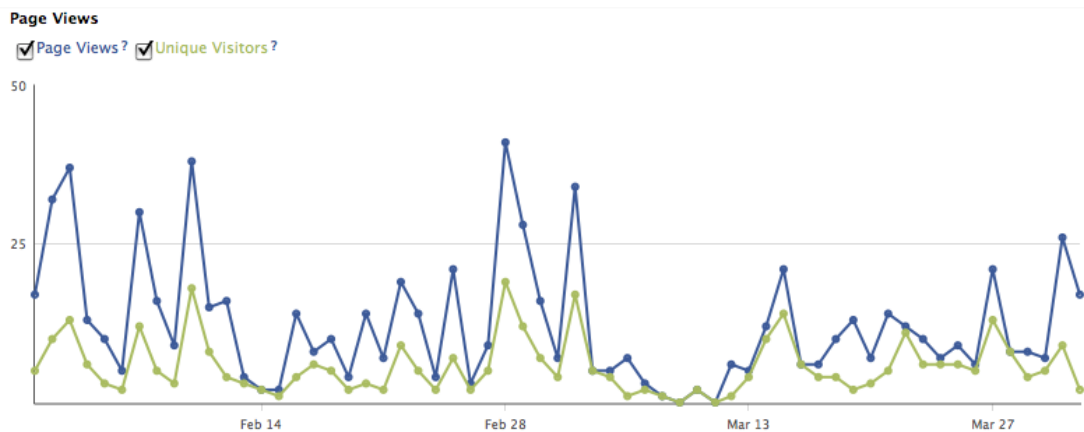The figure below shows total tab views and external referrers. The total tab views means the number of times each of the page tabs were viewed from February 1 to April 1, 2012. The external referrer's state the number of time people arrived on the page from a URL that is not part of Facebook.com. Wall and timeline are the most visited parts of the page, which is quite natural. On the other hand, information, photos and videos have only a few views even though they should be the most interesting features for the visitors after wall and timeline. Welcome tab is the only external application used on the page, but it is going to be deleted soon, because of the introduction of timeline lately. External referrers show that most of the members came from the online store directly based on the sent newsletters, which were shown on www.joha.cz for people who could not have seen them in their e-mails.

Total Tab Views?	External Referrers?
375 Wall	25 joha.cz
189 timeline	10 link.azet.sk
107 Welcome tab app for Pages with TradableBits	10 google.cz
19 Information	7 mail.zoznam.sk
16 Photos	5 email.seznam.cz
5 likes	3 redir.netcentrum.cz
4 Friend Activity	2 webmail.forpsi.com
3 page_map	1 search.babylon.com
1 messages_inbox	1 ask.com
1 Videos	1 post.sme.sk
	1 start.facemoods.com

Figure 6.5 Total tab views and external referrers. Facebook Page Insights.

6.1 Advertising

JOHASPORT does not operate just fan page, but it also has tried three Facebook paid campaigns so far. All three campaigns were aimed on football shoes and directing the Facebook users to the online store. The first two campaigns called ''Adidas F50 SG'' and ''Adidas F50 HG'' was running on January 19, 2012 and the third one called ''Mix'' on January 20 and from January 25 to January 26. The daily budget for the two first campaigns was 17 Euros and 30 Euros for the Mix campaign. There is a screen shot of the summary of those three campaigns, which shows very interesting data. The total amount spent was 97.05 Euros. There were 2.738.340 impressions and 5.920 users who visited the online store www.joha.cz by clicking on the ads. Seven users liked the fan page based on

the ads, even though the ads were not promoting the fan page, but the online store. Click through rate (CTR) is the number of clicks the ad received divided by the number of visitors that was shown on the site. The total CTR 0.216% is a very good result, because the average rate is 0.05% and optimal is between 0.11-016 %. CPM stands for the average cost per thousands impressions, which was 0.04 Euros and CPC means the average cost per click, which was 0.02 Euros. There are also statistics of each campaign shown. Social impressions represent impressions that were shown with the names of the viewer's friends who liked the page. Social stands for the percentage of impressions where the ads were shown with the names of viewer's friends who liked the page.

2,738,340 Impressions   **5,920** Clicks   **7** Connections   **0.216%** CTR   **€97.05** Spent   **€0.04** CPM   **€0.02** CPC

Date ?	Campaign ?	Ad Name	Impressions ?	Social Impressions ?	Social % ?	Clicks ?	Social Clicks ?	CTR ?	Social CTR ?	CPC ?	CPM ?	Spent ?	Connections ?
Jan 2012	Adidas F50 SG	Adidas F50 za 2.299 Kč!	473,649	30,716	6.48%	1,086	72	0.229%	0.234%	0.02	0.03	16.36	3
Jan 2012	Adidas F50 HG	Adidas F50 za 2.299 Kč!	371,365	25,207	6.79%	877	65	0.236%	0.258%	0.02	0.04	15.20	0
Jan 2012	Mix	Kopačky se slevou až 69%!	1,893,326	120,906	6.39%	3,957	213	0.209%	0.176%	0.02	0.03	65.49	4

Figure 6.6 Summary of JOHASPORT's campaigns. Facebook campaign report.

All three campaigns were very successful based on their CTR results. I picked the largest one called Mix for detailed analysis. The figure below shows both ad preview and targeting of the campaign. The ad was focused on JOHASPORTS's special offer of football shoes. The ad's title was highlighting the maximum discount a customer could get and the body described more details such as available brands and prices. Targeting was as accurate as possible. The ad was targeted on 264.560 users, who all had to be men, 40 years old or younger, living in the Czech Republic and members of one of the following fan pages: AC Sparta Prague, Barcelona, Lionel Messi, Okresní přebor, Real Madrid C.F., fotbal or fotball. Setting these conditions should have brought as many football oriented users as possible.

Ad Preview   ✏ Edit   **Targeting**   ✏ Edit

Kopačky se slevou až 69%!   This ad targets 264,560 users:

-52%   Kopačky Puma za 590   ▪ who live in Czech Republic
        Kč – sleva 69%!   ▪ 40 years old and younger
        Kopačky Adidas F50 za   ▪ who are male
        2.299 Kč – sleva 52%!   ▪ who like #AC Sparta Prague, #Barcelona, #Lionel Messi, #Okresní přebor, #Real
        Pouze na joha.cz!   Madrid C.F., fotbal or fotball
        Neprováhej a připrav
        se na sezónu!   Suggested Bid: €0.02 – 0.04 EUR

Tomas Urbanek likes JOHA SPORT.

Figure 6.7. Ad preview and targeting. Facebook all ads.

The figure below shows analysis of responder demographics. Based on those gained facts, the next campaign can be better targeted, because the company now knows which

age groups or regions had the best CTR and the most impressions. The most interested users in this campaign were male users in the age group of 13 to 17 years based on percentage of impressions. The group 18-24 follows the leading group with 29%. The other two groups were not interested as much. There are also the top ten regions with the most visitors. It is surprising that the Czech capital city Prague ended up in fourth place despite having the most Facebook users and that is why Prague had the worst CTR out of all regions.

Date ?	Campaign ?	Demographic ↓	Bucket 1	Bucket 2	% of Impressions	% of Clickers	CTR
Jan 2012	Mix	country	CZ		100.000%	100.000%	0.211%
Jan 2012	Mix	gender_age	M	13–17	67.398%	72.618%	0.228%
Jan 2012	Mix	gender_age	M	18–24	29.306%	25.166%	0.182%
Jan 2012	Mix	gender_age	M	25–34	2.730%	1.896%	0.147%
Jan 2012	Mix	gender_age	M	35–44	0.566%	0.320%	0.120%
Jan 2012	Mix	region	cz	Jihomoravsky Kraj	10.625%	10.897%	0.217%
Jan 2012	Mix	region	cz	Moravskoslezsky Kraj	12.568%	10.873%	0.183%
Jan 2012	Mix	region	cz	Stredocesky Kraj	8.205%	8.531%	0.220%
Jan 2012	Mix	region	cz	Hlavni Mesto Praha	11.374%	8.506%	0.158%
Jan 2012	Mix	region	cz	Zlinsky Kraj	6.630%	6.435%	0.205%
Jan 2012	Mix	region	cz	Olomoucky Kraj	5.804%	6.213%	0.226%
Jan 2012	Mix	region	cz	Jihocesky Kraj	6.023%	6.213%	0.218%
Jan 2012	Mix	region	cz	Ustecky Kraj	6.636%	6.188%	0.197%
Jan 2012	Mix	region	cz	Plzensky Kraj	5.294%	5.868%	0.234%
Jan 2012	Mix	region	cz	Vysocina	5.349%	5.621%	0.222%

Figure 6.8. Demographics of the Mix campaign. Facebook Advertising report.

6.2   Impact on the Online Store

The Facebook marketing communication would not be complete without analysis of the impact on the online store www.joha.cz caused by the Facebook campaigns. There are several figures gained from Google Analytics service, which I was provided by JOHASPORT. The first figure below shows an overview of visits in January 2012. It is clear that the most visited days were the ones when the Facebook ads were in progress – January 19, 25 and 26. Overall, the most visited day was Thursday January 19 with 4.739 visitors.
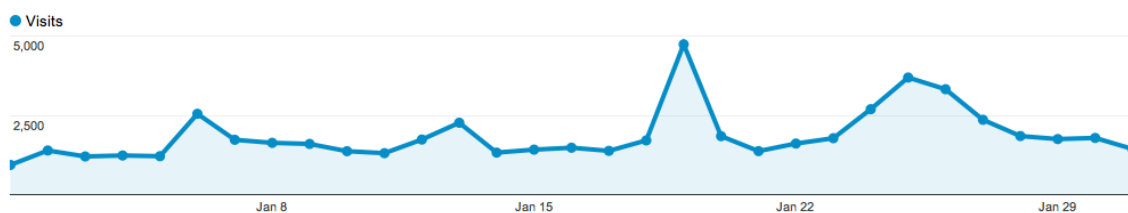

Figure 6.9. Visits in January. Google Analytics Visitors Overview.

Another figure shows more details about visitors. There were together 57.725 visits in January and 34.931 unique visitors which means that the proportion of new visitor compared to returning was almost equal.
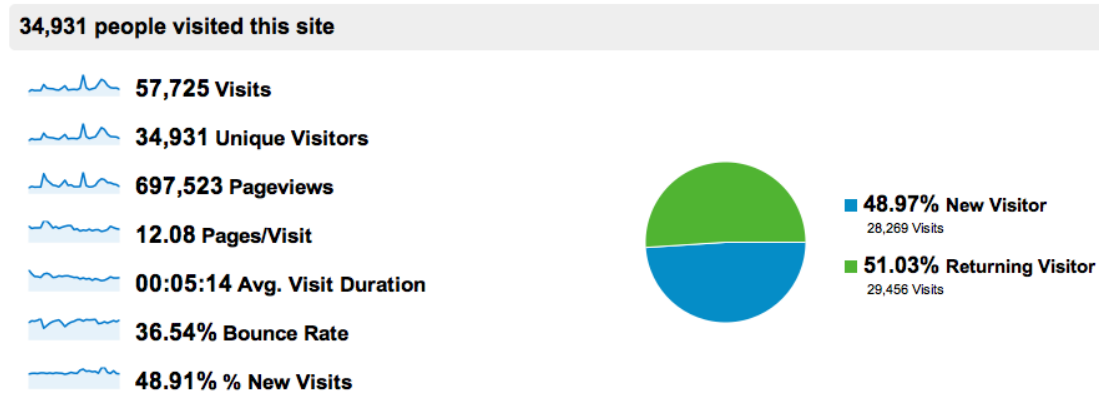

Figure 6.10. Overview of visits in January. Google Analytics Visitors overview.

The figure below states the sources where the visitors came from. Most of the visitors came directly, which proves that it is a well known online store with many permanent customers. On the second place is price comparator Zbozi.cz, which is the main source of new customers as I have already mentioned. Seznam.cz as the Czech biggest search engine ended up third. Finally Facebook is the fourth main source with 8.164 visitors, which is a great success considering the low investments and proves the good result of ad's analysis. The world's most powerful search engine Google is far behind with 3.720 visitors and only proves that Czech people do not use Google that much while they are shopping online. The sixth and seventh sources are newsletters sent by e-mails and displayed on the online store. The eight sources is the welcome application used on the fan page, which is another free source. Overall, Facebook brought many new customers to the online store during January for just 97 Euros.

	Source/Medium	Visits ↓	Pages/Visit	Avg. Visit Duration	% New Visits	Bounce Rate
1.	(direct) / (none)	16,084	15.42	00:06:14	46.24%	25.32%
2.	zbozi.cz / referral	13,982	6.39	00:03:21	63.75%	55.58%
3.	seznam / organic	8,919	16.70	00:06:03	39.69%	32.30%
4.	facebook.com / referral	8,164	9.87	00:05:19	54.81%	36.51%
5.	google / organic	3,720	12.32	00:05:12	49.09%	33.23%
6.	email.seznam.cz / referral	2,975	13.40	00:05:50	16.10%	28.77%
7.	joha.cz / referral	619	17.78	00:06:18	3.39%	24.88%
8.	apps.facebook.com / referral	475	9.76	00:04:26	67.37%	25.89%
9.	redir.netcentrum.cz / referral	463	13.92	00:04:40	18.57%	40.82%
10.	heureka.cz / referral	306	3.79	00:02:18	86.60%	51.96%

Figure 6.11. All traffic. Google Analytics.

7   ANALYSIS OF COMPETITORS

7.1   Bezvasport.cz

For the analysis of competitors, I picked another Czech online store Bezvasport.cz, which is very similar to JOHASPORT. It was also founded recently in 2010, and it has the very same range of products and probably the same suppliers. The company also operates two regular stores, one in Pacov and the other one in Humpolec. However, Bezvasport.cz has a more developed Facebook communication strategy compared to JOHASPORT. The company has joined Facebook on May 16, 2010. The most interesting Facebook feature of Bezvasport.cz is their number of fans, which has reached to 68.333 on April 10, 2012. The most popular age group of Bezvasport.cz is 13-17 years old, and the largest number of its fans lives in Prague. (Facebook 2012a)

Figure 7.1. Bezvasport.cz Facebook fan page. Facebook.

The company also uses an application called E-shop, run by Bohemiasoft s. r. o., which offers this service on its website on www.click4webstore.com. This application enables the Facebook users to buy an item directly from Facebook instead of having to visit the online store itself. Bezvasport.cz has also chosen different communication tactic than JOHASPORT. They are less formal and do not post strictly information about the online store and its offers, but also post funny pictures or jokes even from different fields in order to catch attention of the members and reach better user interactions. They also organize competitions, ask questions and give prizes for the best answers or the closest tips on final results of sports game. Bezvasport.cz has connected its online store to the Facebook fan page by putting a banner on its welcome page of the online store, so the customers do not have to find them on Facebook, but they can notice it while they are shopping and become

fans. The unique tab called "BezvaSport" works as a FBML landing page, so when visitors go to the fan page, they first see the unique image instead of going directly to the wall. However, this kind of tab is not effective as much after introducing the timeline. (Facebook 2012a)

7.2   Nike Football Česko / Slovensko

Another analyzed fan page I choose is Nike football Česko / Slovensko. It is quite different from JOHASPORT and Bezvasport.cz, because this page does not promote a one specific store or company, but it represents and promotes the brand itself. However, it is still from the same sports field. The main reason of choosing this page is its top quality it offers for analysis and companies like JOHASPORT could take inspiration and learn from this page.
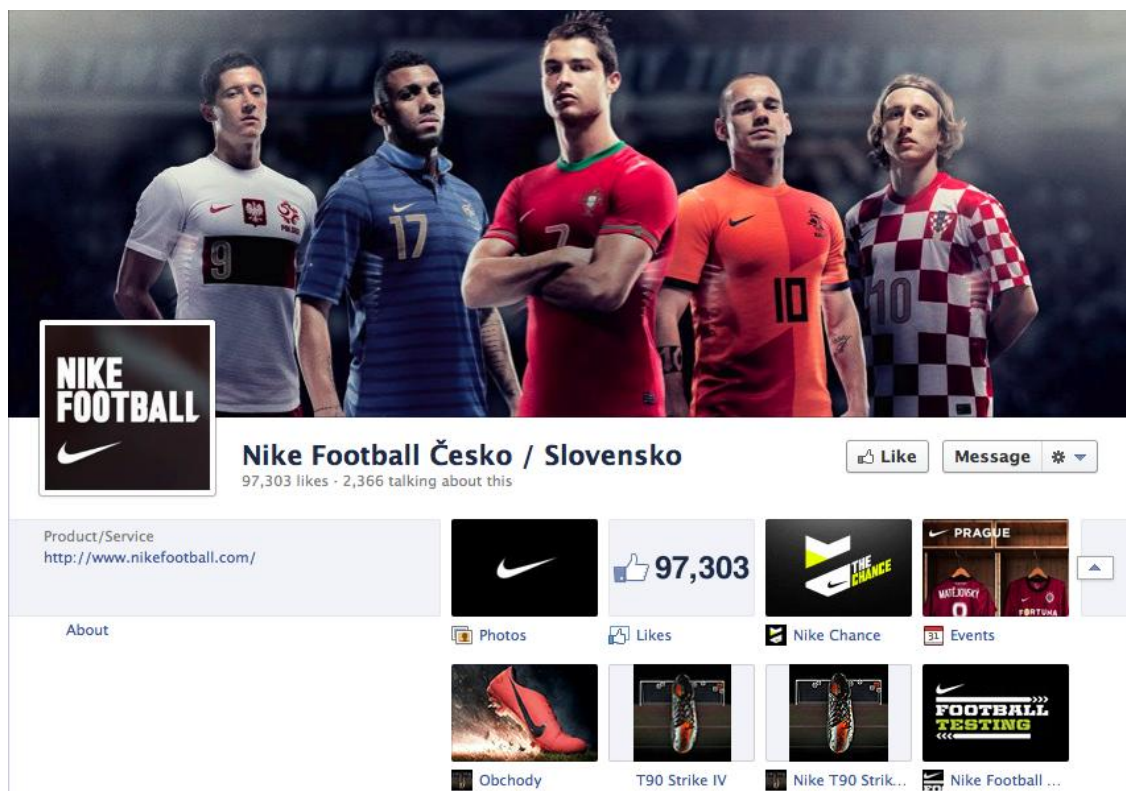

Figure 7.2. Nike football Česko / Slovensko Facebook fan page. Facebook.

As you can see on the figure above, the fan page has over 97 thousand fans, mostly from the Czech Republic and Slovakia, because the page was made for them. The page offers a lot of photos of any events connected to Nike, mainly photos of football players, practices or photos of new products. There are also tabs with events and videos. There is a big difference of fans interaction compared to Bezvasport.cz, although these two pages have similar amounts of fans. The main difference is that over 2 thousand fans of Nike page are "talking about this". It represents the number of unique people who have created a

story about the page within a period of one week. These stories include liking the page, posting to the page's wall, commenting or sharing, answering question, checking in at the Nike stores etc. (Facebook 2012b)

Nevertheless, there are five unique and different applications created exclusively for this page. The first application called "Nike Chance" allows the members to apply for a program for young talented players. Another application enables the members to find a Nike store closed to them and promotes authorized online stores too. The application called "Nike T90 Strike Counter" gives members an opportunity to add a goal they scored wearing the football shoes Nike T90 and point the spot on the field they scored from. However, the application called "T90 Strike IV" could be used in a different form in JOHASPORT's fan page. The application gives description of the football shoes and redirects the members to the official web page of Nike. (Facebook 2012b)

8   RECOMMENDATIONS FOR JOHASPORT

JOHASPORT has definitely moved forward in its marketing communication through the use of Facebook. The company created its official fan page and launched a couple other advertising campaigns. However, there are still many opportunities offered by Facebook. Based on the analysis of JOHASPORT's competitors, here are the following marketing tips I recommend.

- Connect the fan page with the online store
- Add like button to the online store
- Create an unique application for the fan page
- Run advertising campaigns more frequently
- Invite all customers
- Add more photos and videos
- Ask questions
- Start discussion
- Free stuff and competitions
- Make frequent updates

JOHASPORT's most important strategy is to connect the fan page with the online store by using one of Facebook plug ins. This connection will facilitate customers becoming fans and receiving the benefits of the fan page. The fans would appreciate the benefits such as discounts, free stuff, competitions or faster communication for sure.

Adding like button is an inconspicuous but very effective marketing tool. The customers do not have to become members of a fan page or even go to Facebook. If they like a product, they can express their feeling by clicking on the like button. This action is very natural to them as they are used to it from Facebook. However, this action can spread awareness about the company's product among other people and it does not cost anything.

Creation of unique application is the most effective way how to make the page more interesting and different from the others. I suggest an application, which would describe new products such as new popular football shoes. There could be as much information about the shoes as possible including photos from different angles and videos describing

their performance on a field. The application would also redirect the fans to the online store and enable a purchase itself.

Facebook advertisements that were run in January were quite successful and they should be definitely done more frequently. JOHASPORT should continue to test this method, using different options of targeting, in order to find ideal shape of a Facebook ad. There should also be ads directing the visitors to the fan page as well as to the online store. This will help generate new fans. Since the majority of services Facebook provides are free, paying for the advertising is cost effective for JOHASPORT.

JOHASPORT has about 25 thousand customer's e-mail addresses to share a monthly newsletter. Use of the contacts is another way to create fans on the fan page. Facebook offers a tool, which sends invitations automatically by uploading a list of contacts in a specific format.

The company has already uploaded several photos of the Zlín's store and even two videos. However, there needs to be additional content to increase interaction with the members. They can upload pictures of the packing process at the online store or other content relevant to the company. Simply put, Facebook fan pages entice more fan interaction with greater amount of media content. "Considering the more than 30 billion pieces of content being shared across the site each month, you can understand clearly why content is a key factor in your Facebook marketing strategy" (Zarrella D., and Zarella A., 2011, 153).

Asking questions about the offered products such as "What brand do you prefer the most out of those four?" and offering options can only cause good and free advertising for the company. When fans answer questions, comment on, or like a product it will show up on their wall, so the company can reach their friends too.

One of the best tools to promote a fan page is to start a meaningful conversation. It does not have to be even connected with the company, but it has to be interesting for the members. The best way is to induce emotions by starting conversation about some big success of a Czech sports team or individual. The fans will naturally comment on it or like it, because they want to share their happiness with other fans.

Everyone loves free gifts, especially in the Czech Republic. The company can create competitions or offer discounts by becoming a member of the page. Promotional items always motivate visitors to become members. They can offer a prize for the best answer to a question and make the fan page a fun place to be.

The great number of company wall posts will expose fans to the company and its products. Nevertheless, the posts must be creative and genuine, otherwise fans will sense an over marketed approach, resulting in a decrease is fan following.

CONCLUSION

Facebook is a symbol of today's ever-changing marketing environment: fast-paced and highly competitive. Because Facebook plays a vital role in the everyday lives of people worldwide, there is a false assumption among many marketers that Facebook is a miracle medium that will deliver thousands of new customers and enlarge profits for free. In reality, Facebook has the potential to reach a massive audience, but it is a competitive marketplace like any other. There are equal opportunities for everyone, and companies need to fight for their fans.

The aim of my bachelor thesis was to point out the importance of the currently most powerful social network Facebook as a symbol of today's marketing changing environment and show some possible ways how to use it as an effective marketing tool for a company. From the theoretical part it is obvious how important role Facebook plays nowadays for people around the world. Several figures and tables have proved Facebook's dominant position among the other social networking sites and its dominant position in the Czech Republic as well. By summarizing its short history and main e-commerce changes I wanted to highlight that Facebook is still developing and adapting to current situation in order to stay competitive. Despite Facebook's unique challenges as a digital medium, there are ways for companies to use it as an effective marketing tool. Traditional strategies such as word of mouth marketing can be done, which proves its complexity. To stay objective and complete the theoretical part, I summarized all the difficulties and limitations that a company can come across.

The practical part should have brought closer how Czech companies use Facebook as a marketing tool. I analysed the whole Facebook marketing communication of JOHASPORT s. r. o., which focuses on online retailing and Facebook should become one of its main marketing tools in a near future. The result of my work is recommendations aimed mainly on communication with customers through company's fan page and Facebook advertisements.

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LIST OF ABBREVIATIONS

AC	Athletic Club
Ad	Advertisement
B2B	Business to Business
B2C	Business to Consumer
CEO	Chief Executive Officer
CPC	Cost per Click
CPM	Cost per Thousand
CTR	Click through Rate
C.F.	Club Football
FBML	Facebook Markup Language
HG	Hard Ground
SEM	Search Engine Marketing
SEO	Search Engine Optimization
SG	Soft Ground
SMS	Short Message Service
S. R. O.	Společnost s ručením omezeným
TV	Television
URL	Uniform Resource Locator
WWW	World Wide Web

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