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Social Media as a tool of Innovative Marketing: The case of Uzbekistan

Ҳозирги кунда ижтимоий медианинг маркетинг амалиётида қўлланишининг жадал ўсиши, асосан онлайн ижтимоий тармоқлари, анъанавий маркетинг фаолиятини тубдан ўзгаришининг асосий сабабидир. Ушбу илмий мақолада ижтимоий медиаларни маҳаллий корхоналарнинг маркетинг амалиётида кенг қўллаш имкониятлари ва юзага келиши мумкин бўлган таҳдидлари тўғрисида илмий ва амалий маълумотлар келтирилган.

В последние годы отмечается впечатляющий рост внедрения социальной медики в маркетинговой дисциплине, в частности, социальные сети, которая значительно повлияла на традиционные методы маркетинга, требуя переосмысления роли маркетинга в новых условиях. В данной статье рассматриваются потенциальные возможности и угрозы выдвигаемые развитием социальной медики в осуществлении маркетинговой деятельности национальных компаний.

Keywords: *Social media, innovative marketing, online social networks, Web 2.0, digital media.*

Introduction

The rapid development of information and communication technologies (ICT) have changed the way people communicate and engage with each other almost beyond recognition. The growing role of online social media have significantly influenced traditional marketing communication techniques. Recent research on consumer markets shows that on average 22 percent of online time of consumers are spent on social media sites, and more than 60 percent of consumers read the customer reviews online before making purchasing decisions. The recent trends in marketing discipline, certainly underlines the growing importance of social media on consumers' purchasing decisions, and overall, has a great influence on marketing activities (Gu & Ye, 2014).

Although social media offers tremendous opportunities, any inappropriate practice of it may lead to negative results that present enormous challenges to marketing leaders (Mendehall, 2009). Literally, businesses are not able to manage all information that is released to the Internet through different social media applications. Currently, one of the top issues in the current marketing age is that many marketers are lack of knowledge about “social media” and thus, are reluctant to develop effective social media strategies. Furthermore, gaining success through social media interaction is also influenced by many other different factors, such as economic, socio-cultural, political and technological (digital divide) conditions in the country (Ali, 2011). This is the case especially in developing countries, where social media engagement may have unexpected outcomes because of economic conditions

and socio-cultural influence. There is a very little research conducted that studies the perspectives of social media marketing in the context of developing countries.

Prior research on social media has focused on studying the growing role and influence of social media, defining the concept “social media”, opportunities of social media use in different areas –such as healthcare (Vance, et al., 2009; Chou, et al., 2009), education (Moran, et al., 2011), and other.

This paper aims to analyze the literature and provide structured description of the notion “social media” and its different types; discuss the challenges and opportunities of implementing social media into marketing strategies of businesses in developing countries (in the example of Uzbekistan); examines the current socio-cultural and technological readiness of the country and provide recommendations.

Understanding the concept “Social Media”

Social media are comparatively new media formats and are still in their early stages of development. Although, businesses seek ways of profitable and appropriate use of social media in marketing activities, the literature provides limited description of the concept “social media”. Botha (2012) describe social media as *“the media designed to facilitate the dissemination of content through social interaction between individuals, groups, and organizations using Internet and Web-based technologies to enable the transformation of broadcast monologues (one to many) into social dialogues (many to many).”* The main purpose of social media is to empower individuals and promote democratization of knowledge by turning content consumers into content producers. Perhaps, the most comprehensive definition of the notion “social media” is provided by Kaplan and Haenlein (2010): *“a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content (UGC).”* These two related concepts to the term “social media” - “Web 2.0” and “UGC”, are frequently misunderstood and misused by researchers and practitioners. Generally, Web 2.0 is the more socially oriented progression of the previous Internet technology (Web 1.0). It is a platform on which digital media, social media and other modern applications and technologies operate. These include search engines (Google), blogs, SNS (Friendster, Facebook and Twitter), photo and video sharing sites (Instagram, YouTube and Flickr) and many others. The introduction of Web 2.0 technology extended the width of the internet’s potential, enabling to gather even such data like what people are doing with technology and how they are using it. Furthermore, the rapid development of social media and the emergence of internet-based communities has led to the emergence of global human network, where the content is created by end-users rather than by servers (UGC). This is where consumers not only communicate and engage with businesses, but also generate their own information (comments, customer reviews, blogs) about products, services and brands (Cova B., 2010).

The introduction of Web 2.0 technology extended the width of the internet’s potential, enabling to gather even such data like what people are doing with technology and how they are using it. These advances in the ICT infrastructure has enabled businesses not only to reach their current customers, but also find new

customers – when businesses eager to build relationships with potential customers (Close, 2012).

Types of Social Media

Social media is a relatively new concept and the list of media formats of social media is constantly improved and fulfilled. Botha describes the common media formats, which are referred to as social media, as following:

Blogs/Web logs are the web sites maintained and written by individuals, but managed and technically owned by a company that provides access to Web space and a content management system.

Microblogs are social networking services that enable users to post and read very short messages, restricted by the number of characters in the message and type of content that can be posted. For example, users of Twitter can send short text-based messages/posts of up to 140 characters, called “tweets”.

Video sharing Web sites (YouTube, Vein) enables users to watch, upload and share videos with other users..

Picture sharing Web sites enable users to upload and share pictures and images. Some of the popular picture sharing Web sites include Flickr, Picasa, Google Images and Instagram.

Social networking Web sites enable users to create an individual profile pages, find and connect to friends/groups/communities, send messages, make posts and so on. Some of the most popular social networking Web sites include Facebook, MySpace, LinkedIn and others.

Niche social networking Web sites is designed for smaller audiences and are focused on specific topics of interests, such as Sharecipe (for those who like cooking, shares recipes and cooking tips) and ActiveRain (for real estate professionals).

Social news Web sites provide users with a range of information, that are usually attached with links to the main source. The most popular social news Web sites include Digg and Reddit.

Social bookmarking Web sites enable users to collect and save interesting links they have found in order to revisit whenever they need. Some of the most popular commercial Web sites include Pinterest, StumbleUpon and Diigo.

The social trend in the Marketing discipline

The influence of social media on marketing has led to the development of social media marketing, which is currently one of the most popular forms of online marketing. The large audience involved in social media Web sites and the instantaneous communication possibilities are main reasons of the effectiveness of social media marketing. So, what is social media marketing?

Argesta et al. (2010) defines social media marketing as the act of creating and posting content in any and all of the following hosted environments: online, mobile, virtual and others. It is not about extending existing marketing campaigns into new channels. Indeed, it is a fundamental shift in how we communicate with the world around us. Furthermore, social media marketing by describing it as the platform that removes the usage barrier and provide opportunities to businesses to get closer to

consumers than ever before. Weinberg (2009) gives a relative broad description of social media marketing: “it is a process that empowers individuals to promote their websites, products, or services through online social channels and to communicate with and tap into a much larger community that may not have been available via traditional advertising channels”. Although, many businesses benefit from the emergence of social media marketing, understanding the outcomes of social media marketing and maintaining effective strategies in the social media is complex.

Substantial amount of researches were completed with aim to study in depth the prospective outcomes of social media marketing. This includes reputable works in the sphere of advertising (Hensel & Michael, 2010), social media marketing in the context of emerging economies (Borker, 2014), consumer behaviour and perceptions toward social media marketing (Mendonca, 2016), effective use of library resources through social media applications (Khan & Bhatti, 2012) and others.

It is obvious that traditional marketing focuses only on advertising, whereas new marketing aims to build a relationship with consumer. To be clear, the purpose of new marketing is to deliver the required information to the consumer when he/she is willing to accept it. Indeed, the web has opened a magnificent opportunity to reach niche buyers directly with targeted information that is much more effective than most other traditional marketing approaches. This is usually done through social networking or blogging, where people or businesses create groups or communities and start blogging, sharing, liking and poking, while exchanging crucial information that will influence the potential customer’s buying behaviour.

“Before the web, organizations had only two significant options for attracting attention: Buy expensive advertising or get third-party ink from the media. But the web has changed the rules. The web is not TV. Organizations that understand the New Rules of Marketing and PR develop relationships directly with consumers like you and me.”

Subsequently, businesses that practice marketing activities through social networking are gaining higher competitive advantage and generate more profits (). It is crucial to understand that marketing through social media is not about generating hype. Indeed, it is about delivering information and ideas to a network of people who are interested in the company and their products and services.

The social media have made it possible for consumers and buyers to provide information to others on a worldwide basis about how the products and services they have acquired meet their expectations and needs. However, a number of stimulating questions arise in the field of marketing, as the buying and selling behavior of consumers change. These concerns include issues related to public policy, consumer welfare, family decision making, security and privacy. Furthermore, although there are many researches proving the large opportunities that social media marketing offers, some key questions need more clarification with respect to understanding: Why? How? When? consumers make their decisions to buy/not buy the product or service; as well as what happens to brand once it is released to consumer controlled landscape of social media. Companies are literally unable to control and manage all information flow about their brands in the social media. Indeed, those businesses trying to take control of it will need to spent a lot of time to constantly track social

media websites. This might require employing a group of people, which will negatively affect the budget of the business.

Today, the popularity of social networking web sites like Facebook, Twitter and LinkedIn is phenomenal. People easily create profiles about themselves and use them to gather virtual networks that combine both online and offline friends. Currently, Facebook has around 890 million active users, whereas Twitter and LinkedIn have approximately 284 million and 300 million active users. Although, the extensive use of social media among people first emerged in USA, currently more than 80 percent of social media users are non USA residents. This statistics once again prove the growing popularity of social media in the world and its crucial role in the business world.

Country Profile: The legislative base

Uzbekistan is one of those leading countries, that is focused on innovative development. The social development strategy of the Republic of Uzbekistan, in the long-run, is focused on promoting the digital society. The government took number of actions supporting the adoption and usage of ICT tools, which include: (1) The Decree of the President of the Republic of Uzbekistan “About further development of computerization process and implementation of ICTs”, dated May 30, 2002 and the ordinance of the Cabinet of Ministers’ on the following matter, which states priority actions in this field; (2) The Law of the Republic of Uzbekistan “About informatization”; (3) Adoption of the Program on further improving ICT and computerization processes in the Republic for the period of 2002 to 2010, and other laws and regulations. The pivotal purpose of the current legislative base oriented on promoting ICT is to create a holistic national system of informatization, through embedding a high usage of modern ICT and telecommunication tools in all spheres of economy and public life.

Growing popularity of social media

The Internet and telecommunications industry have considerably improved as a result of a number of actions taken by the government to improve the ICT sector in the country. The number of small enterprises and micro-firms operating in the Transport and Communications sector have increased by 0,2% from 2014 (4,6%) to 2015 (4,8%).

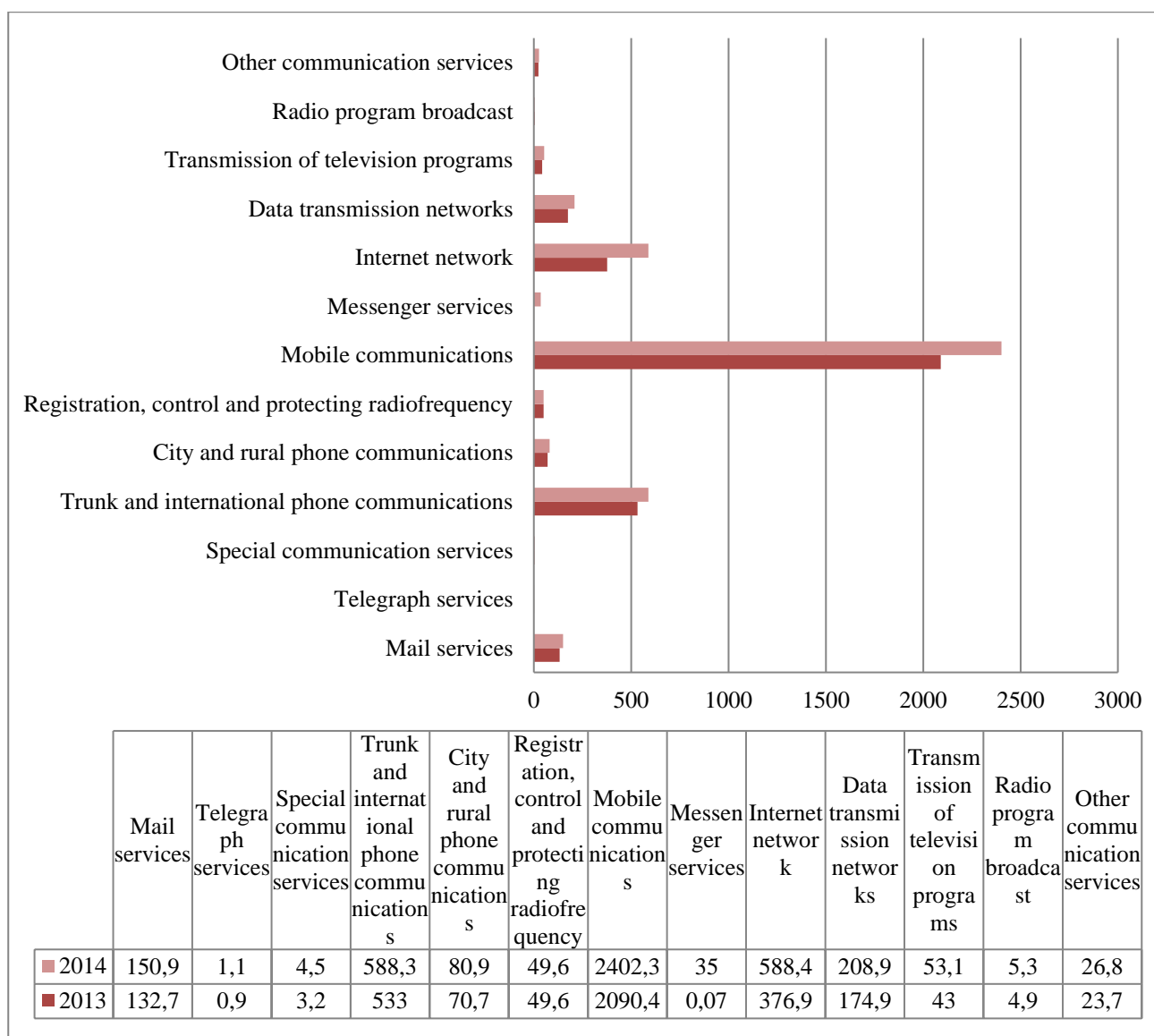


Figure 1. Revenue received from the main activities of communication service providers for 2013 and 2014 (actual price; in mlrd. UZS)

Source: “Ўзбекистон ракамларда”, State Statistics Committee (2015).

The popularity of Internet and mobile communication services are also increasing. According to the Statistics Committee, Mobile and phone communication services and Internet network services are the largest revenue producers in the communications industry of Uzbekistan (see Figure 1). Indeed, the revenue received from the Internet network provider companies have increased from 10,8% in 2013 up to 14,0% in 2014. These statistics first of all underline the growing popularity of implementing the usage of Internet in all spheres of the country’s economy.

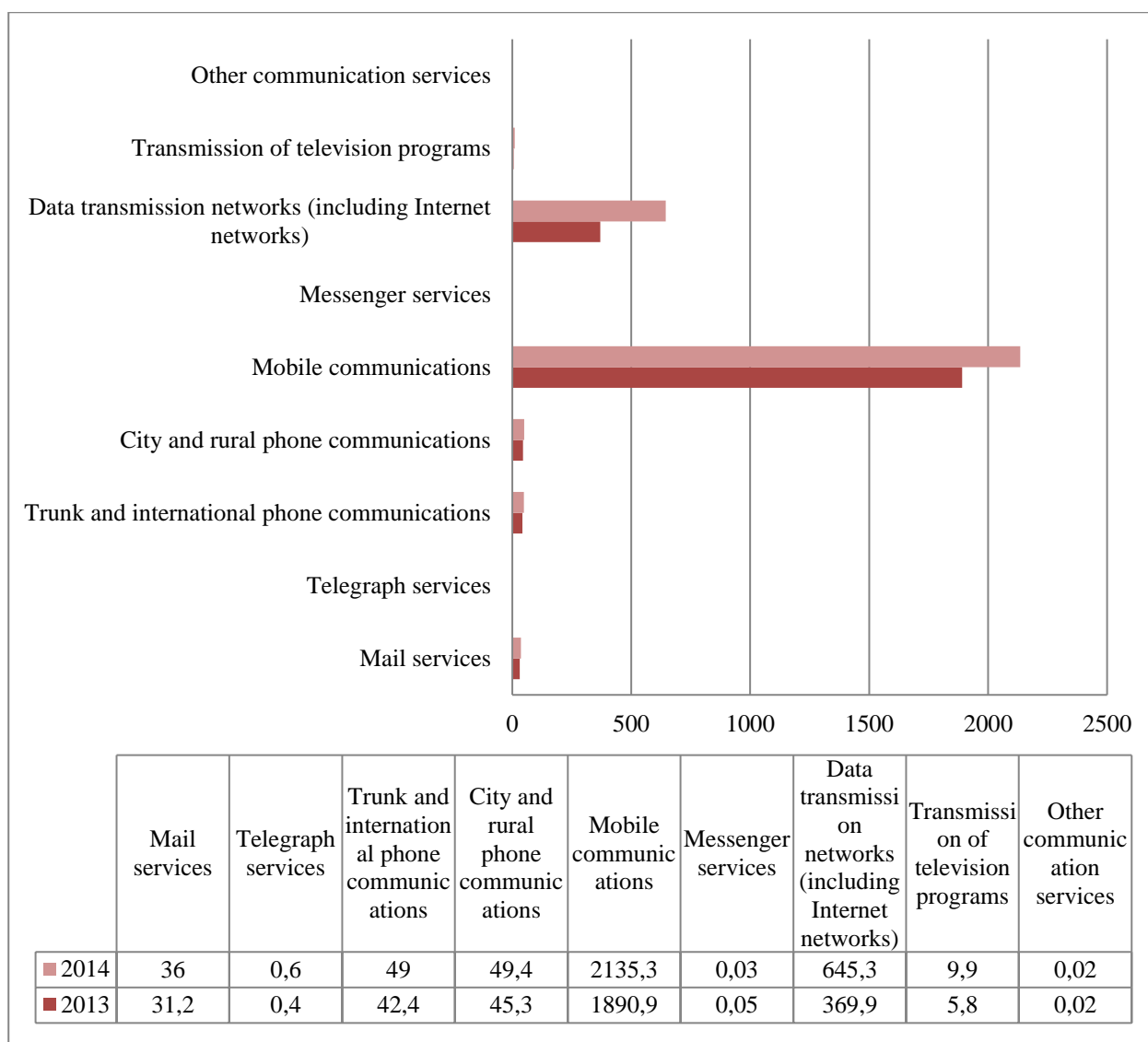


Figure 2. Revenue received by ICT companies from providing services to the population for 2013 and 2014 (actual prices; in mlrd. UZS)

Source: “Ўзбекистон ракамларда”, State Statistics Committee (2015)

It is certainly important to underline that the second highest revenue of communications companies is generated by providing Internet network services for the population. The amount of revenue received from providing Internet network services for the population is almost doubled in one year period. As the social media is closely related with the availability of the Internet network services, the current statistics prove the possibility and high potential returns of promoting social media marketing in the local market.

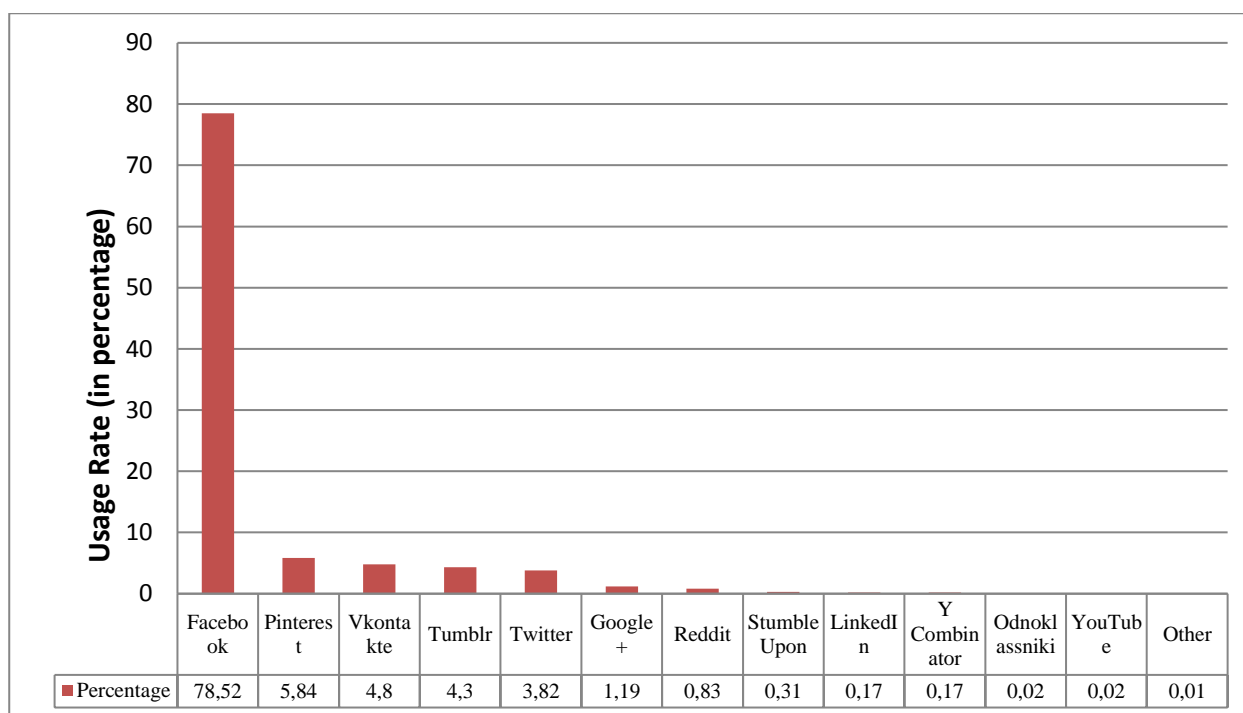


Figure 3. The popularity of Social Media Web sites in Uzbekistan in 2015
 Source: StatsMonkey (2015), Retrieved on June 5, 2016

There is a lack of researches regarding the adoption of social media marketing in Uzbekistan. Therefore, the database for understanding the current social media use in the country is also very little. However, the second data collected by outside Web site show the general image of current social media use in the country. According to the data retrieved, Facebook (78,52%) is the most popular social Web site, followed by Pinterest (5,84%) and VKontakte (4,8%).

Current practices and potential improvements

Although, social media offers large opportunities to businesses, not all of the local organizations understand the importance of promoting their products or services through social media. According to the current findings, Facebook is the most popular social media Web site in the country and companies should consider the benefits that it might offer to increase their brand awareness. Indeed, some of the local companies started engaging in social media marketing. Currently, there some popular social media communities on the Facebook (ex. Я мама), brand fan pages (ex. Pablosky, Beeline) and closed groups for organizations (ex. Inha University in Tashkent). All of them practice to some extent social media marketing activities in different ways.

The most popular online community for young mothers in the country is Я мама. It is owned and maintained by individuals, however they often promote partnership programs with local maternity and children brands. For example, the local distributor of Pampers hold a contest for the best family picture by voting through “likes” in the Я мама group. The holders of the photo that received the most likes will receive a free pack of “Pampers”. This will definitely cost company a very little amount of money, but will reach so many potential customers.

Another example of social media marketing practice by local companies is the fan page of Pablosky – the Spanish brand producing shoes for kids. The local distributor of the brand maintains a fan page to promote their products in the local market. They constantly upload pictures of those kids who buy shoes from their shop. This is motivating approach. People start giving “likes” to those pictures where there kids/siblings/cousins are and this will surely increase the brand awareness in Uzbekistan.

SWOT Analysis: Promoting social media in Uzbekistan



Figure 4. SWOT Analysis.

The wide implementation of new marketing activities, or rather social media marketing in today’s highly competitive world can be described with the line of opportunities offered to both companies and customers. The SWOT analysis was conducted in order to compare potential benefits and threats of promoting social media marketing in Uzbekistan. Social media marketing will enable local businesses to further expand their brands awareness and build more tight customer relationship. However, there are some weaknesses to consider, as maintaining social media marketing activities in the local businesses require a lot of time from company marketing managers. Furthermore, cultural insights of local people may result in low trust levels. Perhaps, security reasons are one of the important questions to consider as well. Nevertheless, adopting social media marketing activities offer large opportunities to business, which can be proven by the statistics on increasing

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popularity of Internet usage levels and social media Web sites. The figure below presents a general picture of SWOT analysis that describes the potential outcomes of promoting social media marketing in Uzbekistan.

Concluding Thoughts

To conclude, the rise ICT revolution in the world has transformed all sectors of the country's economy. Traditional marketing activities were also influenced by modern and innovative technologies. The new marketing era introduced social media marketing that has now become as one of the most powerful marketing approaches in the world that has totally transformed the way Marketing was viewed before. Marketing simply meant advertising and branding, where advertising needed to appeal to the masses and concentrated on one-way: company to consumer communication. Whereas, social media marketing removes boundaries between company and customers, building stronger trust and relationship between both parties eliminating agent services. Furthermore, recent trends in the communications industry in Uzbekistan underline the increasing importance of Internet based technologies and the growing popularity of social media marketing in the local markets. Nevertheless, the adoption of social media marketing approaches require businesses to totally reconsider their marketing strategies and get prepared for potential threats that may arise. Overall, the implementation of social media marketing offers great opportunities for the businesses in the local market, as the new line of marketing approaches are not widely implemented by businesses, and innovative approaches have higher potential to attract more customers.

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