Czech University of Life Sciences Prague

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Bachelor Thesis

Social media as a tool for business development applied to a selected company

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Thesis title

Social media as a tool for business development applied to a selected company

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Objectives of thesis

This bachelor thesis focuses on assessing the role of social media in modern marketing and its influence on business development. This includes examination and evaluation of various social media marketing techniques and their efficiency in creating marketing strategies for business enterprises. Thus, the goal is to determine whether social media platforms can serve as effective tools for promoting goods and services as well as for increasing brand awareness. This work is divided into two parts. The first theoretical part describes social media platforms and networks as applied to business; their advantages, features and an analysis of the most common social media platforms in a modern marketing context. Practical part concentrates on utilizing previously described SMM techniques by example of an existing business.

Methodology

Combination of qualitative and quantitative methods was applied (with the emphasis on qualitative research). That includes abstraction, classification, qualitative and statistical data analysis and data interpretation. The second part of the work features PESTLE and SWOT analyses, case study research with elements of narrative and field research, as well as inductive reasoning on the example of a real business enterprise.

The proposed extent of the thesis

40 pages

Keywords

Social media, Social Networks, Business development, Facebook, LinkedIn, Instagram, Advertisement, Social Media Marketing, Crowdsourcing, SMM, Social Media Platforms, Market research

Recommended information sources

Holtzner, S. "Facebook Marketing: Leverage Social Media to Grow Your Business" Que Publishing; 1 edition (September 7, 2008) UK

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Declaration

I declare that I have worked on my bachelor thesis titled "Social media as a tool for business development applied to a selected company" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any person.

In Prague on 14.03.2018   _____

                                           Yana Mussina

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Sociální média jako nástroj pro rozvoj podnikání aplikovaný na vybranou společnost

Souhrn

Tato bakalářská práce se zaměřuje na posouzení role sociálních médií v moderním marketingu a jeho vlivu na rozvoj podnikání. Koncept SMM (Social Media Marketing) a jeho technik a možného využití v marketingové a reklamní činnosti je dále analyzován. To je podrobněji zkoumáno v praktické části, která popisuje využití možností marketingu sociálních médií na příkladu skutečně rozvíjející se společnosti, která svou existenci dluží převážně metodám SMM. Cílem je určit efektivitu sociálních platforem v kontextu marketingu, stejně jako všechny možné způsoby jejich využití, na základě údajů z konkrétního příkladu společnosti, která tento přístup využívala.

Klíčová slova: Sociální média, Sociální sítě, Rozvoj podnikání, Facebook, LinkedIn, Instagram, Reklama, Sociál Media Marketing, SMM, Průzkum trhu

Social media as a tool for business development applied to a selected company

Summary

This bachelor thesis focuses on assessing the role of social media in modern marketing and its influence on business development. The concept of SMM (Social Media Marketing) and its techniques and potential use in the marketing and advertisement activities is further analyzed. This is investigated in detail in the practical part which elaborates on the use of social media marketing possibilities on the example of a real developing company that owes its existence predominantly to SMM methods. The purpose is to determine the efficiency of social platforms in the context of marketing as well as all possible ways of their utilization, based on the data from a specific example of a company that has employed this approach.

Keywords: Social media, Social Networks, Business development, Facebook, LinkedIn, Instagram, Advertisement, Social Media Marketing, SMM, Market research

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1   Introduction

This thesis is focused on a evaluating social media platforms functionality for marketing, with an emphasis on testing their efficiency on the example of a real developing company. Theoretical part includes the description and classification of most common and established social media platforms in the context of marketing and advertisement; lists their features and potential ways of utilizing them in regard to business development. Practical part is dedicated to analysis of applying of previously described SMM techniques through the experience and strategy of a business enterprise (TimeSpace start-up). The purpose of the conducted research is to decide whether above mentioned theoretical inferences have functionality when applied to practice. It is a generally accepted fact that we live in a world of digital technologies. The Internet is an integral part of almost everyone's life. Nowadays a huge number of transactions in the economic and business spheres, business operations of all sorts (such as communication with clients, advertising, money transfers, etc) are carried out mainly through Internet. In fact, it would be more correct to say that most of those operations would have been impossible without the Internet. Since its creation the Web had served people as a enormous information source, but throughout time it has evolved into being worldwide operational field as well. Computer technologies and the Internet are our daily reality and the inevitable future and every business enterprise has to adjust to this in order to exist in realities of the 21st century. Given the above, this further explores the concept social media marketing and the ways it can be applied to business development.

2 Objectives and Methodology

2.1 Objectives

This bachelor thesis focuses on assessing the role of social media in modern marketing and its influence on business development. This includes examination and evaluation of various social media marketing techniques and their efficiency in creating marketing strategies for business enterprises. Thus, the goal is to determine whether social media platforms can serve as effective tools for promoting goods and services as well as for increasing brand awareness. This work is divided into two parts. The first theoretical part describes social media platforms and networks as applied to business; their advantages, features and an analysis of the most common social media platforms in a modern marketing context. Practical part concentrates on utilizing previously described SMM techniques by example of an existing business.

2.2 Methodology

Combination of qualitative and quantitative methods was applied (with the emphasis on qualitative research). That includes abstraction, classification, qualitative and statistical data analysis and data interpretation. The second part of the work features Porter's 5 forces and SWOT analyses, case study research with elements of narrative and field research, as well as inductive reasoning on the example of a real business enterprise.

3 Literature Review

3.1 The background of the social media marketing

3.1.1 Social media Marketing

Given the introduction above, I would like to focus on the phenomenon of a *social media marketing*.

Social media marketing (SMM) is a type of online marketing that refers to creating and spreading content on social media platforms and networks in order to meet advertisement and marketing objectives. Social media marketing may include activities like sharing text and

image updates, and other type of content to ensure audience engagement. (Trattner, C., Kappe, F.: <u>Social Stream Marketing on Facebook: A Case Study</u>. International Journal of Social and Humanistic Computing (IJSHC), 2012.)

Generally speaking, this implies the use of social media platforms for business purposes of any kind. For starters, it would be logical to concentrate on defining the notion of social media. Social media can be defined as interactive internet-based applications that use scalable techniques of communication and interconnect users profiles. (Obar, Jonathan A.. "Social media definition and the governance challenge: An introduction to the special issue". Telecommunications policy.)

Facebook, Instagram, Twitter, LinkedIn, Reddit, Pinterest, Tumblr, Youtube, Snapchat, SoundCloud, Spotify etc – social networks and media platforms cover every aspect of our lives. Social media is a phenomenon that has gained unbelievable popularity in the last decade, and they are in a constant stage of rapid development. If initially a large part of social networks was created as a means of communicating with friends, over time they turned into something much more influential. The idea of this work is to study the role of social networks as a tool for doing business, because I believe that their role will increase every day.

3.1.2   Social media and networks as applied to business

Social networks have proven themselves to be one of the most effective tools for promoting goods and services, using which it's possible to increase brand awareness, quickly share news with customers, attract a new audience and gain loyalty of customers. Many business enterprises actively use social networks to promote their product.

3.1.3   Social media advantages

 Social networks have many advantages over other mechanisms of online marketing, contextual and other standard advertising tools. Brand recognition, interaction with the right audience, sales boost – those are tasks that can be solved with the means of social networks. But the main advantage of social networks is *targeting* - focusing advertising campaign on a particular segment of potential customers. Targeted advertising is one of the most useful channels of social media marketing. Researching social networks can make company's advertising campaign as specific as necessary. How? Because most users have long been registered in social networks and reported themselves to the maximum: the place of residence,

interests, gender, age, marital status, religion, education, hobbies and much more. As a result, the PR / SMM-specialist has a huge amount of information to implement an advertising campaign for the right target audience.

Another important advantage of social networks is *interactivity*. In the case of most marketing tools, work with the audience is constructed in a narrowed form: the advertiser presents information about his product and is not able to instantly receive feedback. Advertising via social networks allows this action two "sides": users and potential customers can exchange information, participate in discussions and surveys. As a result, there is a deeper interaction with the target audience. That's why today most companies have pages in the several social networks. For example, below is a diagram from showing the level of engagement in different social media platforms for year 2016, with **Facebook** leading the scale:
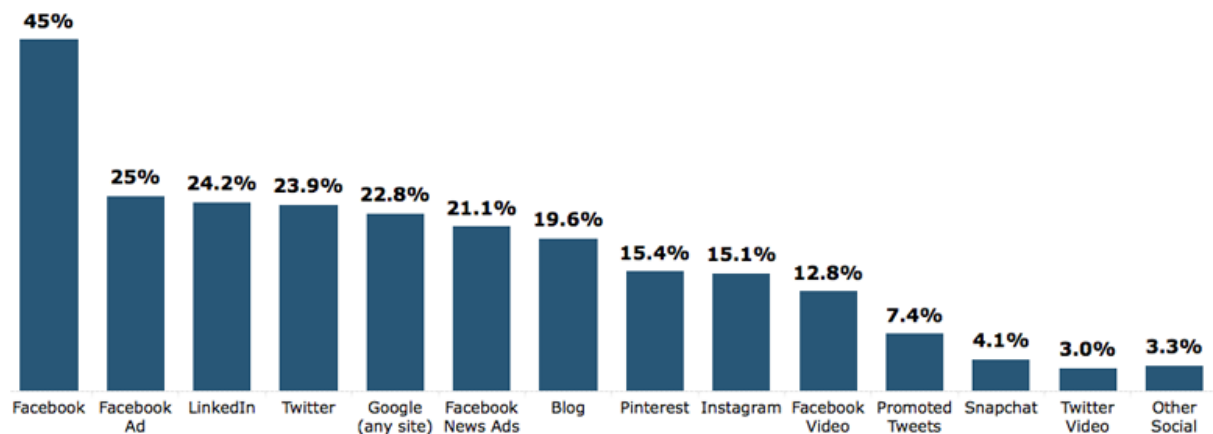
Figure 1: SMB's Use of social media platforms
Source: MarketingCharts.com, December 2016

Another factor worth mentioning is *viral marketing*: using social media users themselves often share information about services.

Social marketing statistics:

Here are some important social marketing statistics found while researching related data:

1. Adults of age 18-35 are most likely to follow a brand through social networks (95%). (Source: MarketingSherpa.com)
2. 71% of consumers who have a good social media service experience with a brand are likely to recommend it to others. (Source: Ambassador.com)

3. Visual content is more than 40 times more likely to get shared on social media than other types of content. (Source: HubSpot.com)

4. Mobile commerce makes up 30% of all U.S. Ecommerce. (Internet Retailer, 2015) (Source: HubSpot.com)

5. 53% of marketers say blog content creation is their top inbound marketing priority. (Source:HubSpot.com 2017)

6. 88% of marketers want to know how to measure their return on investment for social media activities. (Social Media Examiner, 2015) (Source: HubSpot.com)

7. At least 61% of those investing a minimum of six hours per week in social media marketing. (Social Media Examiner, 2015) (Source: HubSpot.com)

8. More than half of marketers who've been using social media for at least two years report it helped them improve sales. (Social Media Examiner, 2015)

9. 90% of all marketers indicated that their social media efforts have generated more exposure for their businesses. (Social Media Examiner, 2015)

10. 64% of marketers are using social media for six hours or more and 41% for 11 or more hours weekly. (Social Media Examiner, 2015)

The above illustrates how social media plays a crucial role in marketing nowadays. As it was shown in the table before, Facebook remains the most popular social network for purposes of communication as well as for online marketing.

3.1.4 Online marketing with the use of various social media platforms

Online marketing with the use of Facebook social media platform:

Social network, which might be the most important to consider in the framework of this work is Facebook. Social marketing through this platform changes the way of interaction with customers. This is a powerful tool which makes it possible to reach a vast audience. In this network really succeed not only in big brands, but also in small companies with a modest budget and startups.

According to a Google release on Web Traffic data on 28 May 2010, Facebook is "the king" when it comes to a number of online visitors regardless of its privacy breach criticism. Today there are around 540 million Facebook accounts (active and non-active), which is slightly more than 25 percent of the whole Internet population. There are 350 million active users within these 540 million accounts. Nielsen Scan's research done in October 2009 states that

the number if citizens using social media websites has continued its growth last year, with emphasis on audience for the most popular social media site, Facebook.

According to statistics, more than half of the world's largest companies have a Facebook account and every fourth advertisement placed on social networks is placed on Facebook. Facebook has more than 1.8 billion users around the world
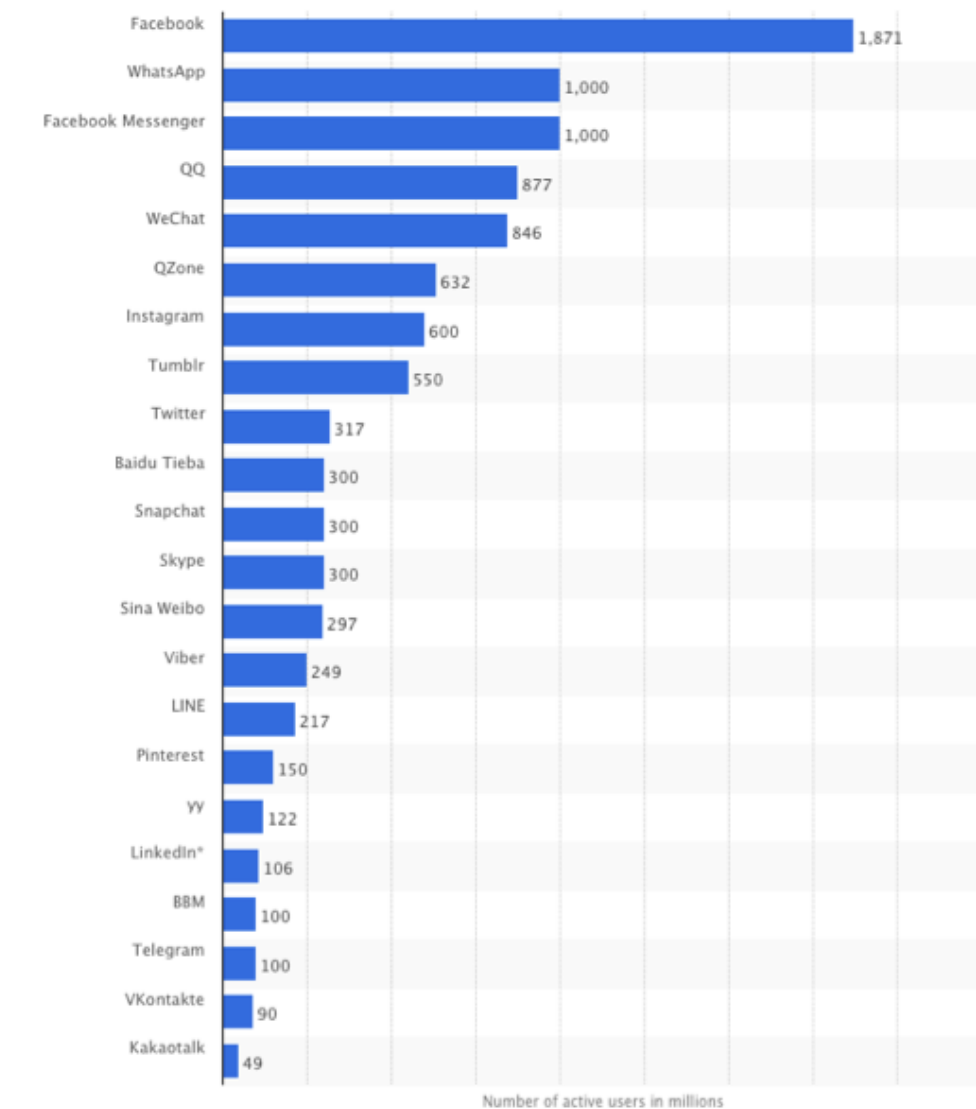

Figure 2: Social networks worldwide ranked by number of users, January 2017 (available at www.smartinsights.com).

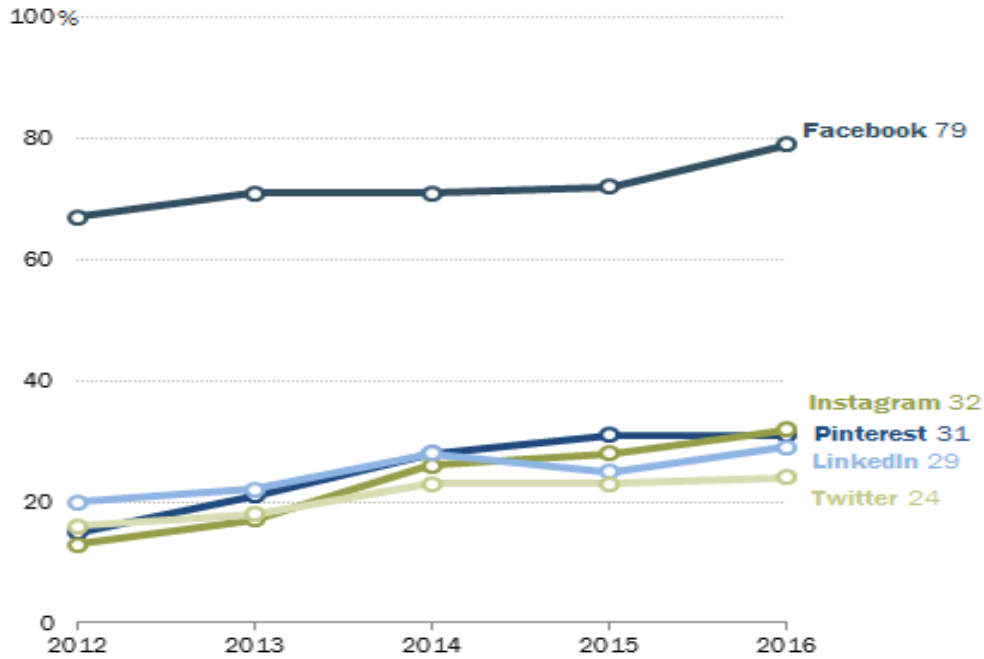|	Facebook	Twitter
Target for potential clients in the B2C	Stand-alone website that allows for the inclusion of photos, detailed information, videos, and other business applications.	Limited in this area. Need to related Twitter accounts link to a website or Blog to gain this kind of flexibility
Target for potential clients in the B2B	Only allow people get the information who have Facebook account	Viral Marketing flexibility and create a greater domino effect even do not have many followers and it can distribute to everyone even who have no Twitter account
monitor what people are saying	Same feature as Twitter but not user friendly	Provide search feature that allows you to enter a subject and good for tracking increasing or declining trends
Internal Viral Marketing benefits	Greater internal reach because Wall feature is much more interactive	Less internal reach of internal communication devices
External Viral Marketing benefits	Less external reach	Greater external reach, because Re-tweets are externally measurable and their broad based Internet search impact is stronger
Ability to build a large network	Able to build a large network of qualified followers in the shortest amount of time to help brand and market a product or service.	
Best platform for direct Internet communication	Instant message feature that allows you to communicate globally	Direct message component that allows you to alert or update a select follower but it much slower than email

Figure 3: *Social Media Update on April 4,2016*
Source: *Smart Insights (https://www.smartinsights.com/social-media-marketing/social-media-strategy/new-global-social-media-research/)*

Report done in 2010 '2010 Social Media Marketing Industry Report' says that Facebook, Twitter and LinkedIn are three social media platforms most useful for business, and once again, Facebook holds the first place due to being more multi-functional. Here is a table comparison between Twitter and Facebook.

- Facebook has a useful format for providing a feedback, in the case of necessity to obtain information and it effectively realizes the need for user's personal communication with friends. This complexity and quality of the audience make Facebook effective for the promotion of brands.
- "We can target people who are interested in and who are involved in, and create an experience that is relevant to. Facebook's self-serve advert interface is better than any other advertising platform on the market." - Ezra Firestone, Co-founder, Boom! by Cindy Joseph

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- It is necessary to describe main methods of using Facebook as a tool for web marketing (as provided by blog.hubspot.com) :
- Facebook Ad. «These ads appear on the right of a user's Facebook profile and newsfeed. They appear as ads from the specific company, and have a social interaction component. This is a simple form that can send the user to an external page, or your Facebook business page.» (hubspotblog.com)
- Sponsored App. «If your business has an application on Facebook, you can also sponsor an app» (hubspotblog.com)
- Promoted posts. «Promoting a post that is on your page can help you get more visibility for a specific offer, event, image, or announcement - it sends the person back to the offer on your Facebook page, and helps increase engagement on these posts.» (hubspotblog.com)
- Event Sponsorship «The last form of the traditional advertising you can do on Facebook is a Sponsored Event. Here you can increase the attendance of your event by showing the ad to people who are likely to sign up for your event.» (hubspotblog.com)

There is also an option for Facebook pages that is called *Facebook Insight*. As Facebook Help Centre explains, it will help to measure audience reach (for example, number of visits, clicks), impact (e.g., fan adds), responder data (e.g., gender and age), and engagement (e.g., video plays and wall posts) of visitors to the given page. The benefit of using Facebook Insights is regular and detailed informational updates on the success and growth of the page. This way, business enterprises can know detailed statistics about the demographic range of their visitors and amount of the fans communicating with their page.

All in all, conducted analysis of several research reports and articles makes it fair to conclude that Facebook is a useful and necessary business tool for companies, which is able to create exposure for an enterprise within a short period of time. Apparently, using Facebook as a marketing tool has also proved convenient for communicating with clientele and establishing new partnerships. It should be noted that Facebook is one of many other social services that can help in the business of your company. It would also be fair to note that Facebook has its certain flaws and disadvantages that other social media platforms lacking, therefore interconnecting with them (as it has been already done with Instagram in 2012, for example) could make it more broad and powerful.

3.1.5 Twitter

Twitter is a short message exchange system that allows you to send messages ("tweets") up to 140 characters long to people who follow your blog (the readers). Office of the company Twitter Inc. is based in <u>San Francisco</u>, <u>California</u>, <u>United States</u>, and has more than 25 offices around the world. According to Wikipedia, it has been created in March 2006 and almost immediately gained huge popularity. Interestingly, it was one of main sources of news during 2016 U.S. Presidential election

Twitter could be used as another online marketing tool with which works in real time regime. More and more small businesses use Twitter, as it is free and effective promotion tool. One of the main components of Twitter is the opportunity to influence the followers of your brand. Let's take Tommy Hilfiger Fashion Show as an example. The task of the show was to discuss fashion and encourage people to follow the style developed by the brand.

Eventually, 460 million organic displays were generated as a result of campaign, which resulted in the acquiring of more than 4,000 new followers people daily throughout the whole show. Long-term benefits can be seen in the fact that Tommy Hilfiger turned these subscribers into new customers. Another automotive company that gained from using Twitter is Mercedes commercial, a couple is shown during intense car chase. Unlike the usual television commercials that people are used to, commercial from Mercedes was absolutely sudden and impressive: users were asked with tweets to choose which of the two endings of the video they want to see next. As it gained solid amount of attention it also gained an enormous recognition and proved to be extremely effective advertisement. Generally, Twitter has proved to be very influential for generating customer's content. In conclusion, Twitter for business can be used for making connections, expanding client base and attracting new customers, Twitter has a very high speed of information exchange, which makes it easier to monitor your brand online. There are some examples of how business accounts on Twitter are successfully used as a service for customer support. Thus, Twitter can become a channel for operational communication with consumers of your product and an excellent channel for online communication.
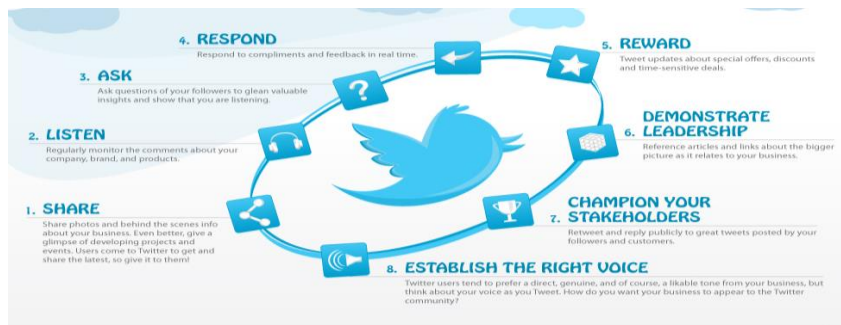
Figure 4: Twitter Business Account Features Overlook

(Source: www//contentmarketingtoday.com)

3.1.6 Instagram

Nowadays it is difficult to meet a person who is not familiar with this name. Wikipedia's definition of Instagram is a "mobile, desktop, and Internet-based photo-sharing application and service that allows users to share pictures and videos either publicly or privately". It was launched in October 2010 and has over 400 million active daily users. In October 2013, Instagram started monetization programs, announcing that, "over the next couple of months", video and image ads would begin to feature in between users' photos in the news feed for users, A sample ad from Instagram, featuring the text marked "Sponsored" at the right of the image was released first, with only a very limited number of brands being allowed to advertise this way in the early stages of implementation. However, this was the beginning of Instagram's turning to brand promotion tool from simply being social network for personal purposes.
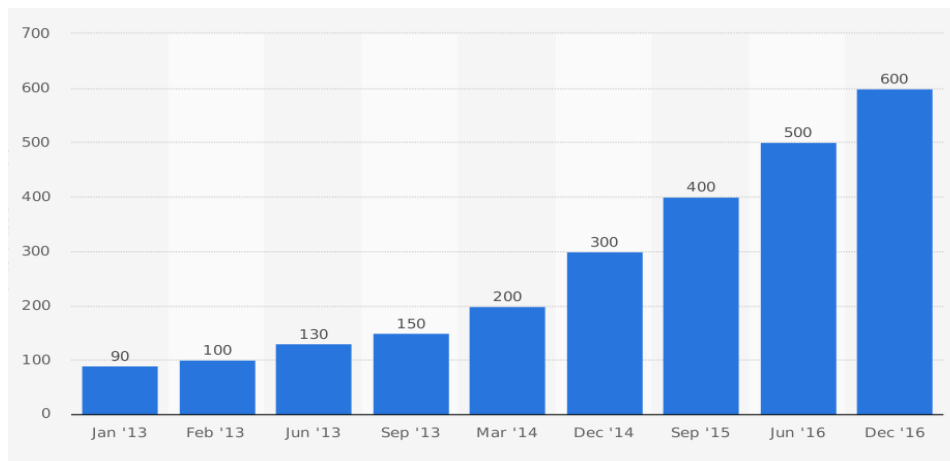
Figure 5: *Number of monthly active Instagram users*
Source: from January 2013 to December 2016 (available at http://mediakix.com)

 In May 2016, Instagram announced the launch of new tools for business accounts, including implementation of new "business profiles", "Insights analytics" and the ability to turn posts into ads from the Instagram app straight away. However, to be allowed to use such tools, businesses had to own a Facebook Page. In February 2016, Instagram revealed that it has 200,000 advertisers on the platform. That number increased to 500,000 active advertisers in September and to one million in March 2017 later. Interestingly, more than 50 percent of its users are younger than 30, which means its audience is mainly younger than Facebook, Twitter, LinkedIn, and Pinterest users.

Daily Instagram publishes up to a thousand million photos from all over the world. As you know, Instagram has been gaining attention year by year, being one of the most dynamic and fast-growing social networks in the world. In connection with the fact that more and more companies come to the Instagram to communicate with their audiences, this social network began to lack the differences between the profile of the average user and the profile of companies and brands.

To focus on the ways of using Instagram as a potential tool for business development, it should be noted that Instagram is a social network which specializes primarily in photos taken from a mobile phone or tablet, and therefore the main advertising content will be of a visual nature contrary to, for example, Twitter. Surprisingly, this format has proved to be preferable to many, because it saves time and requires less mental effort. Also it is possible to upload short video clips on Instagram now (no longer than 15 seconds), which adds even more

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opportunities for an intelligent marketer (basically, it allows creation of short commercials). With the right approach Instagram could be used to increase the visibility of a company, product, application or service, to help potential customers learn more about your products or services, boost sales and the number of downloads of mobile applications and store attendance.

Apart from the visual content like photos and commercial videos, another rather unusual way of bringing attention to company's brand is making arrangements with influential people of Instagram – *influencers.* Influencers can be celebrities, or simply popular Instagram users with interesting accounts, in whose opinions people are interested in. Because of its highly interactive user base, Instagram is a great platform for companies to partner with influencers to gain new customers effectively and quickly. Influencer marketing removes limits of a typical advertisement, as the potential customer is introduced to your product from their trusted source (the influencer) on an casual platform (Instagram). Brand awareness is also an objective for many business enterprises, small and large, and influencer marketing on Instagram is an effective way to introduce your brand to an audience. It's not necessary to have enormous budget, create new product or discount code in order to enter Instagram influencer marketing, and it's possible to further promote your product through branded Instagram *hashtag* system.

In conclusion, we can say that Instagram certainly gives brands recognizability, customer loyalty, and possibility for reputation management. Generally, it involves businesses sharing content on their Instagram news feeds with the intention of achieving their respective marketing objectives.

3.1.7   Youtube

Currently there is a tendency to refrain from viewing television. The main reasons for this tendency are hostility of political propaganda, big number of poor quality TV series and content in general, stressing abundance of advertising The amount of video and audiovisual information accumulated in Internet today greatly exceeds the timeline of all movies and TV programs ever created earlier in history. Viewing videos on the Internet via computer and mobile devices turned to be one of the most common everyday network activities. Internet is ruthlessly replacing television. Statistics and analysis does not overlook the growing popularity of internet resources like *video hosting*. Video hosting websites are sites that allow

to download and watch videos in the browser through a special player (Flash player). Viewers themselves decide what they will watch, the time spent on video hosting is typically not limited (on average is 9-10 minutes). Advertising in video often becomes the main source in the monetization of such websites. Youtube is surely a platform everyone is familiar with. Apart from usual sponsored commercials on Youtube, various video interviews, reviews, broadcasts, review, recommendation, tutorials even simple mentions of a product or service, etc. - everything will be effective, because subscribers of the given Youtube channel will inevitably see or hear the advertisement. The success of the special video advertisement project often depends on the delivery of the message to the consumers. The phenomenon of *viral video marketing* is that in the estimate costs of the advertiser include only funds for development and filming.

This type of promotion is understood as a set of marketing techniques, based on the creation or dissemination of useful for the consumer information in order to gain trust and attract potential

clients. Video hosting provides opportunities for these purposes, such as simply creating your own channel and filling it with content that fosters achieve maximum audience response. Often it does not even require additional costs (some hostings allow to create advertising channel for free). The advantage of content-marketing is that with it helps enterprise promote the product unobtrusively and creatively. Over time, YouTube has become such significant phenomenon that TV is compelled to reckon with it: many media companies create official accounts on YouTube.

3.1.8   LinkedIn

LinkedIn is a social network whose goal is to bring together professionals from all over the world to increase their success, productivity and career growth. The network is quite popular, and has more than 200 million users from 200 countries, representing about 150 business branches. There are 19 different language versions of the site, but most users are from the US. Actually, following the original purpose of given social media platform, even simply having a LinkedIn profile, building your connections and keeping your account updated, you can get

the attention of potential clients, customers, venture partners and influencers. When it comes to B2B market LinkedIn is able to compete with Facebook for the first place.
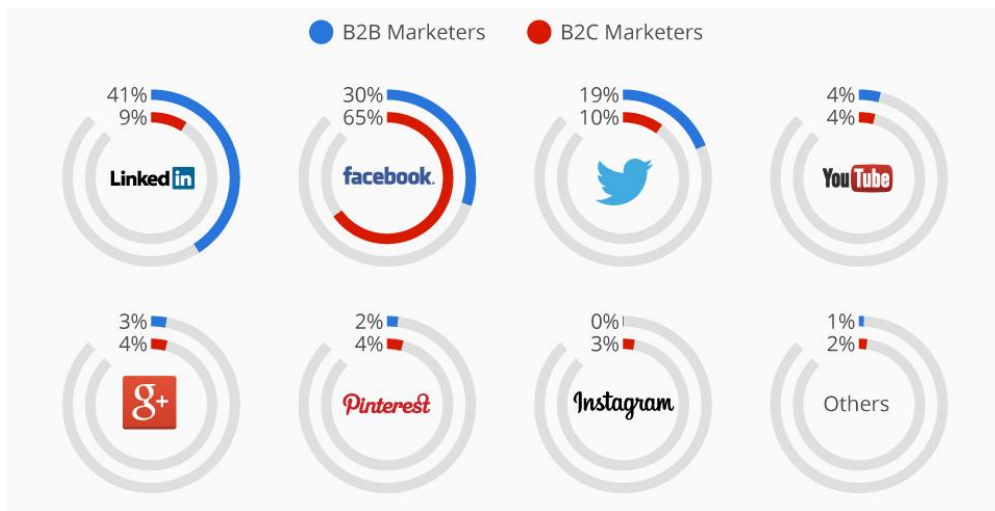

Figure 6: B2B and B2C Marketers compare
(Source: www://diginomica.com)

Registered LinkedIn users have the possibility to create and establish their business contacts for following purposes:

- Representing yourself as a professional through your contacts and their gradual expansion;
- Search for highly qualified staff;
- Search for business partners;
- Search for contacts of other companies;
- Publication of vacancies and summaries;
- Create interest groups.

LinkedIn systems makes it easier to search for new customers through the system of Internet recommendations. Each of your customers can post a recommendation in your LinkedIn profile, which will be distributed to all the contacts of this given contact, which implements a "word of mouth" effect.

Attraction of suppliers is also possible through the network of recommendations, and actually it is possible to accomplish the reverse task - to find a person or firm to do the work not of your professional sphere. With other LinkedIn options it is also easier to:

 - Create your own network of industry links with the help of groups. With the help of groups you can follow the popular events of your sphere, find out where potential customers are going, follow the innovations of the industry and find for themselves many more interesting things.

 - Get advice on emerging complex business issues. Here you can always find a professional who, perhaps, will want to share his experience on the issue that interests you.

 - Search for financing. Many start-ups use LinkedIn to find investors. Active campaigning of your company in LinkedIn may prompt investors to cooperate.

 - Interact with colleagues. Many companies in LinkedIn already have their profiles with key information about their activities and employees, which can be very useful in a competitive environment.

 - Form a trust in the company. The publication of articles on the LinkedIn blog on professional topics will help to form a positive opinion of your competence to the clients, which contributes to the company's overall reputation.

LinkedIn is the social network most focused on the professional side of communication, which, however, lacks the interactivity Facebook has, or the possibility for visual advertising, like Instagram, but nevertheless it is a media platform with excellent potential, especially for recruitment and establishing partnerships.

Summary of utilizing social media platforms for SMM

Recognition, expanding customer base, good advertisement and managing communication with customers is important for any type of business. Today, most of the communication with customers is done via Internet, and the best intermediaries of this communication are social networks and social media platforms.

Many will agree that the future belongs to technology and the Internet. The emergence of social networks has been a phenomenon of recent decades, a phenomenon that presented hundreds of remarkable opportunities and changed the familiar format of business conduct. Almost all existing social networks already develop and implement some business tools in their structure. Due to social media platforms impact the "rules of the game" for companies operating in modern business environment have changed. The success of any strategy in social networks is ultimately determined by its ability to connect with people on an

immediate, human level, so the company's social media strategy should be designed to connect with users at that level, which also includes their professional status. In a certain way, that interactivity beautifully brings together supplier and customer, opens up many new opportunities and may potentially change the format of B2C business relationship, as well as providing new, more efficient and broad platform for all sorts of business operations.

4 Practical Part

Practical part of this thesis includes a real-life example of applying social media as a tool for business development by the example of **TimeSpace business start-up.**

In the late spring of 2017 four Economics students of Utrecht University of Netherlands have created a start-up which in less than a year has turned into a fully functional profitable business which currently operates in two buildings with an opportunity of expansion to other cities. It required a little to zero financial investment or starting capital but actively utilization of social media and growing advertising possibilities it provides. With that being said, TimeSpace was further analyzed.

4.1 Enterprise profile

4.1.1 TimeSpace Business Model

TimeSpace is a good example of what can be described as successful community-binding "third place", with first one being person's home, and second is office. Their original idea was to make studying a social experience by creating a place, which stimulates communication, sharing of knowledge, experience and support within the student community.

Their idea is to develop a space where each visitor is encouraged to participate in building and development of the community surrounding the Time Café. The functioning of the Time Café is based on the premise that it belongs to the people who attend it, and they are free to spend their time, as well as to contribute to development of the place, as they please. Moreover, we aim at the cultural development of the young society by organizing cultural, educational and social events.

Therefore, TimeSpace in Utrecht aspires to become a heart of the student community, where people help to create and develop the place, make it alive and bring their vision to it. TimeSpace aims at becoming a home away from home in a sense of psychological comfort and a cozy atmosphere.

The growth in popularity of the concept is in line with development of the sharing economy, in which the boundaries between person's home and work place become increasingly blurred due to development of internet technologies, which allow many professionals to work and perform transactions from pretty much any place with a stable Wi Fi connection and a laptop.

Therefore, these tendencies created a demand for places where one would feel comfortable not to just socialize and spend their free time, but also to work and study. However, a third place which provides internet access may create a hollow effect in a sense that visitors are physically present, but do not make social contact with each other, being absorbed in their remote connections. This is also the case for the students who come to study to the library, where people mostly socialize with people they already know, without establishing new connections. TimeSpace aims to address this problem by creating environment which allows for both comfortable study and work environment, but also fosters creation and development of new connections by providing separate, but closely related spaces for study/work and leisure.

Therefore, TimeSpace is a timely concept, which reflects demands of the modern society and strives to make studying a more social experience, fosters connections and aims to create encouraging environment.
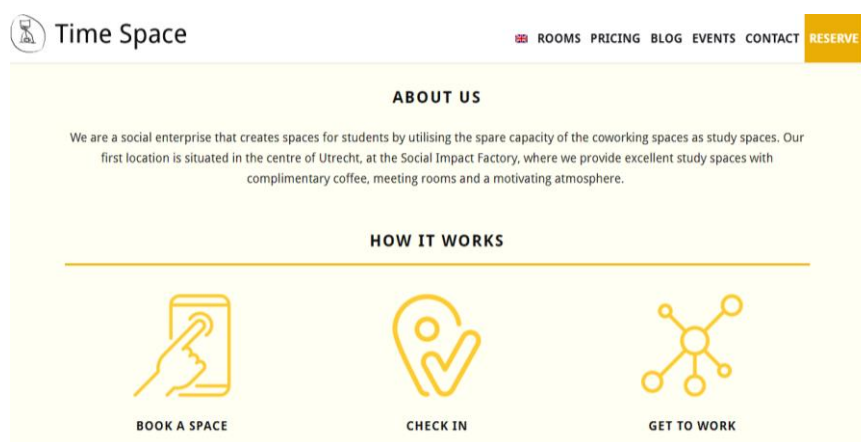

Figure 7: TimeSpace website interface outlook
Source: http://timespace.nl/

TimeSpace describes itself as a "social enterprise that creates spaces for students by utilising the spare capacity and abundance of coworking spaces as study spaces". :

"We are a social enterprise that creates spaces for students by turning the spare capacity of the co-working spaces into study spaces. Our first location is situated in the centre of Utrecht, at the Social Impact Factory, which provides excellent study facilities with complementary

coffee and tea, meeting rooms and a motivating atmosphere.” – TimeSpace team, website header (source: http://timespace.nl/)

In short, their concept is that they provide study place with unlimited coffee and snacks, where customers only pay for a time spent there (per hour).

Below is their primary business canvas for better understanding of the concept.

Key Partners 🔗	Key Activities ☑	Value Propositions 🎁	Customer Relationships ❤	Customer Segments 👥
University organizations	Providing a place for meeting, working and socialization	Newness	Warm attitude	Niche Market:
Artists and all people that want to promote their activities	Organizing activities	Uniqueness	Selfservice	Students
Student associations		Affordability		Youngsters
	Key Resources 🗃	Comfortableness	**Channels** 💬	Cultural People
	Space (Apartments)	Cultural Development	Promotion through Students networks	People that meet in the center
	Human Resources: Creative Team	Diversity	Organization of events	
	Financial: Initial Investment		Personal communications	

Cost Structure 🏷	Revenue Streams 💰
Rent	Time people spend at the Time-Café
Salaries	
Coffee, tea and snacks	

TimeSpace primary business canvas
Source: http://timespace.nl/

4.1.2 Business strategy:

This business model neatly represents the core Unique Benefit Propositions to the customer, which are defined as competitive advantages *relative* to competitors. In their case, TimeSpace offers several UBS which make it a better alternative compared to library and a usual café. First and foremost, it will be designed for the student needs, with the main focus on interactions. These interactions can take forms of project meeting, brainstorm sessions or group study experiences for exam preparation.

On the graphic below, the smaller nodes attached to five main UBPs are resources that allow the UBP to exist. In the case of co-studying experience, the main resource is availability of specially designed space which allows talking and collaboration. At the same time, for relax and take-a-break purposes it is important to have a relaxed atmosphere in general.

The environment in which this co-studying occurs is non-pressure environment, which is created by relatively affordable prices and free coffee, as well as occasional snacks. The costs are cut by avoiding all the waiters' personnel, except for the barista and administrator, one present at the location and another two being busy with arranging events, collaborating with student organizations and working on business development. The social and cozy atmosphere is what supports the non-pressure and non-stress environment, which should be also visible in the design.

Figure 8: TimeSpace UPB model

Source: own work

4.1.3 Marketing strategy and utilizing SMM tools.

In the previous section, it was said that social networks are a very important and effective platform for brand promotion. Modern social network platforms provide an opportunity to get detailed reports on the ranking of the use of links, articles and distribution of content. The enterprise itself can track the popularity of created social media accounts among users, as well as actions of participants on its platform (for example, using Google Webmaster Tools, Facebook Insights) - to see what attracts the target audience, to know opinions about a particular product and so on. All this ultimately allows to analyze and create a loyal customer base.

TimeSpace has employed several SMM tools for building their brand on social media, such as following:

1.Creation and promotion of brand communities - communities of the company, meetings and events in social networks, development of communities for each product of the company, support of groups and communities of employees of the company, etc.

2. Creation and development of own information sites - corporate blog and video blog, online TV, RSS-marketing, placing social bookmarking resources, build partnerships in social networks, etc.

3. Promotion of content - video content, articles on Wikipedia, distribution of unique free content (such as e-books), distribution of social releases,.

4. Interactive actions - webinars, special events, surveys, social network games, incentives such as free visits, discounts, etc.

5. Creation and promotion of interactive elements - promo applications, widgets, promotion of "representations" of the company in applications of social networks.

6. Working with influencers - attracting a well-known personality (Instagram and YouTube celebrities e. g)

 Let's analyze how this business used social media platforms, and what tools and options were involved in the practical example

Despite the fact that TimeSpace is present on several social media platforms, such as Linkedin and Instagram , their primary operating (and the most powerful) platform is Facebook.
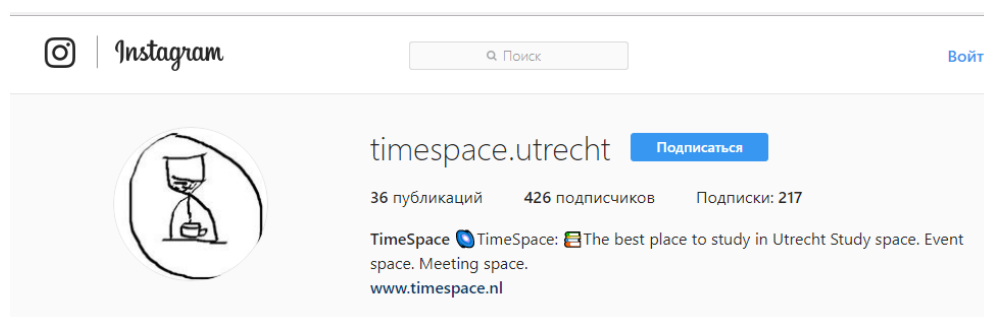

Figure 9*: TimeSpace on Instagram

source: www.instagram.com/timespace.utrecht/?hl=ru

Linkedin

Figure 10: TimeSpace on LinkedIn

Source: LinkedIn.com, linkedin.com/company/timespace-utrecht)

4.1.4   Facebook as a primary SMM tool:

Facebook account for TimeSpace was created and is now used to establish online interactions with potential customers as well as get their feedback on the idea prior to opening. Social media allows engaging many people with little costs attached. To keep customers engaged, appropriate and engaging content will be continuously created, which initially features preparation of the TimeSpace, and afterwards shows either snapshots of the life at the place, or content which may be of interests to time café's customers. Since its target audience is young social media and online interactions play a vital role in the marketing strategy. Therefore, customers are encouraged to feature TimeSpace on their social media. Consequently, integrated marketing is employed, which includes online activities and strives to create as much interest and buzz about the opening of the place as possible, which has already started prior to the opening of the place.
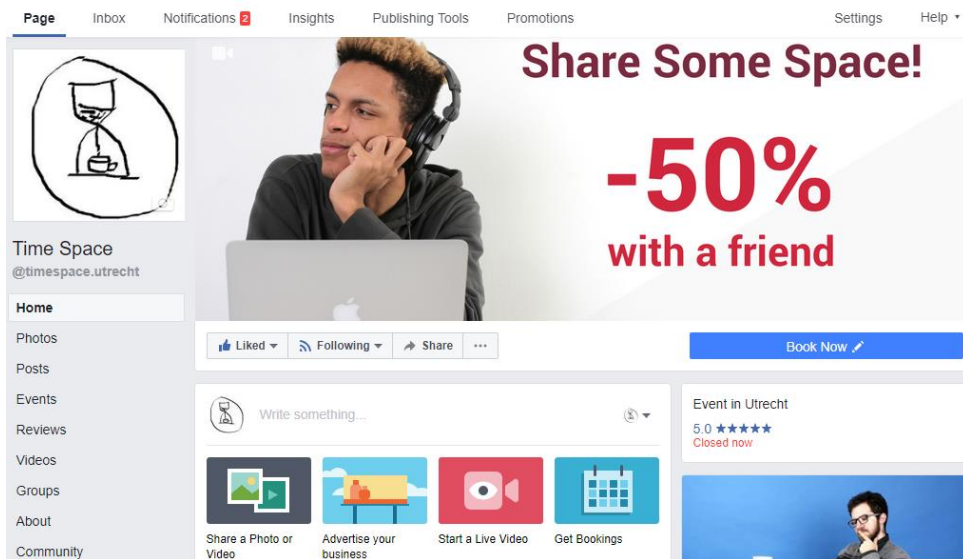
Figure 11: TimeSpace Facebook business account header overlook

Source: TimeSpace Facebook Business page features

Main benefit of using Facebook as SMM tool is that Facebook you can track popularity metrics to adjust the advertising campaign. If the company is gaining a small coverage, then it is possible to make strategic changes at any time. Administrators of Facebook business pages have a choice of features to edit, track, market and maintain their pages. For example, Facebook Insights tool helps administrators to monitor page statistics. It has 14 tabs (Overview, Promotions, Followers, Reach, Page Views, People, Posts, Likes, Messages, Page Previews, Events, Local, Messages). Let's concentrate on most relevant for activity monitoring.

1) **People**

   This tab shows data of the audience and followers of the page. Using its graphs you can trace the demographic and geographical data of page visitors (p.1) Identifying the target audience is a very important step in creating a successful business strategy. That requires socio-demographic characteristics that this feature provides.
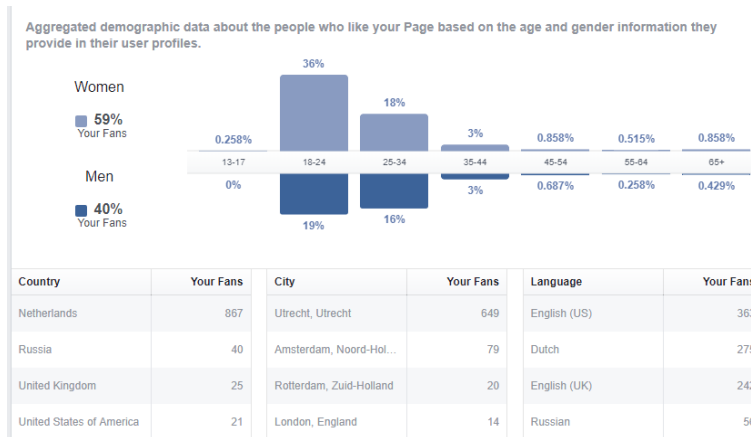
Figure 12: People Tab graph demonstrating follower's demographic

Source: TimeSpace Facebook Business page feature

This feature allows to see gender and location of followers to better formulate the target audience. In TimeSpace's case the main audience is Dutch women living in Utrecht city.

2) **Posts**

Content is a the most vital part of a business page. It's necessary t to adhere to the correct content plan and that's where this feature comes in handy. In this tab it's possible to see time of the days followers are online, all posts published in a period of time, each particular post reach and engagement with an audience.
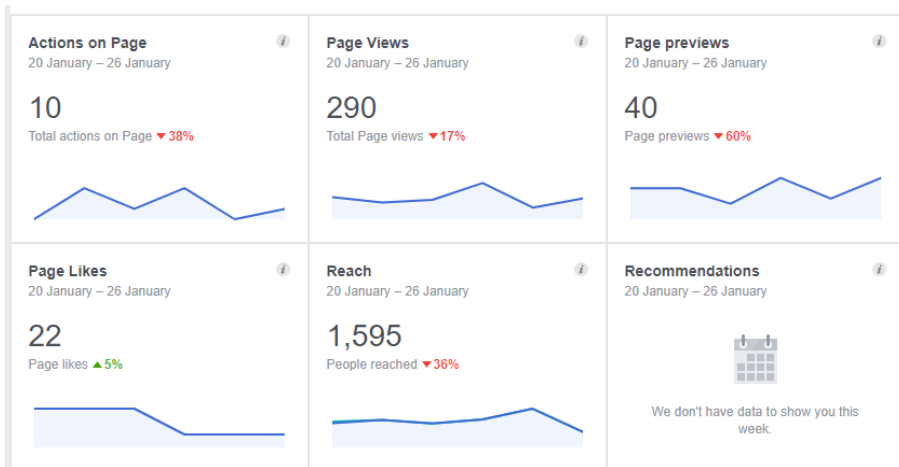

Figure 13: Posts tab

Source: TimeSpace Facebook Business page feature

3) **Overview**

Overview tab is a summary and it includes data of all other tabs, showing number of actions on a page in a given time period, page views, page previews, likes, reach, recommendations, post engagement, followers and number of

videos.

Figure 14: Overview tab overlook

Source: TimeSpace Facebook Business page feature

5) **Promotions**

Figure 15: Promotions tab overlook

Source: TimeSpace Facebook Business page feature

6) Reach

 Total reach is the number of people who saw the action from pages. Including: mentions, publications, visits and promotional ads. Reach includes two types: organic and paid.

Post Reach
The number of people who saw any posts by or about your Page.
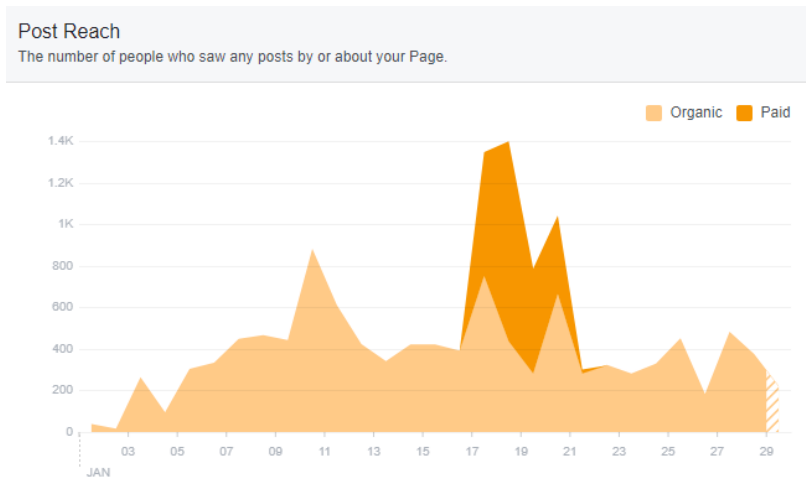
Figure 16: Reach graph

Source: TimeSpace Facebook Business page feature

7) **Followers**

Feature allows to track followers growth. Figure below show the TimeSpace followers increase from June (approximately two hundred) until today (1,195)

Total Page followers as of today: 1,195

Figure 17: Total Page followers per day

Source: TimeSpace Facebook Business page feature
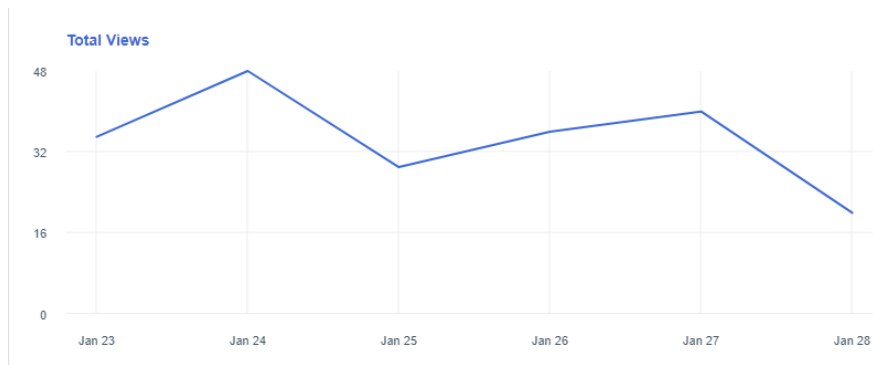
8) **Page views**

Figure 18: Page views graph

Source: TimeSpace Facebook Business page feature

Generally, the content is posted daily, 1-2 times a day. Average publications gain about 10 likes. Also, Facebook Insights allow to export and download data in forms of Excel files.

Another important tool enabled by social media platform worth mentioning is *crowdsourcing*. According to crowdsourcingweek.com **, "crowdsourcing** is a model through which organizations have a chance to receive goods and services, including ideas and finances, from a large, relatively open and often informal group of internet users".

Initially, TimeSpace's strategy was to accumulate starting capital from the small contributions people would make. Organizators directed and filmed an advertisement video describing their idea to the public. Lack of study places in big cities in Netherlands is an existing problem, so many people, mainly students were actually supporting this. Crowdsourcing strategy proved to be efficient, but in a rather unexpected way as eventually their concept caught eye of SIF organization (https://sifutrecht.nl/), who offered TimeSpace partnership. This collaboration provided them with a whole building to use, own website and an app.

It also has to be mentioned that TimeSpace has also eventually gained popularity with local students and got endorsed in several Dutch magazines and newspapers. F.5 shows an interview with Generatie GEEL magazine.

Ken je dat? Je wilt studeren in de bibliotheek maar het is zó druk en vol. Super frustrerend. Nou, dat vonden de oprichters van Time Space dus ook. Met z'n vieren startten zij een plek waar studenten kunnen studeren, netwerken en zelfs studiebegeleiding kunnen krijgen. Ook worden er regelmatig evenementen gehouden. Tegen een schappelijke prijs kun je daar in alle rust studeren! Wij, van Generatie GEEL, waren heel benieuwd naar het verhaal achter Time Space. Daarom hebben Daphne, Daniek, Mascha en Solenn dit interview afgenomen. Bekijk de video van het interview als je net zo nieuwsgierig bent als dat wij waren!

Figure 19: TimeSpace founders interview excerpt, 2017

Source: Generatie Geel magazine, www.generatiegeel.nl

4.2   Analyses

4.2.1   SWOT analysis and Five Forces model

For better understanding of TimeSpace operational structure and perspectives theconducted SWOT and Porter's 5 analyses have been conducted. **The SWOT** analysis helps to determine opportunities for expanding and helping to reveal potential threats. It's possible to deal with potential threats by calculating the average costs assumed per person. Active marketing prior to opening will ensure sufficient exposure and attendance.

1) **Strengths**

   Fresh business model, proven to work

   Limitless opportunities of applying various SMM methods

   Possibility of involving crowdsourcing

   Diversification in functional purposes

   Simplicity and Affordability

   High turnover and Adaptability

2) **Weaknesses**

   Revenues limited by the capacity

Seasonality

Legal Uncertainty

3) **Opportunities**

Find a key extra service that will be demanded

Becoming popular among other demographic segments

Wide spreading to every social media platform possible

Acquiring online customer base

Expand into a chain and start franchising

4) **Threats**

Overconsumption

Entry from" me-too" Time Cafés

Lack of followers involvement

In the future, TimeSpace expects the opening of other me-too business. As the model of the business is simple and transparent it is relatively easy to create a similar place by future entrants. Therefore, an effort should be extorted towards creating a strong brand and franchise. The best way to ensure long-run sustainability is to create online (through active utilization of explored SMM) and offline framework of interaction which makes each customer to be attached to and derive value from the platform of other customers. What makes an idea efficient is a combination of low costs and differentiation which is almost impossible by the "rules" of business and usually businesses aim only on one side. Therefore, integrated marketing would be employed, which includes both physical and online activities and strives to create as much interest and buzz about the opening of the place as possible, which should start prior to the opening of the place. As the concept is still not known by many, push marketing would be utilized at the initial stages. Furthermore, social media is an important tool in both gaining new as well as keeping engaged current customers.

4.2.2   Trend analysis

Using data from Seats2Meet.com website (available at https://host.seats2meet.com/) , whose system TimeSpace uses for checking people in/recording number of visits, it is possible to

perform trend analysis and predict potential number of customers in future months, which would help in estimating profit increase and approximate revenues.

Based on Table the Trend function was determined as:

Y' = - 55,86 + 85,76 * t

The parameters listed below were displayed after applying linear regression function in SAS Enterprise Guide

Table 1: Number of visits to Time Space recorded via Seats2Meet platform:

Period	Amount of visits	t
May	80	1
June	104	2
July	160	3
August	224	4
September	380	5
October	510	6
November	600	7
December	580	8
January	720	9
February	800	10

Source: compiled by author using linear regression analysis in SAS Enterprise Guide implementing data from Seats2Meet platform https://host.seats2meet.com/

Root MSE	45.63545	**R-Square**	0.9733	Model is described by 96%
Dependent Mean	415.80000	**Adj R-Sq**	0.9699	
Coeff Var	10.97534			

(Source: own work using linear regression analysis in SAS Enterprise Guide)

Parameters of Trend function

Parameter Estimates

Variable	DF	Parameter Estimate	Standard Error	t Value	Pr > |t|
Intercept	1	-55.86667	31.17494	-1.79	0.1109
t	1	85.75758	5.02430	17.jul	<.0001

Table 1: Parameters of Trend function

Source: own work using linear regression analysis in SAS Enterprise Guide

For example, for March Y'(11) = - 55,86 + 85,76 * 11 = 887

Furthermore, the conducted analysis may prove useful in making predictions in regards to increasing the number of visits, clients, as well as the overall estimation of amount of involvement and consequently, the profit.

4.2.3   Five forces model

<u>Rivalry among competing companies</u>

The number of competitors in the catering industry is high. There are similar companies but each has its own style. The industry is slightly growing, as seen in figure 1. But there are chances to sell a differentiated product or service, like ours. We sell a service that is unique in the Netherlands, therefore we have something that differentiates us from our competitors and will attract customers who are interested in the new service we provide. We can predict this, while students are often whiling to invest and participate in new ideas.

People Present	Hours Present	Daily Revenue	Monthly Revenue	Fixed Costs	Variable Costs	Monthly Profit
10	1	36	1080	€ 12 075	€ 305	-€ 11 300
20	2	144	4320	€ 12 075	€ 1 220	-€ 8 975
30	3	324	9720	€ 12 075	€ 2 746	-€ 5 101
40	4	576	17280	€ 12 075	€ 4 881	€ 324
50	5	900	27000	€ 12 075	€ 7 627	€ 7 298
60	6	1296	38880	€ 12 075	€ 10 983	€ 15 822
70	7	1764	52920	€ 12 075	€ 14 949	€ 25 896
80	8	2304	69120	€ 12 075	€ 19 525	€ 37 520
90	9	2916	87480	€ 12 075	€ 24 711	€ 50 694

Table 2: Approximate sustanability

Source: own work

<u>Bargaining power of suppliers in the industry</u>

For the Time Space, suppliers do not play a large role. There are some products that are necessary to offer coffee, tea and biscuits and such to the customers. But those are the only products for which it might be good to make a contract with a supplier. Therefore, suppliers

will not have power, as it is easy to switch to other suppliers or main stores. Other than that furniture and a location is needed, when this is bought there is no other supplying party on

Source own work

which the business depends. As a company, we will be able to buy products at a bulk, what will give us better prices than local supermarkets.

<u>Bargaining power of buyers</u>

Buyers are the customers of the TimeSpace. The number of buyers is great in the city of Utrecht. There is a very dense population in the center, which makes the number of potential buyers large. We offer something which is different from our competitors because we offer not the products but we offer unlimited products so that they stay in our café, for which they pay. According to recent numbers, Utrecht has 322.000 inhabitants. 32% of them is between the age of 27 and 45, and 18% of them is between the age of 18 and 26 years old. This means that there is a big market of young people that study or just started to work. In Utrecht, there are almost 200 entrepreneurs at each 10.000 residents, one of the highest in the Netherlands. Also, there is twice as much cultural start-ups as the national average. These people, young and interested in culture, are the people who form our main buyers.

<u>Threat of new entrants to the industry</u>

The fact that the concept is already successfully implanted in a large number of cities in Russia, London and one in France makes that the concept could be used more and more in the future. One of the threats is that one or more entrepreneurs will start up another Time-Café after the first one is opened in Utrecht. This means that the first mover advantages might not last forever and the café should gain as much customers and brand awareness as possible to stay ahead of possible competitors. Economies of scale will not play such a big role, as the concept will start with one location, and is not focusing on products as much as on a good atmosphere. The capital requirements for a start-up are relatively low and there is not possibility to appropriate the concept in forms of patents or copyrights. The likeliness of copies is quite high. However, the focus on a cozy atmosphere where young people feel at home gives the opportunity to create loyalty. As people know this place first and meet other people here, they might stay loyal customers for a long time.
Also at some point TimeSpace (back then still Time-Café) team employed survey method to assist their competitive power

<u>Competitive profile</u>

KSF	Weight	Time-Café		Library		Simple café's	
		Rating	Weighted score	Rating	Weighted score	Rating	Weighted score
First mover	0,25	4	1,00	0	0,00	0	0,00
Quality	0,25	3	0,75	2	0,50	3	0,75
Uniqueness	0,10	4	0,40	2	0,20	1	0,10
Living room cosiness	0,05	4	0,20	1	0,05	3	0,15
Location	0,15	3	0,45	4	0,60	3	0,45
Price	0,20	4	0,80	2	0,40	2	0,40
Total	1,00		3,60		1,75		1,85

Table 3: Competiteveness comparison table

Source: own work

5 Conclusion

It can be concluded that applying social media marketing techniques have generally proved to be very effective for this particular enterprise and is widely utilized in the modern marketing environment. SMM strategies that could be considered as those with the most utility for business development include: utilizing social networks as a communication channel for marketing, sales promotion, identifying and expanding to the new segments of the market; improving the brand's image and exploring sponsorship options. Recognition, increasing the number of customers, good advertisement and managing communication is highly important for any type of enterprise. Nowadays most of the communication with customers is done via Internet, where social networks and social media platforms serve as best intermediaries of this type of B2C communication. Conducted analyses of social media platforms' statistics demonstrate the functionality of social media promotion features on the web. Apart from the description of SMM techniques and advantages, this work contains a detailed review of a selected company's (TimeSpace start-up) profile, their marketing and business strategies as well as particular SMM tools and approaches they have applied to build their business and spurt its growth. Predominantly, TimeSpace was chosen because it is, in fact, an enterprise that owes its existence to SMM exclusively, as there was no initial financial capital involved. The preference was given to this company (rather than to a larger, more established or well-known corporation) due to the fact that TimeSpace is an exemplary proof of the social media effectiveness in the modern marketing context. In the future, the company plans an expansion to other cities in Netherlands applying the same set of SMM methods. Would a more well-known corporation have been chosen, the data on which the study was based would have been rather abstract and possibly ambiguous, while the development of TimeSpace, from the original concept draft to the point where it's an actual business operating in two buildings with a potential to expand further, was closely observed by author throughout the whole time of its existence. It was an example of their success in creating a functioning business in a short amount of the without investments but through utilization of SMM techniques that largely inspired this research.

Given the digital realities of the modern world, the very format of marketing as we know it will continue to change, therefore the importance of the role of advertising online and social media marketing in general must be taken into account as it might increase dramatically in the near future.

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