**Czech University of Life Sciences Prague Faculty of Economics and Management Department of Information Technologies** 



# **Diploma Thesis**

# Use of Social Media for Marketing and Promotion in the consumer electronics business and its effect on overall reputation in the Czech Republic

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# **CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE**

Faculty of Economics and Management

# **DIPLOMA THESIS ASSIGNMENT**

Bc. Yuriy Partala

**Economics and Management** 

Thesis title

Use of Social Media for Marketing and Promotion of B2C business and its effect on overall reputation in the Czech Republic

#### **Objectives of thesis**

The main goal of the thesis is to compare several B2C companies in the Czech Republic, determine how they widely use social media in business, and analyze their marketing campaigns. Partial goals can be characterized as follows:

- to analyze how these companies differ in ways of using media promotions;

- to determine which social media is more widely used in the Czech Republic;
- to ascertain which type of advertising is more popular across these companies.

#### Methodology

The methodology of this study is based on analysis and synthesis of technical information resources dealing with selected issues. The main method of gathering information for practical part is structured interviews analysis with managers of selected B2C companies in the Czech Republic. The results of the interviews will be analyzed using qualitative research tools. Based on the synthesis of theoretical knowledge and practical results of the findings there will be conclusions of thesis formulated.

#### The proposed extent of the thesis

60 – 80 pages

#### **Keywords**

social media, business, company, advertising, budget, B2C, propagation, campaign, strategy

#### **Recommended information sources**

 DENNIS, C. – HARRIS, L. *Marketing the e-business*. London: Routledge, 2002. ISBN 0415256003.
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# Declaration

I declare that I have worked on my diploma thesis titled "Use of Social media for Marketing and Promotion in the consumer electronics business and its effect on overall reputation in the Czech Republic" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on date of submission

# Acknowledgement

I would like to thank Ing. Petr Benda, Ph. D. for advices and support during my work on this thesis.

# Use of Social Media for Marketing and Promotion in the consumer electronics business and its effect on overall reputation in the Czech Republic

### Abstract

The main goal of the thesis is to compare several B2C companies in the Czech Republic, determine how they use widely social media in business, and analyze their marketing campaigns. Partial goals can be characterized as follows: to analyze how these companies differ in ways of using media promotions, to determine which social media is more widely used in the Czech Republic, to ascertain which type of advertising is more popular across these companies.

The methodology of this study is based on analysis and synthesis of technical information resources dealing with selected issues. The theoretical part analyzes the literature of Czech and foreign authors. The main method of gathering information for a practical part is the visual analysis of marketing campaigns. The practical part of the diploma work is based on SWOT analysis, benchmarking, financial analysis and regression. The last chapter of the work is a discussion chapter.

**Keywords:** social media, business, company, advertising, budget, B2C, propagation, campaign, startegy.

# Používání sociálních médií pro marketing a podporu v podnikání spotřební elektroniky a její vliv na celkovou pověst v České Republice

# Abstrakt

Hlavním cílem této práce je porovnat několik B2C firem v České republice, zjistit, jak široce tyto společnosti využívají sociálních média ve svém podnikání a analyzovat jejich marketingové kampaně. Dílčí cíle lze charakterizovat takto: analyzovat, jak se tyto společnosti liší způsoby využití mediální propagací, zjistit, která sociální média jsou nejvíce používána v České republice a zjistit, jaký druh reklamy je více populární napříč těmito společnostmi.

Metodika této studie vychází z analýzy a syntézy technických informačních zdrojů zabývajících se vybranými otázkami. Teoretická část analyzuje literaturu českých a zahraničních autorů. Hlavní metodou sběru informací pro praktickou část je vizuální analýza marketingových kampaní. Dále je výzkum založen na SWOT analýze, benchmarkingu, finanční analýze a regresi. Poslední kapitolou práce je diskuse.

Klíčová slova: Sociální média, podnikání, společnost, reklama, rozpočet, B2C, propagace, kampaň, strategie

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# **1** Introduction

In the modern world we observe continuous scientific and technological progress. A lot of things that were not available a decade ago, are used by people every day. Standard mass media, for example TV, Radio and Newspapers, were relegated to the background. People use internet for everything (communication, leisure and work) it became a part of life. We use social media, mails and chats for communication. Also, a lot of companies use web communication both inside and outside of an organization. It creates a new space for competition.

Currently we see a growing number of users and simplified access to the technical means allowing people to use the Internet and social networks anywhere. On this basis, companies have developed their own websites and registered accounts on social media.

Chris Marentis, Founder and CEO of Surefire Social, explained that social media will grow and develop step by step in tandem with advertising. This activity will grow in scale and importance.

In the 21<sup>st</sup> century, almost everyone has access to one social network, at least. Thanks to social networks, we have the opportunity to communicate with friends, find old school friends, and hold discussions, etc. Unfortunately, a lot of people do not realize that the information they have posted on the social networks, may be found and used by anyone and not necessarily with good intentions. The information about social network users may be found by their employers, relatives, criminals etc.

Nowadays, it is impossible to imagine a company that would not work with social networks. Social networking sites, in the modern world, represent a crucial necessity, and are not a fashion statement. Social networks give the possibility to conduct highly effective campaigns. These campaigns are focusing on segments which the firm is the most interested in. Also, thanks to social networks the company receives feedback from customers almost immediately.

This diploma work will be focused primarily on the use of social networks by Czech companies, as the author is studying in the Czech Republic. Unfortunately, the author does not have access to firms' financial information and their budget for utilization of social

networks. Therefore, the study will be based on the analysis of companies' activity with social networks.

It should be noted this approach has a big advantage because the analysis of companies' social networks is based on information, which is available on the Internet. The activity with social networks cannot be hidden.

# 2 Aim and methodology

# 2.1 Aim

The main goal of the thesis is to compare several B2C companies in the Czech Republic, determine how they use widely social media in business, and analyze their marketing campaigns. Partial goals can be characterized as follows:

- To analyze how these companies differ in ways of using media promotions,
- To determine which social media is more widely used in the Czech Republic,
- To ascertain which type of advertising is more popular across these companies.

# 2.2 Methodology

The methodology of this study is based on analysis and synthesis of technical information resources dealing with selected issues. The theoretical part will analyze the literature of Czech and foreign authors. Those paragraphs will be chosen that are directly related with the topic. Firstly, social media will be presented as a phenomenon of the 21st century. In the second part, social networks analysis (facebook, linkedin and others) will be conducted. We will emphasis on the global networks but will pay attention to the local sites, oriented on the Czech Republic. In the last part of the theory, it will be presented the statistics of social media usage in the Czech Republic. The first part of paper work will represent the background, which will be a good fundamental to continue in the practical part.

At the beginning of the practical part, Alza, Mironet and Datart companies will be presented. All three companies are undisputed leaders on the Czech market of electronic products.

The main method of gathering information for practical part is the visual analysis of marketing campaigns on the Internet. After analyzing the companies' activities on social networking sites, suggestions on how to improve the work with social networks will be presented.

The practical part of the diploma work is based on SWOT analysis, benchmarking, financial analysis and regression. The first type of analysis was applied to analyse the activity of the company with social networks. This type of analysis is created both, internal characteristics of the subject of research (strengths and weaknesses) and on the external environment (opportunities and threats). This type of analysis gives us the possibility of getting a picture of the operation of the company, doing it quickly and qualitatively. The second kind of analysis is the comparison of the activity and approach of different companies to social networks: what networks are used; the reason of utilization; what is the main emphasis on, when working with social networks, etc. The financial analysis is used only for secondary purposes - to show the turnover development of firms, in recent times. The regression is used to establish the dependence of company's turnover on the number of Facebook likes. This social network represents the fundamentals for the Czech market and the number of likes is one of the most important indicators, which is very often the single indicator.

The last chapter of the work will be a Discussion Chapter. There the analysis of the diploma work will be done and trends on future firms' activity with social networking sites will be given.

Based on synthesis of theoretical knowledge and practical results of the findings, there will be conclusions of thesis formulated.

# 3 Literature research

The first chapter of the work will be focused on the analysis of literature in the field of social networking and social media. The main purpose of this chapter is to analyze the secondary information and the confrontation of authors' opinion on this topic.

# 3.1 Social media

Social media or social networking services represent social tools of communications that are a phenomenon of the 21<sup>st</sup> century, which developed thanks to Internet. Social media is based on mass communication, which developed due to the improvement of Internet quality. This type of communication has a number of significant differences from the traditional types of communication. Growing of social media users is extremely fast, Schoja writes following: "*In less than three years the fastest growing online tool social media became the most popular activity on the web*" (Schoja, 2016, p. 8).

Up to the 21<sup>st</sup> century, it was quite difficult to connect the producer's message and consumer/receiver's message. By social media, every consumer, in communication process, can perform the function of the author, acting as a commentator, reporter, photojournalist and/or editor of this service.

Due to social media, the speed of communication between people is huge and unbelievable. For the first time in the history, billions of people have the chance to correspond at a speed of electricity, to achieve different goals. By this phenomenon, the members of social media can in real time share knowledge, experiences, opinions, news, videos, photos, music, links to websites, and so on, establish and cultivate contacts. DeLisle even thinks, that *"A core feature of new media is the speed of communication. Speed provides communicators and content with unlimited possibilities for propagation "(DeLisle, 2016, p. 79).* 

On the other hand, not to forget that social means of communication have a tremendous marketing potential that can be used by companies. This is achieved through well set up focus groups and work in real time.

Moreover, social media could be used for HR – as writes Raghavendra: "69 percent of HR departments now use social media channels such as Linkedin, Twitter and Facebook to assist the recruitment process" (Raghavendra, 2016, p. 11).

#### 3.1.1 Social media and classical mass media

Social media are now a competitor of traditional media of communication. Thanks to Internet, every single person can become a reporter and share the experience and opinion with the world. Besides that, over the last few years, the price of video cameras has fallen, but the quality of cameras on phones and smartphones has improved. Thus, it is easily possible to film a video of good quality and post it in Internet.

Thus, social media removed the monopoly for information of newspapers, radio and television. In contrast to classical mass media that is based on institutionalized authority, social communication tools appeal to the sense of belonging to a particular community. Also, social media activates purposefully with a narrower group of people. But traditional media act differently; they are working with a very large group of people. In this way, social media is more effective than the traditional means of mass communication.

Specifically, thanks to this fact, social media can serve as a major source for society democratization. For example, the so called Arab spring that is based on the information from social networks. As Bebawi noticed: "Almost immediately, the Arab spring protests garnered worldwide attention for the sheer volume of social media "noise" the protests created. The noise created terms such as Twitter and Facebook Revolution and the catch-cry that the "revolution would be tweeted" (Bebawi, 2014, p. 5).

Social media have certain differences with classical media. The first of these differences is the ability to correct the published information. The content/text can be changed very quickly and inexpensively in social networks unlike traditional media.

As Malykhina noticed: "Researches claim that today's social media is increasingly personalized and may be a freer environment that traditional media. Readers trust bloggers and columnists that put bloggers on an equal footing with journalists" (Malykhina, 2014, p. 28).

Another difference is the interactivity. As it has already been mentioned, the consumer of information is not a passive subject, but can actively participate in the process itself, which

is very attractive for many people. Social media provides blazing-fast availability to old information, whereas traditional media encounters enormous difficulties when looking for old information, for instance going to the library and searching through lots of books. The following difference is the unlimitedness in terms of volume. The quality of Internet is so high that you can not only read, but also download high-quality videos or photos, at the same time.

# 3.1.2 Types of social media

There are a lot of types of social media as well as methods of their division. Nominally, social media can be divided into:

- Social networking websites
- Blogs
- Review websites
- Dating sites
- Wiki
- Social bookmarking
- Different types of hosting
- Virtual worlds

The entire chapter will be dedicated to social networks, and this type of media will not be examined. The main emphasis of social media will be oriented on blogs, as one of the key fields of Internet.

### Blog

Blog, from web log, is an online journal of events, with majority of its content being regularly updated by adding new entries. Blog is usually operated via text entries. They can of course contain images or videos (Boone, 2009, p. 231).

In addition to blogs, there are the so-called microblogs that consist of not long entries, such as twitter. In these types of blogs, the number of characters of an entry is limited.

The main difference between the blog and the classic diary is conditioned by the environment: blogs are a public diary that supposes the existence of third-party readers. As a rule, these readers tend to engage into polemics with the author. Therefore, blogs represent an environment of network communication between users. Moreover, it should be noted that many bloggers are actively communicating with each other and leaving messages to each other.

The blogs started to appear in the second half of the 90s, of the last century. Nowadays, blogs are very quickly developing, especially in the English-speaking and Russian-speaking Internet. The idea is that blogs will soon force out the classical sources of information, for instance radio, newspapers or television.

Due to selected audience, blogs represent a prepared huge focus group. Blogs are usually focused on one small group or domain. By this, blogs are an ideal space for advertising goods and services. That is why according to Zikmund: "Several companies have established a form of informal continuous focus group by establishing an internet blog" (Zikmund, 2012, p. 119).

The most important function of the blog is the communication, of course. Many bloggers say they are blogging or reading another blogs to communicate with people they are interested in. Thus, bloggers can express their thoughts and opinions to millions of subscribers. On the other hand, this situation may generate the opposing problem, when two bloggers have nothing to talk about, when they meet in real life.

Another function of the blog is to entertain or divert. People prefer blogging, reading blogs and discussion in comments as a diverting occupation or pastime. It especially concerns situations when people feel lack of communication, in real-time. Thereby, blogs represent an inexhaustible source of entertaining reading.

The next blog feature is to expand and develop the communication circle. In this case, blogs are created to find like-minded people in your domain and to keep regular contact with them.

It is clear that blogs are used for self-presentation. Many bloggers have started with the creation of a personal profile in Internet, and later have outgrown into a separate website with millions of subscribers. So, blogs can realize the function of memoirs.

Blogs can also be used to promote products and services. What is more, it is possible to promote the own blog, and to cooperate with other bloggers.

Very often, blogs serve as a social network. They offer the possibility to maintain the social relationships interrupted in real life, and get to know better the acquaintances.

Moreover, the blogs can be used with professional aims. For example, in the organization of group teamwork, to discuss work issues, etc. This is based primarily on the fact that blogs are more convenient than the e-mail.

Additionally, blogs can be a source of permanent income for the blogger. Profit is achieved via paid articles and advertisements on the blog. In order to get profit, the blogger must have a sufficient number of subscribers.

There many types of blogs. Further, there is some information about the division of blogs. Firstly, blogs are divided by authorship. According to the author's composition, blogs can be personal, group (corporate, club), public (open). The personal or author's blog is usually done by one person, who is also the owner. The author decides by himself/herself what to write, and he/she is the moderator of the blog. The collective blog or social blog is operated by a group of people that should follow the rules, which are defined by the owner and moderators. The corporate blog is operated by the employees of an organization guided strictly by the rules of the organization (Karr, 2010, p. 40).

Per their content, blogs can be general or thematic. The general type of blogs has general topics. Much more interesting are the thematic blogs. This type of blog is dedicated to specific sphere of life, for example politics, sports, art and so on.

Per posting mode, blogs are divided into network and autonomous. The first type of blogs is usually located on a free hosting, whereas the second type of blogs is located on an independent management system of self-hosting. The network blog is operated on a powerful blog service, such as LiveInternet.ru or Blogger.

It should be noted, there are very often litigations conducted against bloggers. The most common accusations against bloggers or against the active visitors of the forum are defamation, extremism propaganda, incitement of ethnic hatred, of racial or religious, and insult of authorities. The reason is that blogs are a platform where people express their views and opinions. In many countries, blogs are equated to mass media with the expected legal consequences.

Blogs are also used by professional politicians to inform or research supporters and promote their ideas. In addition, blogs are used for counter-propaganda and fight against political opponents.

The blogs represent a powerful tool in the fight against censorship. For example, during the Iraq war, there appeared blogs of American soldiers who were describing the reality of military operations. It was a very powerful blow to the US military propaganda. As a consequence, as Bellesiles noticed: *"From time to time, the military high command experimented with cutting these uncontrolled blogs, but ultimately, they realize that it was not worth the effort, especially as several commanders came to perceive their therapeutic aspects"* (Bellesiles, 2012, p. 305).

### Review site

Lately, the Review sites gain an increasing popularity, since they offer the opportunity to find out feedbacks and reviews posted by real people, and discuss the purchase of different products. By the way, these web sites cannot earn money via paid comments.

Probably, the most famous sites in this domain are tripadvisor and booking, which permit very quickly and without any problems to find information about organisations in the service sector. These two sites are playing a key role in the tourism sector and are irreplaceable for travellers.

### Virtual dating service

Virtual dating service is an online service that provides Internet users services of virtual communication with other users. This service has emerged as a prototype of authentic dating services. The purpose of these sites is to offer possibility of virtual communication, friendship, serious relationship, or family creation etc. These sites are a form of social networks based on making acquaintances.

These websites are built on the following method of operation: the person who wants to make acquaintances creates a profile in the dating service and fills in the required parameters of the service (gender, age, dating purpose, interests). On the basis of these parameters, the system performs the search of completed questionnaires, it means profiles.

Registration data can of course be modified by the user at any time. After completing the registration, the user can send messages to other users and answer received messages. The main objective of dating services is to continue getting to know in the real life (Fullwood, 2016, p. 153).

There are both free and paid dating services. The profit of virtual dating services comes from registration payments, advertising and additional paid services that are provided at users' request.

The main advantage of these sites is the ability to choose the interlocutor (partner) based on wanted criteria and the possibility to end, at any time, the communication with the "user" you did not like. A big disadvantage is the number of virtual "users", created by various people with different goals that misrepresent as for real. Here all types of crooks and charlatans can also be met. These people use online dating sites as a platform of finding victims.

#### Wiki

Wiki is a web site. The content and articles of this web can be changed and edited by users using the tools provided by the website itself: "A wiki is software that allows users to create, edit and link web pages easily. Wiki are often used to create collaborative websites and to power community websites". The text formatting and insertion of various images in the text is done according the rules existing on this site. On the prototype of Wiki another web, such as Wikipedia, is built (Schubert, 2008, p. 36).

Wiki has appeared in the middle of the 90s, as well as other webs. The operation of Wiki is based on the functions Edit any page and Create a new page, by using a standard web browser without any professional knowledge.

The basic setting of Wiki web is the connection between different web pages through links and navigation to other web pages. The same as all other social media, Wiki changes and updates very quickly. The distinguishing feature of Wiki is the method of writing articles, which permits to arrange the structural elements and hyperlinks in the text, easily and quickly, and also allows formatting and arranging the individual elements (Schubert, 2008, p. 36).

Thanks to Wiki websites, we can quickly and easily navigate to find good information on the desired topic. Today, for example, we can easily find almost any information on Wikipedia. When introducing many search queries, such popular search engines like Google and Yandex give, as a rule, a Wikipedia link in the first line. But, these webs do have problems when providing information in such domains as politics and history. Each event in the history or in the politics of a country can be viewed differently. The peak confrontation, for example, happened in the Russian part of Internet caused by the political event of joining Crimea to Russia. Russian and Ukrainian Wiki users presented two opposing views on this topic.

#### Social bookmarking

Social bookmarking is a web-service that allows users to share, create, search, and manage bookmarks (addresses) of Web resources – according to Coaching: "Social bookmarking can also be defined as the process of saving bookmarks to websites and tagging them so that they can be easily found late on. The process of tagging bookmarks is like associating or connecting different keywords so that you and others will have access to these helpful links at any time" (Shark, 2014, p. 4).

This type of service is very similar to bookmarks in the browser, which are used to save the links to pages the user wants to visit later. The main difference is that Social bookmarking is not stored in the user's computer but on the Internet server. Due to such service, the user can get access to his/her bookmarks from any computer, being only connected to the Internet.

By this, social bookmarking solves the question of bookmarks storage when reinstalling the operating system or changing the browser. The problem of bookmarks synchronization on different browsers is also resolved. The user can view bookmarks selected by other users and find something new and useful, too. The bookmarks can be quickly organized by categories, folders or labels.

Social bookmarking is also used to promote the sites and get traffic. By placing bookmarks, website traffic can be increased. The reason is according to Mayerson in the following: "If you already have a website but need more direct and search engine traffic, then social bookmarking is for you. Because social bookmarking sites usually rank well in

search engines, just having your stories these provides a direct route to your prospects and the increased visibility can also lead to good links" (Meyerson, 2010, p. 267).

This service is so popular, because every year more and more information migrates from desktop drives to the Internet. At present, one person can have more than one computer/laptop, and may need quick access to bookmarks from the computer were these have not been stored. With this service, the access is open and available from any device.

#### Hosting

Hosting is a website that permits to publish on the Internet any images, videos or text. Anyone with access to Internet can utilize the hosting for placement, storage and display the content to other network users. Through hosting, we can quickly share links, addresses and display video, text or images. The most popular example of video hosting is, of course, YouTube that offers the possibility of watching videos online. YouTube for example according to Miller: *"Allows to host videos and does not require pay extra for additional storage – videos are big file after all"* (Miller, 2011, p. 6).

It is important to underline several legal aspects, because the violation of copyright occurs very often on these websites. Some sites perform a tight control of uploaded video files, while other sites do not control at all, what users post on Internet.

#### Virtual world

The last type of social media is Virtual world. This social media is a genre of online community, which very often takes the form of a computer-simulated environment created by the players. Being in this environment, users can interact with each other, use the precreated computer objects or create their own and communicate in real time. These worlds are characterised in the following way: "In these worlds people are connected in a computer-generated world and can interact with each other via their virtual self-representations their so-called avatars. Similar to computer games, users can control their avatar in order to interact with other users in the virtual world" (Steinicke, 2016, p. 41).

Virtual worlds are designed for computer users' pastime. In the games, the players after registering fill in certain information about themselves. The main difference of this social

media is its direct relation with games. The majority of virtual worlds are multi-user, being based on the interaction of the users. However, there are single-player games that contain virtual worlds and are inhabited by non-player characters.

Virtual Worlds is undoubtedly the future of marketing and sales. What does attract people in these worlds? First of all, it is the ability to completely change the appearance: a bank clerk can become a giant or a medieval knight. In other words, the virtual world gives man the occasion to take a break from everyday life and have a good time, and to fight against an alien monster.

Every manufacturer is trying to catch the attention to the game with interesting unusual storyline, colourful and original graphics, and many special features of characters. Just like other types of social media, there is a huge amount of games.

In recent years, the games in the MMORPG style become very popular. This game represents a created virtual world, which is inhabited by many characters, usually hostile to each other. After choosing a hero you like, you (as a user) fight for "your team" and conquer new territories, lands and castles. One of the most popular online games is World of Tanks. It consists not only of tank battles, but there user get familiar with powerful machines of World War II. There is also a live chat that gathers together gamers from all over the world.

On the other hand, online games bring problems into everyday life, when the user becomes addicted, cannot live without games and is not able to have a different pastime. Especially, it is problematic for children, who are very sensitive to the environment and cannot define what is good and what is bad. According to Latt "1.7 % (boys 3 %, girls 0.3 %) were classified as addicted players. Moreover 3.8-8.5 % of boys' online game players and 1.2 – 2.8 % of boys' offline game players were classified as addicted" (Latt, 2016, p. 443).

Of course, the world of games is more colourful than the everyday life, but this may cause psychological problems for children. A lot of children, who developed computer addiction, become hysterical when somebody turns off the computer and does not let them play games.

# 3.2 Social networks

The social network is a platform, online service or web site, intended for social relations online construction, reflection and organization.

There is a huge number of social networking sites that are embodying users by parameters, as follows:

- Interests (music, cinema, traveling, handicraft),
- Age,
- Geography,
- Gender,
- Social status (student, work place).

There are also universal social networks uniting members by all the above listed criteria, and do not have a common orientation. It should be noted, the communication process and information transmission has never been so fast. Thanks to the Internet, everything is still more accelerated. On the other hand, people and the individuum cannot live without group, collective. Therefore, the social networks have a phenomenal success. They put together the communication with speed of information transmit.

Social networks are increasingly penetrating into our lives. For many of us, they represent the main location of time spent in Internet. Moreover, social networks have reached this level in a short period of time, only a couple of years, unlike Email or forums that exist for over ten years (Blank, 2013, p. 5).

The main reason of success is that social networks demolish a lot of psychological barriers, allowing total strangers to find a common language, not only by means of communication, but also through public information, posted by users.

Another strong point of social networking is that it includes a very strong interaction with the user. The more the visitors can exchange messages, comment on articles, post photos, and do other things, the more popular this network is.

The following secret of social networks success is that the social network is not just an online service, it is a type of technical and social fundament to create your virtual "I". Due to social networks, the user has a real opportunity to create step-by-step his/her own virtual

universe. Thus, every user can feel as a real creator. Unfortunately, many people do not realize the information they have posted on social networks, can be found and used by anyone, not necessarily with good intentions. The information from social networks can be used mainly for criminal purposes. Additionally, many employers forbid the use of social networks during working hours, not only for the sake of workers' time, but also to prevent information leakage (MADDEDN, M. Pew Research Center. *Teens, Social Media, and Privacy*).

Social networks have become a very important aspect in the field of sales. This is related with the fact that millions of users make online conversations about companies, their products and services, share their opinions and experiences. In these conversations, any participant of networking community can destroy (or improve) the reputation of the company with a multi-million-dollar turnover.

Initially, the social networks were emerging as communities of users united by some criterion based on a single website. In other words, the social network represents the same thing as in ordinary life, a group of people united by common interests. Unlike real-life, network operation is not influenced by geographical distance between the members (Ballantine, 2015, p. 142).

The popularity of social networks started to grow in the far 90s, pushed by the American portal Classmates.com. This project was very successful, that has provoked the appearance of more than one dozen of similar services in the next few years. On the other hand, the majority still have the opinion that social networks were originated in the years of 2003-2004 and are relate primarily to projects such as LinkedIn, MySpace and Facebook.

People who register on social networks are of different ages, political views, interests and hobbies. Everyone is searching in Internet for something special. Therefore, the social network of any focus will be interesting to a group of participants. On the other hand, the main target audience of the website should be considered. It is currently not possible to work equally well in all markets simultaneously.

Social networks are based primarily on the active Internet user. Generally, the active user of social networks is a person of 18-34 years old, being a student or with a university degree. It is obvious the audience is quite extensive, and this fact opens great prospects for the advertising and promotion of different projects on the social networks. On the other

hand, the number of users and the structure is growing a lot and nobody will be surprised to see 7-8 years old user, who barely learned to write, but already has a personal page (Newman, 2013, p. 5).

### 3.2.1 Types of social networks

There are many methods to divide into types the social networking sites. The first method is the division by target audience and by this criterion, the following networks can be identified:

- Communication,
- Business
- Gathering news,
- Bookmarks collection,
- Common interests,
- Video or audio trend
- Photo (ADAMS, D. Instant Shift. The History of Social Media).

The first type of social networks has a narrow target, and here the greatest number of users is possible to be found. The second type is for business and its support. The third type of network is used by people to transfer information. Bookmarks collection has already been mentioned above. Video and audio orientation is represented primarily by YouTube. Picture orientation is focused on photography.

The above classification is not complete. There are regional networks, such as the worldfamous Chinese network RenRen or the Czech network lide.cz. Also, there are ethnic social networks, for example Stmegi.com (Jews) or Haysite.am (Armenians).

Despite the fact, the network operating principle is identical to a certain extent, they have different functionality and a feature that influences the user's choice to prefer this or that social network. As a result, there are more or less successful networks. The majority of users utilize only one or a maximum two social networks, as a rule. The social network with the biggest number of innovative ideas becomes the most popular.

Further, all social networks require Login to initiate the session, consisting of several steps – the user specifies the name and confirms the identity by entering a password. The social networking sites are very much attracting visitors with the content that is filled by the members of the network themselves.

There are even cases when social networks can cause psychological problems. An example is the manifestation of psychosomatic disorders related to social networking communication addiction (Caviglione, 2013, p. 68).

# 3.2.2 Facebook

The first and most famous social network is certainly Facebook, with more than 1.7 billion registered subscribers now. The author of this network is Mark Zuckerberg, who is currently the CEO of the firm. The company's turnover exceeds 18 billion USD and net profit is 3.7 billion USD. It is thanks to this network, the owner became the youngest billionaire in the world, at the age of only 23 years. Currently, Facebook is among the top five most-visited websites in the world. The daily active audience for the month is about 720 million people (Investor.fb.com. *Financials*).

The story of the Facebook network starts in 2004. Initially, the network was only available for the students of Harvard University, then the registration was opened for other universities in Boston, afterwards for students of any US educational institutions with an email address in the domain .edu. Since 2006, the network is available to everyone with the age starting 16 years old (Nee, 2016, p. 37).

In 2016, Facebook offers a variety of functions, the most popular are virtual winks, photo albums and the timeline, where users' acquaintance or friends can leave messages and posts. Facebook is also well known with its highly-developed system of access and privacy to the information published in the profile. Each profile user can restrict the access of other users to his/her profile by accessing the privacy settings and tools. The user can also complain other users or block them – for example, for sending spam. At the moment, they are planning to launch Facebook Live function, which is the analogue to live video. With this tool, the users will be able to create videos, messages and send them to each other in real time.

The idea of creating the Facebook page is based on the author's studies. At that time, a directory with the names, addresses and photographs of students was being published at his school. Zuckerberg had suggested the creation of a similar resource, but based on the university users. The administration of the institution refused him, referring to the privacy policy. Therefore, Mark had created his own website only for students of the university. His idea was following: *"To hack the entire database of the university, wherein all students had uploaded their pictures. Futhemore, Mark wrote a program which selected randomly two profile pictures of the random female students and placed them next to each other, asking "Who is hotter?" and that resulted in the choice of voting". It became clear very quickly that Facebook fits "tight" between the auditory of the university and needs more space, it means users (Rockefeller, 2016, p. 7).* 

Consequently, the site has expanded to the city of Boston, where other universities were located. After the success of the universities field, the website is growing all over the world, and since 2006, the access to this network is open to all users. Five years after Facebook foundation, the cost of the social network was more than 40 billion USD, so Facebook became the most famous start-up project.

Currently, the founder of the social network has the controlling stake of 28%, the second largest owner is the Accel Partners 11.4%. third place with 7 % belongs to Dustin Moskovitz (Whoownsfacebook.com).

It is interesting the fact that this social network is criticized by many governments and in several countries the access to the network is denied. For example, Facebook is blocked in Iran, China, Pakistan, Syria and Turkmenistan. This is primarily due to the fact, Facebook has played a key role in the revolutions that took place in the Arab countries. The dictatorial regimes are afraid of recurrence of that events and took the decision to block it, as Rudin highlights: *"Rulers simply cannot control social media, and threats to their power can spiral out of their control"* (Rubin, 2017, p. 217).

#### 3.2.3 Twitter

Another well-known social network is Twitter. The turnover of the company reaches 1.5 billion USD, the number of users is more than 500 million, and its net income hovers around 100 million USD. Network's title came from the word "to twitter". Currently, the

social network is designed for public messaging by using a web interface, SMS, instant messaging tools or third-party software clients for Internet users of all ages, and the main users are of course young and middle-aged people. The process of posting short notes in the blog format got the name of "micro-blogging". The service utilization is free of charge and does not require login from network user. Network utilization via SMS, charges the user per his/her tariff plan with the telephone operator, and SMS price depends on the country (LOWE, L. Social Pilot. *125 Amazing Social Media Statistics You Should Know in 2016*).

The owner of "Twitter" system, as in case of all other social networks, is an American company Twitter Inc., with the headquartered in San Francisco (California).

The story of Twitter started in March 2006 as a research project of the American company Odeo and was intended only for internal use of the company. Initially, the project was conceived with the function to answer a single question "What are you doing now?" The network creator was planning to create a platform that would have allowed his team to instantly share short messages with colleagues (Burkhalter, 2015, p. 315).

The main principle and instrument of Twitter became the messages, or so called Tweets, that are immediately posted on the user's page and can be seen/read by other users, the followers of this page. Nowadays, Twitter is used primarily for news share, of both personal and social values. Many public figures have Twitter profile, which is the main proof of network value in the world (Twitter.com).

The same as Facebook, Twitter is object of criticism for many governments. For example, in 2014, the Turkish authorities have banned Twitter, considering it being a tool for organization of anti-governmental actions. These steps certainly provoke a response from the company, and criticism of officials of the European Union and the United States.

# 3.2.4 Linkedin

The social network LinkedIn is a typical example of a social network built on official indices. The company was founded by Reid Hoffman in December 2002 and launched in May 2003. The owner is an American company, like above mentioned companies. The company's turnover reaches 3 billion USD, but the company does not have net profit and its net loss is about 200 million USD (Linkedin.com. *Corporate Press Releases*).

Very curious is the situation with American social networking sites that most of them have not escaped being criticized by many governments and/or even are blocked. The same happened with LinkedIn. 4th of August 2016, the Federal Service for Supervision of Communications, Information Technology (Роскомнадзор) of Russia, pursued litigation of blocking the social network on the territory of Russia due to violation of storage rules of users' data. The Moscow court satisfied regulator's claim and confirmed the fact of rules violation of Russian users' personal data storage. LinkedIn certainly responded and appealed the decision but the next court upheld the decision (Linkedin.com. *Corporate Press Releases*).

The main users of the network are US and Europe citizens. On the other hand, Asian markets are rapidly growing, particularly in India, where the number of users is growing with big steps – a few millions a year (HONG, A. Linkedin.com. *What perspective of Rapidly Developing Economies countries GDP?*).

Unlike other networking sites, LinkedIn requires prior acquaintance with user's contacts, at the moment of registration.

The main principle of LinkedIn is to maintain and expand user's business contact list. There are other aims of the network utilization, too:

- to publish the professional resume and to search for work;
- to recommend and be recommended;
- to publish job vacancies;
- to create groups by interest (Linkedin.com).

LinkedIn is also used by recruitment agencies to search and recruit potential employees.

#### 3.2.5 Google Plus

The next social network is represented by globally known Google Plus. The service gives the opportunity to communicate via Internet with the help of specific components and core features: Circles, Themes, Video Dating, Mobile version (Google.com. *About google+*).

Google is taking attempts to enter the social networking market for a long time, which is done to enrich the portfolio. For example, in 2003 the company tried to buy Friendster, one of the oldest social networks, but the management of the company refused to sell it to the search giant. It was after this, when Google began the elaboration of its own version of social network. In 2004, the company launched its first social network called Orkut, which quickly gained big popularity. But then, Orkut could not secure a foothold in the US market because of slow interface and bad design. Subsequently, the management of the company decided to give this network to its office use in Brazil and focus with this product only in the Brazilian market. Further, Google tried to buy Twitter social network, but was again refused. Finally, in 2011, the company completed all developments and launched its own project Google+ based on Google Circles. Initially, the registration on the network was available only with invitation, as well as in other social networks. Afterwards, the company expanded the opportunities to register for all other users. Currently, the number of registered users was exceeding 90 million people (DENNING, S. Forbes.com. *Has Google+ Really Died?*).

Circles are the foundation of network concept, and every user can adjust his/her communication by using this core feature. The user can create an unlimited number of circles by organizing people into groups, including into them friends, colleagues, etc.

The circle functions on the principle of sharing certain information. The user shares the content determining which circle will have access to the information, and which circle will not see the post. The content shared by users in your circles can be found on the Stream, where the user can follow the members' circles updates, posted messages, photos, links and videos. Google specified perfectly the technical side of social network functionality, and namely: number of photos and videos uploaded is not limited, just the size of images is limited and is automatically proportionally reduced to manageable size in case of limit exceeding (Google.com. *About google+*).

A very interesting feature of Google is Hangouts which represents a video chat, where users are enabled to handle a video chat with a number of 10 participants and no more. The company also uses its position of key player in the search engine market to improve the position in Google search.

#### 3.2.6 Instagram

Instagram is a free application used for sharing photos and videos. The fundamental principle are the elements of a social network that allow taking photos and videos, then apply filters to them and distribute via the service and several social networks. The owner of Instagram is the company Facebook, which acquired it in 2012. The purchase price was 300 million USD, and the rest was paid in shares, so the total price was 1 billion USD (Apostolla, 2013, p. 10-15).

In 2012, the company held a bad marketing mix, by making changes in the rules of users' agreement and announcing about the fact. The key and most unsuccessful change was that the company receives the right to use the pictures uploaded by its users, including advertising purposes. The announcement immediately sparked reactions from the public, especially among those who have had profile on Instagram network. As a result, many Instagram users deleted their accounts. The company has reacted very effectively to this wave of criticism, and namely – the management of service reformulated the controversial paragraph of the users' agreement, saying their intentions were misunderstood. Currently, there are over 200 million users registered on Instagram (Reynolds, 2014, p. 167-169).

#### 3.2.7 Youtube

The last social networking web analysed here is YouTube. Actually, it is not a usual social network, it looks much like a video hosting with elements of social network. This hosting provides to users the service of storage, delivery, display and monetization of the uploaded video. The elements of the social network are the following: each user can download, view, rate, comment and share videos. The company was founded in 2005. The basic reason was to make a new type of entertainment, such as high-quality video viewing. A year after foundation, the social network was bought by Google for 1.65 billion USD. Same as in other cases, Google firstly tried to promote their social video network (Google Video) of similar format, but without success. Then Google decided to buy an existing project – YouTube (Qvortrup, 2011, p. 367).

The basic principle of hosting work is the ease of use. The second strong point of this network is the constant innovations that are being developed by the company. A video is being viewed by 4 million people a day, on an average. The site includes movies, music

videos, trailers, news, educational programs, as well as amateur videos. Recently, users' video blogs and slideshows have greatly expanded.

There is of course a huge number of pirated videos on the social network, but YouTube rules prohibit uploading videos, the contents of which violates the copyright law of the United States. Consequently, the company's employees clean the sound, and then remove the illegally uploaded content. As it is set in the official policy of the company: *"When you create something original, you own the copyright for it. Likewise, when other people create content, they may have a copyright to it. As a creative community, it's essential that everyone on YouTube respect the copyright of others"* (Pilhaja, 2014, p. 27).

Being an American network, the situation about availability of YouTube all over the world is the same as with LinkedIn, Twitter; YouTube is blocked in many countries, for example in Turkey it was blocked in 2008, due to the derision of some high-ranking politicians. The reason is very simple – according to Margolis: "*Not all countries have adopted the same attitude towards free speech and religious toleration as the Unites States*" (Margolis, 2016, p. 89).

#### 3.2.8 Vkontakte

It would be curious to search other examples of social networks with local character. For instance, VKontakte (вконтакте) which is owned by Mail.Ru Group. The company's annual turnover is about 4.3 billion rubles, and the net profit represents about 137 million rubles. This network is extended on the territory of the former USSR. The daily audience of VKontakte consists of about 60 million people (Gorham, 2014, p. 5-10).

Same as Facebook, the network was initially focused on students and then has expanded on other groups of people. The network emerged in the year 2006. The success of network is due primarily to the ability of posting video and audio files. The files are not very much controlled by site administration, especially when it comes to copyright. Another point of criticism is the design of the site. VKontakte is often said to be clone of Facebook (Oates, 2013, p. 61-65).

### **3.3** Social media statistics in the Czech Republic

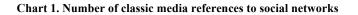
There are over 6.9 million users on the Czech Internet, while about 1.8 million users are on Facebook. Approximately, the same amount of people utilizes the local social network Lide.cz. Other less popular local social networks are Spoluzaci.cz and Libimseti.cz. The number of Twitter users is not so big, there are only 200 thousand, so it can be said Twitter is not so expanded in the Czech Republic. Majority of social network users in the Czech Republic are of the same age, as in the rest of the world, between 15-24 years. There is no difference between genders, both male and female are social network users. 92% of users have set as customize language - Czech, and about 5% have English as the main language. The German and Russian languages are on the third and fourth place (Lupa.cz. *Česko v sociálních sitich*).

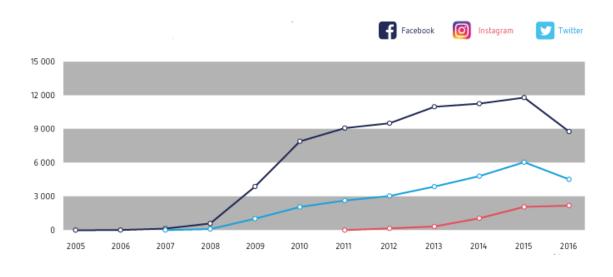
LinkedIn has over 450 thousand Czech users. YouTube is an extremely popular network, it has about 5.5 million views a week. Instagram is not so popular but it has a huge growth rate. Thus, in 2013 there were 13 thousand profiles, in 2014 already 60 thousand profiles and now the number of users has stepped over 200 thousand (NOVOTNÝ, M. Markomu.cz. *SOCIÁLNÍ SÍTĚ 2015: FACEBOOK VERSUS OSTATNÍ*).

Czech firms quite actively use the social networking sites, but unfortunately not sufficiently. They weaken in the use of social networks in comparison to other firms in Europe. Approximately, 25% of Czech companies have profiles on a social network. The countries where social networking sites are used less than in the Czech Republic, are Romania, Poland and Latvia. The most active in network presence are the firms from Malta, Cyprus and the Netherlands. In 2013, only 15% of Czech companies had profiles on social networking sites. Of course, the firms that have a profile on social networks, are in majority big companies with more than 250 employees. Over 36% of big firms have at least one profile on a social network. The most active on social networks are the travel agencies (75%), then follow companies acting in the field of filming and television programs (63%), companies in the area of residence (61%) and firms from telecommunications sphere (52%). On the contrary, social networks are used the least by firms from the sphere of transport, warehousing, construction and production. In these areas, only 10% of companies have profiles on social networks. The main objective of Czech Companies in the use of social networks is the direct communication to the target audience. Another reason for social networks utilization is to inform about activity and

operation results of the firm. Czech companies also use social networks to gather information about customers' requirements and to analyze their behaviour (Statistika a my. České firmy zaostávají ve využívání sociálních sítí).

We can observe a great interest in social networks from the classical media (see below figure). The figure shows the number of classic media references to social networks. As seen from the figure, the rate of interest has enormously increased since 2008. Unfortunately, the data for the year 2016 is not complete and applies only for the period between January-September. We can suppose that in 2016 there will be more links than in 2015. As in the above statistics, the main role is played by Facebook.





Source: Newton Media. Pronikání sociálních sítí do tradičních médií

Unfortunately, at the time of writing this diploma work, there were not conducted surveys on – What budget amount Czech firms spend on social networking webs.

### 4 Practical part

Second part of diploma thesis will be dealing with own research provided based on the analysis of companies' activities on social networks.

All information about the companies was taken from their official pages. In addition, the information was supplemented using the Annual Report of companies, especially concerning the turnover of firms. In order to get information about the increase in the number of likes, the time machine engine was used, they give the possibility to see the history of the development of sites. Unfortunately, only Alza company published information about likes number, on its Facebook main profile, thus we could find the historical development of the number of likes for this company, and not others.

# 4.1 Companies introduction

### 4.1.1 Alza

The company was founded in 1994, with the name Alzasoft. Then, in 2008 the firm got success on the market and was given several important awards that were appreciating the quality service it provides to millions of customers. Nowadays, it changed its name into Alza, located in the Czech Republic and being owned by several investors via L.S. Investments Limited. After opening an online store, Alza.cz managed to get the first place among all other online store, and the amount of its turnover reached 1 billion CZK. More than that, the company not only kept its position on the market, but continued growing rapidly, having its sales over 418 million Euro and more than 4.5 million orders, in 2014 (Alza – official page).

The traffic of Alza.cz web page is huge, exceeding 400,000 users per day. Being a market leader, Alza proves its title by providing to its customers an extraordinary availability of goods, super large catalog of products, premium sales, etc. The best showroom of the company has been the first on CEE market to present and receive as guest the Apple Shop. It could be easily said that the period between 2011 - 2014 is the gold period in Alza's history, because the company has obtained many awards (Shop of the Year, MasterCard

Retailer, Best E-commerce Applications, etc.) for its business achievements (Alza – official page).

Last year, the company had 43 stores in the Czech Republic and 52 so-called AlzaBoxes, which makes more comfortable to pick up the purchased good. In the period between 2008 to 2015, Alza was the biggest internet store in the Czech Republic (Aktuálně.cz. *Největší tuzemský e-shop Alza.cz zvýšil zisk o pětinu, tržby přesáhly 14 miliard*).

The turnover of the company is presented in the chart below. According to the chart, the company's turnover is impressive. The growth of sales can be seen even during the crisis of the years 2008/2009, when other companies operating on the Czech market, stopped increasing their sales. Last year, company's turnover excluding VAT reached 566 million dollars.

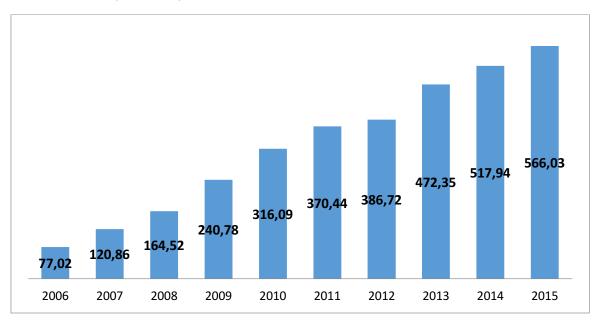


Chart 2. Sales – Alza, in mil USD, without VAT

In addition, the company has a very interesting affiliate program, thanks to which the company does not only increase its own profit, but also helps others to earn.

At present, the firm offers a wide range of more than 50 000 products, in its well-arranged and equipped points of sale. Due to its company policy, it is one of the greatest innovators in the Czech market. A few years ago, Alza started to expand abroad and primarily in

Source: Alza – official page

neighboring countries, such as Slovakia and Hungary. The company processes 15 million orders a year, on average.

The firm has selected as being its Image on the market, a very interesting Mascot, of green colour with a strange voice which is unusual for us, all this making the Mascot an alien. It should be noted, it is very funny and a very memorable figure.

All above is a direct consequence of a perfectly elaborated and developed company policy and of course the well-established advertising. All together are the main sales driver. Undoubtedly, Alza is the leader of Internet shops on the Czech market.

## 4.1.2 Datart

The next company to be analysed is Datart. The company was founded in in the early 90s, same as the two above analysed companies. Sales volume of the company is smaller than of the companies mentioned above. Datart has only 44 sales centers. The products of the company can be picked up from 700 places, which are branches of PONT and BALICZECH.

The firm is one of the main innovators on the market. Therefore, Datart was one of the first to introduce the possibility of paying via PayPal, or one of the first to enable its customers to buy goods online. The company operates in the Czech market, and since 2007 it has been operating in Slovakia.

The concept of store location of the firm is interesting and different from other companies. All their stores are usually located only in shopping centers, on periphery of large cities. By this modality, the company is trying to be as close as possible to its potential buyer, because the probability of product purchase is higher where the number of buyers is bigger. The company understands perfectly what is its niche on the market, as Datart cannot compete directly with the leader of Czech market (Alza company). Datart is able to take its segment on the market, and does it professionally, by orienting on people who have come to the shopping center.

Curious is the fact that, unlike other companies in this sector, the firm generates 30% of its turnover from Slovakia, while the rest of the companies generate only 10-15%. This indicates that Datart has a correctly chosen strategy in Slovakia.

Unlike other companies, the development of company from the point of view of sales volume, is not the case of Datart firm. As we can see on the chart, the company maintains stable its position on the market and has its turnover over 180 thousand USD. The only exception was the period between 2009-2011, when the company's turnover fell very much, and this can be explained by the global crisis that occurred in the USA.

From one point of view, it is very well to keep the position on the market, as Datart does, but from other point it is clear the company was not able to take advantage of the Czech economy revitalization, in the post-crisis period.

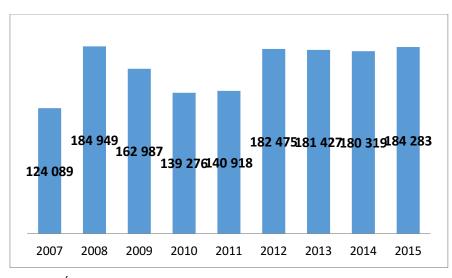


Chart 3. Sales without VAT, in thousands USD

Highly notable and respectful is Datart's strategy; the firm "nurtures from school" by itself the future employees who will work at the firm. It is the only company, from the above listed, that has its classes in cooperation with one of secondary schools of Prague.

### 4.1.3 Mironet

The company has chosen an interesting and specific way of its activity, from the very begging of its foundation. The founders of the firm did not want to sell all type of electronic products, but have focused exclusively on the sale and service offer of IT products. Unlike other e-shops, the firm has selected the path of narrow segmentation – new technologies. Undoubtedly, the foundation of the company is the e-shop, but it also

Source: Účetní závěrka 2007-2015.

has a very developed network of stores in the Czech Republic and in neighboring Slovakia, and the firm has 300 stores and sales points.

Approximately 80-90% of the goods are sold in the Czech Republic, and the rest are sold in Slovakia. That is, the company repeats the strategy of previous firms.

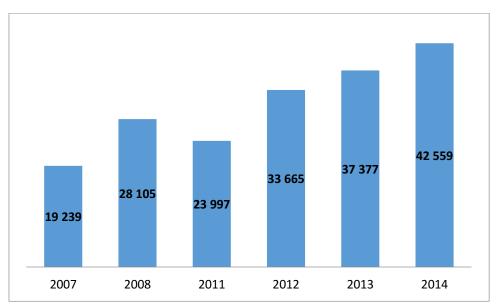
The following fact that makes the company different from others is their special treatment of work with shop assistants and their education. The shop assistants in the company are not simply sellers, they are good technical specialists who thoroughly understands their work. Another benefit of the firm, unlike other companies, is that Mironet offers its buyers the possibility to use a product of the company during the time of repair.

The firm has undoubtedly a very long experience with the Czech market, since it has been present on the market for more than 20 years.

Unfortunately, Mironet does not particularly make public online and does not provide data about their sales, especially for the years 2009 and 2010, unlike the previous companies. The Annual Report is not published on the webpage of justice.cz for the period of these two years. This can be explained by the fact the firm was in deep crisis and net profit almost reached the bottom, and the sales were extremely low. Perhaps, the firm does not want to show this fact, since it can negatively affect its image. Therefore, the data for 2009 and 2010 are not shown in the chart.

As it can be seen, the sales level before the crisis was achieved in 2011. It can be assumed that in 2009 and 2010, the sales were much lower than in 2008 and were not reaching the amount of 20 million USD. Afterwards, a steady increase of sales can be observed.





Source: Účetní závěrka 2007-2014.

Until the year 2000, the company was the leader in the Czech market of IT equipment. The situation changed radically, when the company was under rigid verification related with accusation from Microsoft company. Microsoft was charging the company Mironet for utilizing pirated software. As a result, the image of the company has been irretrievably damaged. Since then, company's development has not been successful any more. Mironet gave its first leader place on the Czech market to Alza. Meanwhile, the accusations about pirate copies were not confirmed. Since then, the firm has been constantly in litigation with the Czech state for profit loss and market loss, but so far unsuccessfully, and all complaints of the company have been rejected (Lupa.cz. *Mironet: miliony, které nám zaplatil stát, by měl ministr chtít po Microsoftu*).

The firm has a lot of interesting projects that support its image take charge of its social responsibility. Further, please see some examples of projects: Mironet trainee program; student information support program for bachelor's thesis and master's thesis writing; the firm offers help with damage control of consequences of flooding.

The main difference of this company is that Mironet works with a lot of social networks. Due to this presence on social networks, it can receive a higher number of potential customers. The firm uses the saturated blue color in its activity and work. This color causes only positive emotions.

# 4.2 Analysis of campaigns

In the next chapter of the thesis, we will talk about campaigns on social networks of the above-mentioned firms.

# 4.2.1 Alza

The main distinguishing feature of the company's activity on social networks it is that Alza utilizes only Facebook and Instagram, from all variety of network sites and does not work with other networks. Thanks to this choice, the firm does not spend the advertising budget on many other social networks that are less effective. In other words, the firm activates being based only on target marketing. Of course, the question arises: whether the company could also activate more affectively with other network sites.

The Facebook link is placed at the bottom of the main page, and many users simply do not observe the link.

On the Facebook page of Alzashop.com, as a profile picture and cover photo is placed the alien Mascot that surely attracts visitors' attention. Interesting is that mascot is of green color, which immediately suggests that the company is positioning itself as an innovator firm constantly coming with new ideas.



Chart 5. Main profile page – English version

Source: Alza - Czech version

From its Facebook page, it is possible to go directly to Alza store, via the button *Shop Now* located directly under cover photo. When jumping to the web page Alza.cz via the button, the shop offers a discount on the purchase online, it will be enough just to enter your email.

#### Chart 6. Sales on English profile

#### Subscribed to our newsletter yet?

- Don't miss out on this exclusive offer!
- Receive information about discounts and special offers!
- Sign up today and receive €5 off your first order over €80!

Enter your email:					
-					
Sign me up!					
Discount code valid until 18. 3. 2017					



Source: Alza – English version

Further, it should be noted the firm has two profiles on Facebook, one in Czech and the other in English. This fact can be noted only by switching the language version of the main site. The link of Alza's profile in Czech is: https://www.facebook.com/alza.cz/, while the version has the following link with different English а title: https://www.facebook.com/alzashopcom/. This approach is explained by the fact that the company is oriented and sells primarily on the Czech market, but is constantly expanding. Further, it must be underlined that the English version of Facebook page is focused on people having the residence on the territory of the Czech Republic, and who do not speak the Czech language. Thus, could be explained the need of the page in English. Of course, regional Alza shops have web pages translated into Slovak and Hungarian, also their own pages and profiles on social networks.

Users' activity on the English version of Alza page is almost zero, only sometimes it can be seen that someone left a Like.

The low attendance from statistical point of view can be followed in the following chart. As we can see, total page Likes is 574 and only 3 people are talking about it. Moreover, during the last week (the analysis was performed on 19/02/2017) there are 0 follows to the

page. It does mean that the firm should better close its profile. It is statistics that might indicated there is needed improvement. Additionally, a lot of foreigners live in the Czech Republic, especially in Prague. According to the Czech Statistical Office (ČSÚ) the number of foreigners reaches 450,000, which is over 5% of the population of the Czech Republic. From all number of foreigners, 3/5 are represented by Ukrainians, Slovaks and Vietnamese, who might have some knowledge of Czech. But then again, there are US and UK citizens living in the Czech Republic, whose number reaches by 7000 and whose knowledge of the Czech language is very questionable (ČSÚ. *Počet cizinců*). The English version of Facebook of Alza is focused on English speaking group people of potential buyers, and is therefore, working merely as a supplement to the Czech page.

#### Chart 7. Statistics on English profile



Source: Alza – English version

On the English version of Facebook page Alza, the company advertises its products with every day regularity. Basically, it promotes electronics, but there you can find other products that are related to the subsidiaries, such as Lego or massage cream. Chart 8. Sample of advertising on English profile

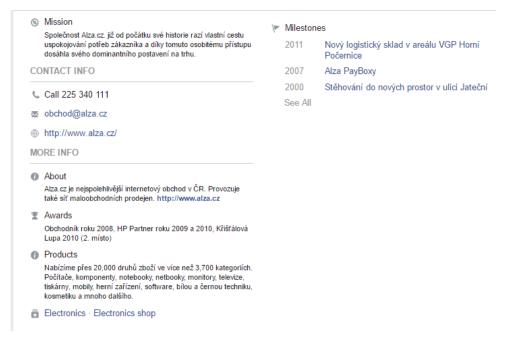


Source: Alza – English version

The following activity present on the English version of Alza social network is the notification about different services of Alza shop. For example, help with building a computer and full installing off all needed software.

Both social profiles of Alza shop, the English and the Czech, have indicated company's contact information, so the user of Facebook can easily find the company:

#### Chart 9. Contacts on Czech profile



Source: Alza - Czech version

As already mentioned, Alza shop is very active on its Czech Facebook profile. Therefore, almost each post has there lots of comments. Unfortunately, Alza often does not follow the debate that happens under its posts, even when the debate turns into the negative direction, for Alza. After analysing the activity on the social network Facebook, we have come to the conclusion that the company simply places posts and after is not working with the discussion that takes place outside the post.

As example, can serve the following discussion – one of the users left a comment to the post of Alza that a certain product can be bought for less money at the competitors. But this comment was left without attention and generally no reaction seen from Alza. There only followed another comment from a user who reacted saying that the price might be a bit higher, but this is compensated by very good service. Assume, such a response should had been written by Alza company, not the user. As a result of such work with social networking sites, the company undermines greatly its image in the eyes of potential buyers.



Chart 10. Sample of inappropriate communication on Czech profile

Source: Alza - Czech version

In addition to direct advertising, Alza is very actively utilizing the Events function from Facebook. Thus, a few times per month, the shop invites its users to come to the store or visit their page on Facebook. The activity with Events function is regular, it seems Alza decided it's a good trick, and each month the company organizes some event.

#### Chart 11. Sample of events on Czech profile

#### Past events

<sup>кіј</sup> 27	Stream z konference Apple Thurs 19:00 · 11 guests	Alza.cz
<sup>кіј</sup> 20	Alza.cz na Marketing Festivalu 20 October 2016–22 October 2016 · 9 guests	Dolní oblast Vítkovice Ostrava
rij 4	Google Event - tlumočí František Fuka Tues 18:00 · 191 guests	Živě zde na Facebooku
<sup>CRN</sup> 25	Den plný technologií a zábavy Sat 10:00 · 79 guests	Jateční, 170 00 Praha, Česká
кvе 19	Rozstřílejte Jirku Krále v FIFA 16! Thurs 16:00 · 4 guests	Showroom Alza.cz, Jateční 3
кvе 31	Chcete si vyzkoušet fotoaparáty SONY? Thurs 14:00 · 4 guests	Alza.cz Prague

Source: Alza – Czech version

It's time to go on with the analysis of Alza's social networking profile on Facebook, but in Czech. Here, the statistical numbers a different from the English version. It should be noted, there is very larger number of new page Likes - as we see 42.8%. That is, almost each Like is a new one. There are over 3455 people talking about this page, which corresponds to Czech population of the city, by Czech standards. During the last week, it is observed the growth in the number of likes - by 0.4%.

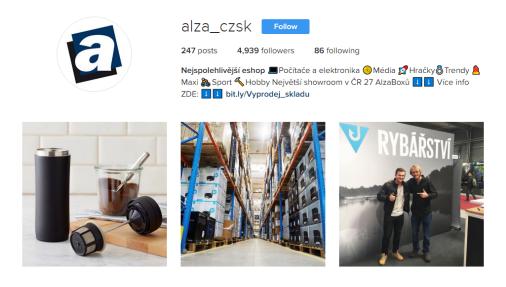
#### Chart 12. Statistics on Czech profile



Source: Alza – Czech version

Currently, company's activity on Instagram is based on advertising and writing information about its new products, same as on Facebook.

#### Chart 13. Alza profile on Instagram



Source: Alza – Instagram

All photos posted on this network are of very high quality. It is impossible to find a picture of bad or poor quality. Currently, the company has 247 posts and 4939 followers.

## SWOT and regression analysis

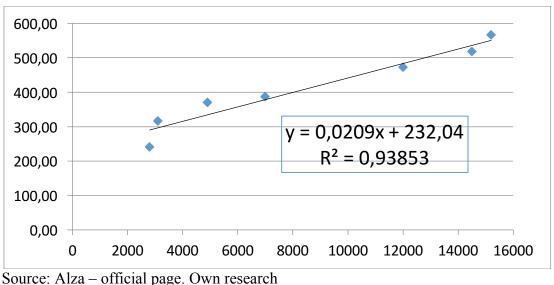
Further, regression analysis was performed. Let's recall from theory, the regression analysis is a statistical method for the study of influence of one or more independent variables on the dependent variable. The independent variables are also called regressors or predictors, and dependent variables are called criterion. Terminology of dependent and independent variables reflects only the mathematical relationship of variables, but not the cause-effect relationship. Then, the problem of so-called false correlation might appear. Thus, in the regression is very important not just the result but also the economic interpretation of the results. This type of analysis is performed based on the least squares method, when the sum of squared deviations is minimized, actually observed of their evaluations.

Sales data and Facebook networking data of Alza have been selected and used for regression. The sales of the company are the main indicator of business development, which has a key impact on net profit of the company. Unfortunately, the author of this paperwork is not an employee of Alza company, and does not have access to information about the company's budget spent on social network. This is the reason we cannot use in the study, the cost of company on social networks. The only indicator that can be used is the number of Likes on Alza's Facebook profile.

Based on these assumption, the independent variable will be the number of Likes and the dependent variable will be company's turnover. In other words, we will use linear regression with one variable.

In order to perform the regression analysis, we will be using Excel program and XY Scatter function, where the result of regression analysis will be filled in. The result is shown in the chart below.





Source. Alza – official page. Own research

As per above chart, the dependence of the turnover on the number of likes is very big, R2 is almost 94%. It means, that the regression model is of good quality and fits our data. The behaviour of the company's turnover can be explained with 94% certainty by using the number of Likes.

The regression equation indicates that the number of Likes and the Turnover have a direct relationship – with the increase in number of Likes, turnover increases, too. Surely, growth rates are not the same, but should be reduced to the level of 0.0209.

At the end of regression analysis, will underline that this analysis is of limited use. Firstly, it would be more efficient to use, instead of number of Likes, the amount of money or time spent on the work with the certain social network. Unfortunately, this is not possible, because we do not have access to such information. Unquestionably, this information is one of the most important trade secrets of the company. Secondly, Facebook represents just one of the forms of marketing tool used by the company. The company also uses other types of advertising and marketing.

On the basis of performed visual analysis of the social network (Facebook) and regression analysis, all findings can be distributed using SWOT analysis. This analysis is a strategic planning method based on the identification process of internal and external environmental factors of the organization and the division of these factors into four categories: strengths, weaknesses, threats, opportunities. Strengths and weaknesses are internal environmental factors of the object analysed (that is, those things that object itself can influence on); opportunities and threats are external environmental factors (that is, what can affect the object from outside (externally) and is not controlled by the object). On the basis of a SWOT analysis it will be possible to make suggestions for improvement in the selected company.

The strengths of the company's activity on social networking sites are represented by following areas:

- The narrow focus, the firm works with only 2 networks;
- Profile in the English language;
- Qualitative and memorable Mascot;
- Qualitative photos and videos.

As mentioned previously, Alza company is active on 2 social networks only. Thus, it manages to save money on advertising and spends the time to work with the network where are more clients. Company's big advantage consists in the fact that it has webpage and profile for English speaking users/clients. Not to forget about its cute and of a great quality Mascot, which is easy memorable. But, I have met opinions saying it may trigger negative emotions, very rarely. There are photos and videos of great quality on all social networking profiles of the company.

The weaknesses of working with social networks are the following:

- Total focus on advertising;
- Missing moderation network;
- Missing albums;
- Post links to social network.

The company does focus except on advertising, when operating with social networks, and absolutely forgets about other aspects of networks utilization. It is very important to underline, that this finding is in contrast with the concepts described in our theoretical part, namely – social networking sites should/must be used mainly for communication with future clients/buyers. Here follows another finding – the firm does not moderate absolutely

the activity on its Facebook profiles which is a big error. To be added another weakness is that there are no photo albums on its Facebook profiles. It means all posted photos are not categorized, which makes it difficult for us (users) to find something. Alza has the link to its facebook profile on the main page of its website alza.cz, but the link is hard to see because it is placed far on the bottom. This makes difficult the move from the main page to Facebook and Instagram.

### Opportunities

- The number of people using Facebook is rapidly growing;
- The number of foreigners residing in the Czech Republic is increasing fast.

The main opportunity for Alza company is, firstly, the increasing number of Facebook users. In addition, the largest number of social network users in the Czech Republic are active on Facebook. Foreigners are constantly coming to the Czech Republic, we can assume that this trend will continue to exist. So, Alza can make advantage of this trend and organize topic-based advertising on social networks, for the foreigners.

### Threats

- Facebook leading position loss, among the social networks;
- Strengthening of competitor activity in social networking sites.

The main threat is if Facebook loses its leading position among the social networks of Czech Internet. The company has directed almost all its efforts to this social network. Internet marketing is a domain that is transforming very quickly, that may change the whole market situation. Additionally, the company may face increasing competitor's activity on social networks, which in the future may lead to a decrease of sales.

## 4.2.2 Datart

Datart is using the following social networks: Facebook, Twitter and LinkedIn.

## Facebook

Same as the rest of firms, Datart suggests its customers to go straight away from homepage of Facebook to e-shop purchases. Also, Facebook button (hyperlink) from the main page of the company is very easy to find.

The first thing that catches the eye when analyzing the activity of the company on Facebook is that the company almost instantly answers the customers' questions, even if they are not given directly, but allusively. This is a great approach, in such a way the customers can see their opinion is important for the firm; but on the other side, the firm shows the customers are sometimes wrong and that customer's requirements cannot be always met.

### Chart 15. Datart – reaction of the company



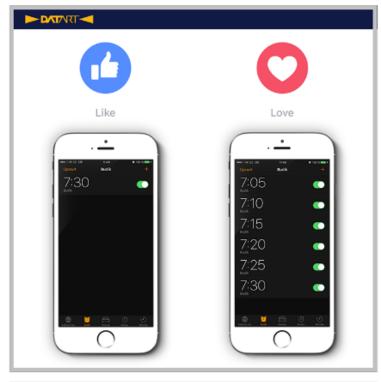
Source: Datart.

The firm advertises the products in a very interesting way, by excluding the so cold direct advertisement, it introduces some elements of humour, question, etc. This makes a filling closeness and comfort, as you would explore the timeline of a friend, not a company. Please see an example on the photo below, where is used humor (everybody will at least smile at the idea of morning alarm routine), completed by a question. Using this approach, the firm makes the consumer think about the product (mobile phone) unwillingly; afterwards this process the interest in this product may arise.

Chart 16. Datart – appealing to customers

28 February at 20:38 · 🚱

Co si budeme povídat, nejšťastnější jsou ti, co vstávají bez budíku 😊 Ale když už je třeba ho nařídit, jaký je váš styl? See Translation



Source: Datart.

### Twitter

On the twitter profile of company's there are over 1,800 tweets, and approximately 18,00 followers, while the company is following a much smaller amount -77 profiles. This indicates a correctly chosen strategy, and people subscribe to the company.

#### Chart 17. Datart – twitter



Source: Datart.

The main goal of utilizing Twitter is the advertising of company's new products or discounts. The advertising is not very aggressive and quite interesting.

The next reason for such a large number of subscribers is the publication of interesting articles, which the company writes or shares on the timeline.

Also, Twitter is used by the firm, to advertise and offer new work positions. There can be found advertisements of searching employees both, for the Czech and Slovak markets. Certainly, this is not accidental, as 1/3 of the company's turnover comes from Slovakia.

## LinkedIn

Datart is the only company, from those analysed in this diploma, that has profile on LinkedIn. There are registered 237 employees. It is interesting that the firm has many followers, 1759 people, which is very much for an average company. It is worth to recall from the previous part of the thesis, that LinkedIn network is designed primarily for the search of job or employees. In accordance with the main purpose of this network, here we can find information about new positions and jobs, about planned changes in the company, and of course interviews with general managers. Undoubtedly, this channel of communication serves primarily for building company's image.

## **SWOT** analysis

Strengths

- Humor in advertising;
- Fast and professional answers given on social networks;
- Diversified profiles on social networking sites.

The biggest strength of the company is the humor used in advertising. To be noted that there is subtle humour and really funny. Thanks to these tricks, the consumer has positive emotions watching them. Another sign of professionalism, is that the company reacts to the comments and questions placed by social network users, very quickly and clearly. It does not have only one or two networks; Datart is present on many social networks, thereby trying to reach as many consumers as possible.

## Weaknesses

- No use of Mascot;
- Main color of company's advertising is too dark.

At present, a very important feature of firm's branding represents the Mascot. The analysed firm does not have it and does the advertising process with the logo or by posting photos of stores.

From author's diploma point of view, the company has the color of the Logo and the color used generally - too dark color, it is a dark blue, it is worthwhile to think about changing it.

# Opportunities

- Slovak market;
- Foreigners in Czech Republic;
- Instagram.

A very important moment, in further strategy of company is the Slovak market, and currently Datart is very interested in employees who are speakers of the Slovak language. Same as Alza, Datart can have future profits from foreign consumers, and the number of foreigners in Czech Republic is growing rapidly. The last chance for the company could be the work with Instagram.

The threats that can cause trouble, in the case of this company, are similar to the risks Alza may encounter. Therefore, they will not be further described.

Unfortunately, the regression analysis, for a more qualitative analysis of Datart company, is not possible because company's profile was not first indexed by search engines. The second reason, why we cannot perform the regression is that number of likes is not placed on the main page, so even if the time engine machine has indexed the page, it would still not be impossible to find data for the past years.

### 4.2.3 Mironet

Facebook

It is notable that the principal of advertising of the company in Facebook refers to mobile phones and computer games. This can be explained by the point that these two goods are fundamental for sales and they do generate the maximum revenue.

Additionally, in its advertising of computer games, Mironet makes use of the character from Star Wars movie series, which is unquestionably the most recognizable of this series of movies.

Chart 18. Mironet – facebook page





Woman's body is over exploited in its advertising, by the firm. Of course, the sexuality is something that attracts a lot. On the other hand, it should be remembered that the company sells electronic products, and is not a bar or a nightclub (for example), for which this type of advertising would be more suitable.

The company has its own mascot. But for some reason, this mascot is not applied effectively in the advertising of the company. Whereas, the mascot is very interesting and memorable.

As we have seen, company almost immediately answers customers' questions. This is a great point to commend the company for, as it does not only place the advertising on the network, but also solves the problems of dissatisfied customers/clients. The firm takes responsibility for all its actions and does not delete negative feedbacks from its social network.

This is a very positive side, because the social networks are being exploited by the company for both, advertising and very active communication with consumers. It should be underlined that communication with consumers is performed very diplomatically on one hand, but on the other hand it makes it clear to the consumer that he/she is not quite right (is wrong) or offers another, alternative solution to the problem. This indicates a high level of professionalism of its workers.

#### Chart 19. Mironet - conversation with customers

František Kolmačka MIRONET ..... Tenhle obchod mě docela fascinuje ..... Nejen 👖 kvůli svojí předvánoční zkušenosti, kdy jsem se tam vydal poté,co jsem se z jejich stránek dověděl, že požadovanou věc mají pouze na centrále v Praze 7.....Abych se pak na místě dověděl, že to sice mají, dokonce ve dvojí velikosti, ale - neměl jsem to objednané ... III...... A dnes, když se tam dívám po jiných věcech - všude červeně svítí: V eSHOPU VYPRODÁNO a ZBOŽÍ NENÍ K DISPOZICI NA ŽÁDNÉ PRODEJNĚ ........ Co jste to za obchod? V posledních letech jsem k vám do Holešovic jel asi 5x , ale jen v jediném případě jsem dostal, co jsem chtěl ...... See translation Like · Reply · 23 January at 15:43 View previous replies Mironet.cz V takovém případě by neměl být problém zboží odebrat. pokud bylo skladem na prodejně a nebylo blokované, případně vytvořit objednávku přímo s prodejcem. Jen je potřeba upozornit, že ceny bez objednání se mohou lišit od těch uvedených na e-shopu. See translation Like · Reply · 24 January at 15:37 View more replies



Source: Mironet.

The company uses social networks in order to place job advertisements, as it can be seen in the picture 20. Likewise, the picture demonstrates the company is expanding the staff almost in all areas, which indicates the stable sales growth and the increased demand of the company for employees.

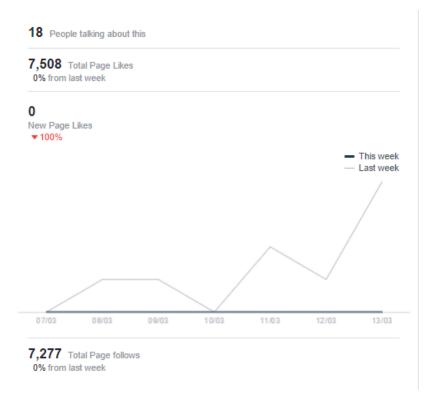
#### Chart 20. Mironet – facebook page, job offer



Source: Mironet

According to the chart below, the usage of company social networks is very poor and the popularity is extremely low. Only 18 people are talking about the page and total likes reach the about of over 7.5 thousand. There are no new likes on the page.

#### Chart 21. Mironet – facebook page

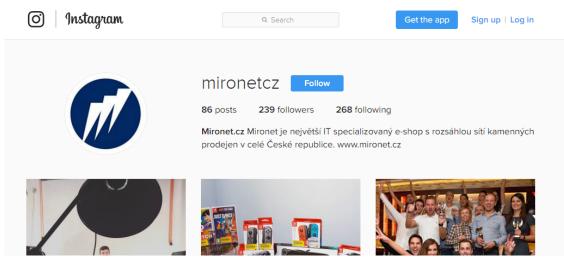


Source: Mironet

## Instagram

The profile of Mironet Company on Instagram accounts only 86 posts and 239 followers. That is, the company does not use a lot, especially this social network. Meanwhile, the quality of the photos is very high.

#### Chart 22. Mironet – Instagram page



Source: Mironet

It can be observed that, the photos posted on Instagram, by the firm, do not have an advertising character, they are describing the atmosphere within the company (office). The photos of company internal nature. As for example, the photo below, with a New Year tree placed in the office of the company:

### Chart 23. Mironet – Instagram page

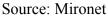


Source: Mironet

The company has a lot of posts with humorous content, here are some examples:

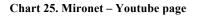
#### Chart 24. Mironet – Instagram page





### Youtube

The profile of the company on YouTube is unremarkable. There you will find no more than 30 videos. In other words, the main customers of the firm do not particularly follow its profile on this social network.





Source: Mironet

# Google

Company's profile on google is not quite good – it has only 116 subscribers.



#### Chart 26. Mironet – google page

Source: Mironet.

# Twitter

Twitter profile of the company is not of much interest for the audience. There are 559 tweets. Mironet.cz is followed by 116 users, while it is following 472 people. That is, there is a large disproportion that does not indicate the success of the policy on this social network.

#### Chart 27. Mironet – twitter page



Source: Mironet.

## **SWOT** analysis

Strengths

- Huge number of social networks;
- Easy page transition to social networks from the main page;
- Emphasis on humor;
- Almost immediate response to customers' questions and dissatisfaction.

As from our analysis, the company is currently using quite a large number of social networks. Thanks to this, Mironet is able to reach a huge number of potential customers. Facebook is undoubtedly the most frequently used social network, but other networks also play a very important role.

It is very easy to find the button (hyper link) on the main page of the company, for further transition to social networks' pages. Potential customers do not have to waste their time by searching it.

Mironet is using humor when working with social networks and the photos are really funny, so potential customers do not have the feeling that the company is going only to sell them some products or services.

Mironet is active and replies to visitors almost immediately, on its facebook page. Mironet do admits the problems and is trying to solve them.

## Weaknesses

- Too much emphasis on female sexuality;
- Small number of followers and friends on other social networks;
- Weak work to promote the mascot.

The company is using excessively the naked women's body in their advertising. It should be limited. The company has many profiles in social networks, but they have a very small number of users/followers. Also, there is not seen any special manipulation by company in the promotion of mascot.

# Opportunities

- Development of their own mascot;
- Establishing a page in English language.

Mironet has its own mascot, but for unknown reasons the company does not use it, however it could become company's competitive advantage.

The company should also perform the translation of their Czech web (into English) and create a page for English speaking people. This step will attract foreigners who do not speak the Czech language. Their main competitor Alza, has been doing this for a long time, now.

# Threats

- Return of the crisis;
- Strengthening of competitor's position;

• Pirated copies, cheap products from China.

The main potential problem, for majority of the companies, is the return of the 2008/2009 crisis and consequently the fall in sales.

The next risk is of course the strengthening of competitors, especially Alza company. In this situation, the company will lose all its customers and a slumping in sales will follow.

Furthermore, it should be taken into account that main product of the company are smartphones and computer games. This can be assessed from the content of advertising of the firm. Not to be forgotten that these products (smartphones and computer games) have a very strong substitute, which are pirated copies or cheap goods from China. This threat refers especially to smartphones, because their sales has grown a lot on webs selling Chinese electronics and technology, such as Aliexpress.com. As a result, the firm may lose its main market of products sales.

Unfortunately, similarly to the situation with the analysis of Datart company, regression analysis is not possible. The reasons are the same.

# 4.3 Suggestions for improvement

Following the research conducted, we are able to make suggestion to all companies, to offer the following steps to strengthen their positions in the market by managing their work with social networks.

### 4.3.1 Alza

On the basis of the conducted study, it is possible to make the following suggestions in order to improve the activity on social networks:

- Start the activity on Twitter;
- Facebook button should be moved up (in the right or left upper corner of the page);
- Place information about Alza shop;
- Organize awards and votings;
- Moderate the discussion;

- Make photo-albums;
- Do pay-per-click advertising on Facebook.

First of all, Alza company pays to much attention to Facebook activity, and only Facebook. Internet marketing is a domain of marketing, where absolutely everything changes very rapidly, and it is needed to consider that a tool functioning today might not work or decrease in efficiency in the appropriate future. As a consequence, the firm may lose a very important target segment. It would be much better to diversificate marketing by adding one more social networks to the list of activities. The firm could be advised to operate with other social networks, which have different base – Twitter, in particular. The choice of this certain network is based, above all, on the fact that Twitter's main focus is given to fast information display. Not less important is that this network is spreading rapidly on the Czech market. Twitter meets perfectly Alza's criteria, especially in the topic of events and notifications about different promotions.

Secondly, it was mentioned in the study that the link to Facebook is located at the bottom of the main page of its web which is absolutely not convenient for users, and not visible. It would have been much better to place the Facebook icon in a more visible part of the web page, for example at the top right corner. It will make it easier for users to find the link faster, and will not be forced to search all over the screen.

Thirdly, the company could be suggested to utilize Facebook not only for advertising, but for other purposes – such as, to share information to its customers about Alza's activity results (profit, number of clients, etc.). Also, to share on its Facebook profiles (both, English and Czech) information about charitable activity. Why? Nowadays, people are very interested in how the company cares about environment and its social projects.

Another suggestion could be the introduction of votings and prizes in order to increase the interactivity of users. Alza company is doing surveys and is interested in the opinion of people, but it does not organize votings. It would be also an idea to make prize drawings or give prizes for correct answers, so that users become more interested in direct communication with Alza via social networks.

As shown in the study, the company sometimes does not check the development of discussion process on its pages and is not engaged in its moderation. It is a big mistake in

operating with social networks. The activity with/on social networking site is not just a process of posting photos and advertising, it is mainly communication with audience being a target work. Obviously, moderation means replying to negative customers' feedback, instead of removing unsuitable comments, how it may seem on the first glance.

The next disadvantage when dealing with social network is that the company does not have any albums to its photos and all photos are into a large pile. Unfortunately, this leads to the fact that it is practically impossible to navigate through the photos and the page. This situation can be corrected placing all photos into topic albums.

Unfortunately, Alza does not have pay-per-click ads on Facebook, and with this trick they could increase turnover, especially given the amount of time people spend on social networks.

## 4.3.2 Datart

Datart company, per author's opinion of this diploma, could be recommended the following:

- Create the Mascot of the firm;
- Change/replace company's color into a lighter colour;
- Open an English profile/ account into Facebook;
- Open an account in Instagram;
- Strengthen the presence on the Slovak market.

There is felt a big lack of company's image and the Mascot would be ideal for such purpose and would make the company more memorable. More than that, it is quite hard to imagine and realize a qualitative branding without Mascot. That is why, the firm is recommended to create the Mascot as soon as possible. The firm must at first sight differ from other companies and one logo is not enough.

Secondly, according to the author of this thesis, the official color of the company is too dark. Would be better to take as the official color of Datart a lighter option and warmer color. The current color of the firm, dark-blue, produces too official impression.

The company can be advised to start a page on Facebook in English, like Alza did, so that it would be possible to work more purposefully with foreigners residing in the Czech Republic, thus promoting the sales volume.

The fourth suggestion is to create a profile in Instagram, where Datart will be able to work more on the visualization of its offer. This is the only social network is missing to the company.

Further, the presence of the company in the Slovak market should be strengthened. This will already require more efforts, and the promotion on social networks is absolutely not enough. It is needed to make corrects in the strategy of the company, which is beyond the scope of this thesis.

# 4.3.3 Mironet

Mironet company could be suggested the following:

- Reduce the number of social networks, where registered;
- Focus the attention on Mascot promotion;
- Reduce the advertising with sexual content;
- Create an English profile on Facebook.

First of all, the strategy of the company on social networking sites is not done well. Mironet has many profiles, but these profiles are weakly developed. It would be rather more resulting to focus on two or maximum three networks.

The firm has its created Mascot, but for some reasons it is not used in advertising at all. Not to forget, the Mascot – is one of the most important parts of branding, nowadays.

Thirdly, the company is using the sexual content and woman body, too often, in advertising. The utilization of such content must be restricted because the range of products of the company does not correspond to the advertising. Otherwise, here might occure a huge risk of vampire effect – when the advertising will push the product out from the market.

The last recommendation will be to create a profile in English, on Facebook, that will help to promote the products of the company between foreigners living in Czech Republic.

# 5 Discussion

# 5.1 Summarize and discussion

In order to summarize the results of the research, we have created below table, please see table 1. From the table, we can see, that the company that has the highest number of social networking sites is Mironet. The most significant indicators are included into the table, indicators related to the use of social networks. Then again, the creation of a large number of profiles on social networks, does not automatically mean their application and effectiveness in the promotion of company's products. Mironet company is the example of the situation when the firm has profiles on many networks, but has a very small number of subscribers on all of them. It would be more efficient to concentrate on two or three networks, but work them out thoroughly.

	Alza	Datart	Mironet
Facebook	115 159	48 190	7 629
Twitter – followers	N/A	1 184	116
Twitter – tweets	N/A	1 874	559
Instagram – posts	276	N/A	86
Instagram – followers	5 132	N/A	239
LinkedIn – number of followers	N/A	1 759	N/A
Google+ - number of followers	N/A	N/A	115
YouTube – followers	N/A	N/A	63

Table 1. Summary

Source: Results of own research

The investigated Czech companies are using the social networks for their direct purpose to communicate with the customer. The only exception is Alza company, that exploits the network mainly as an advertising platform and does not particularly moderate the discussions. On the other hand, Alza is very successful on the Czech market, so perhaps its approach to advertising is correct.

Furthermore, all firms work predominantly with Facebook, which nowadays is a key social network for the Czech Republic. This does not mean that the situation will be the same in the future; after all, the situation in IT sector is changing very quickly, so we need to take into account that all firms will have to apply more forces to work with other social networks.

# 5.2 General recommendations

After receiving all results of the analysis, general recommendations can be formulated, for companies that would like to improve their activity with social networking sites in Czech Republic. Moreover, these recommendations can be applied by companies that are planning to start their activity on the Czech market. The suggestions will refer to the following areas:

- Facebook main point of activity;
- Combine other social networks especially Instagram and Twitter;
- Answer users' questions on time;
- Manage the discussions;
- Post information, photos, etc. regularly;
- Use the humor in posts;
- Emphasize on communication, not on the sales;
- Mascot;
- Profile in English language;
- Organize well the profile, and all information on it.

First of all, Facebook should become the main point of activity for the company. This is the social network that is mostly used in Czech Republic, so it should be the basis. On the other hand, it is necessary to take into account other social networks, Instagram and Twitter. Instagram focuses on visualization, and Twitter focuses on short messages. It is risky to activate and be present with only one network, because there is a risk of very high dependence on one social network and it may happen that the target audience of the company is located on another network. It should be remembered, the most important in working with social networks is not the number of social networks involved in marketing, but the quality of operating the profiles on these networks. Therefore, it is better to choose two or maximum three networks and work only with them, working each profile thoroughly.

Companies could think about the use of other networks, such as LinkedIn, which undoubtedly improves the image of the company, as this network is designed for professional communication and it is not used for recreation, as above mentioned sites. Then, companies can use regional social networks, such as Vkontakte, which is spread primarily among the Russian-speaking population. In addition, the work with social networks based on video, is very interesting, for example YouTube. But YouTube cannot be used as the main network, it is just a supplement. It should be remembered the basic networks for use are those three networks mentioned above: Facebook, Instagram, Twitter.

When working with social networks, it is necessary to answer people's questions as soon as possible and moderate the discussion. It is unrecommended to let the discussions develop uncontrollably, especially when it comes to customers' dissatisfaction. The firm should try to solve the client's problem, as soon as possible. Company's profile on any social network should be updated regularly, at least 1 post per week, otherwise people/users will think that the profile is "dead".

When making posts, you should focus on humor and avoid such advertising as this "buy from us, because we have the best/cheapest product". The reason lies in the fact that goods advertising in the 21<sup>st</sup> century becomes no longer interesting if there is not a cherry on the cake, because all firms produce a similar product, more or less the same. The only way is to be different, and the firms can differ in advertising, in the client approach, in the offered service, etc. Therefore, the humor is one way to distinguish from others. People are using the social networks primarily for communication, and this fact should be remembered, when working with them not as a usual user. Advertising should not be the fundamental part of post in any social network, a company (its representative who operates the profile) should communicate through the network, either directly through messages or via posts that attract the attention of people.

Nowadays, the visualization of the company and the creation of association are very important. Therefore, companies should create and use in their operation with networks, an easily recognizable Mascot. The following recommendation is to work with an English profile, because as it was shown in the work, the number of foreigners is constantly growing in Czech Republic. Quite a large number of foreigners do live here without the Czech language, and they represent a very interesting segment for companies. Therefore, the profile in English is a systematic step in the development of the firm. As it was shown in diploma work, many firms work with foreign countries, among these countries Slovak market comes the first, being very close to Czech culture. So, the Czech firms should think about entering the neighboring market, as well.

The profile of the company on the social network should be well ordered. There should be created albums with photos categorized accordingly, and the profile should have a specific structure, etc. Thereby, the well managed and ordered profile will created a good impression over the users (future buyers) and they will think that in the company itself everything is clearly arranged and all demand or wishes are fulfilled.

# 6 Conclusion

This diploma thesis was focused on a topic, that has started to play a huge role in the process of communication with potential buyer just in the last 5-7 years, and these are the social networking sites. This media had a revolutionary role in the early 2000s, when the concept of marketing and Internet changed radically.

Social networks meant a transition to a new level of marketing. This new level of marketing was offering the option to choose very clearly the target group, to limit marketing costs, in online mode to get information concerning the effectiveness of the campaign realized on the Internet, etc.

The marketers' fears that the advertisement will not be seen by those to whom it is intended, but will be watched by wrong audience, are now in the past.

It is obvious, social networks are just beginning their big development, but even now we can see that almost all serious companies have profile on at least one social network.

Social networks are created on the basic human need which of course is communication. This type of media has given all of us the big opportunity to communicate online with friends and relatives, post our photos, share photos with other people, and so on.

Thanks to all above mentioned, there is noticed a huge result in the social networks in the form of a rapidly growing number of users, a growing interest of companies in this media and of course, of continuously increasing time that people spend on a certain social networking site.

This diploma thesis analysed three companies, Mironet, Datart and Alza, with a focus on their activity in social networks. All three companies are undisputed leaders on the Czech IT market. An interesting fact is that majority of these companies activate in neighboring Slovakia, which can be explained by the similar culture and common historical past of Czech Republic and Slovakia.

Further, all firms have a profile on Facebook, which is explained by the fact that this social network is the largest in the Czech Republic. The results of the research showed, that the firms use this certain social network very actively, with posts placed almost daily and there is also active communication about the products of the company.

Notable is that all three companies also work with the Slovak market. Firstly, this can be explained, by the fact that Czech Republic and Slovakia had been part of one country (Czechoslovakia) for many years and these countries are culturally very close. It should be mentioned, the sales growth in Slovakia is much higher than in the Czech Republic, which speaks about the rapidly growing Slovak market. In the future, increasing activity of the firm should be expected on the Slovak market. On the other hand, not to forget that there is the probability to reach very quickly the ceiling of sales, in case of Slovakia, because the number of population in the country is much lower than in Czech Republic.

At the end of diploma work, on the basis of the performed analyses of all companies, suggestions for improvement were offered. For Alza shop, the suggestions were the following: start the activity on Twitter; change the location of Facebook button on the page (in the right or left upper corner of the page); place information about Alza shop; organize awards and voting; moderate the discussion; make photo-albums; and do pay-per-click advertising on Facebook. For Mironet: reduce the number of social networks, where registered; focus the attention on Mascot promotion; reduce the advertising with sexual content and create an English profile on Facebook. For Datart: create the Mascot of the firm; change/replace company's color into a lighter colour; open an English profile/ account into Facebook; open an account in Instagram; strengthen the presence on the Slovak market.

If we recall the partial goals given at the beginning of the work, then the goal of Alza shop is principally advertising. Unfortunately, the firm establishes only a few other goals in its campaign. It could be even noticed that sometimes Alza does not moderate the discussion on its Facebook page, but posts the advertisements only. Mironet, on the contrary, exploits its social networks by 100%, it constantly places advertisings, communicates with consumers, solves their problems and provides very interesting information about the results of its activity and operation. In case of Datart, company uses social networks for advertising and communication. Moreover, Datart and Mironet used it for placing the job offers and information about the company.

When about the implementation of the second goal then on the basis of the research it can be affirmed that Facebook, Twitter and Instagram are the fundamental social media widely used in the Czech Republic, nowadays. Facebook is on the first place in the list. The case with the fulfillment of third aim of diploma thesis, is not so ordinary because each company uses its type of advertising and it is impossible to make a common picture. Mironet, for example, advertises mostly computer games and phones; while the rest companies advertise everything.

Based on the above arguments, it can be affirmed that all partial goals have been fulfilled.

The biggest restraint of this diploma is the author did not have unfortunately access to internal information about the campaign, which the company conducts on social networks. Certainly, the study would have had a bigger added value if taking into consideration the comparison of expenditures volume and comparison of the increase in sales. The following restraint is that social networks represent just a part of the marketing tools used by the companies. Thus, the influence of advertising volume on social networks and on company's revenue is very difficult to evaluate.

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