

Social networks as a support of marketing for nonprofit organizations

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Social network web sites or social networks in short, became a surprisingly interesting and popular subject, especially since the mass acceptance of this specific form of online communication and interaction. Social networks attract the attention of both experts and scientific researchers largely because of the numerous possibilities of using the specific form of networking provided on almost every type of widely accepted social networks. Social networking is one of the key components of Web 2.0, which is characterized by openness, freedom and collective intelligence. However, the most important characteristic of Web 2.0 is the exceptional interactivity between users. All the specific aspects of nonprofit organizations and especially of the education sector are apparent in the online environment as well. Furthermore, enhanced online communication systems enable a high level of usage of the aforementioned aspects for accomplishing the organizations' goals. This paper deepens the research carried out during the spring of 2009 on the similar subject of general usage of social networks amongst its users. The paper starts with a brief overview of the historical development of social networks in order to show how these communities have changed and developed over time. Current characteristics of social network web sites are determined and described in order to give a full picture of their state and marketing possibilities as well as the implications they have on future development of Internet based interactions. In addition, there is a special comment about the value of social networks and the way of determining their value and specific types of networks that are present in the global Internet space today. This paper also gives a general picture of the state of social networks and their users in the Croatian Internet scene with estimates of further development in the near future. The practical example of Internet presence within the social network environment takes the central place in the paper. An overview of the postgraduate study profile, on the currently most popular social network Facebook, is given. In addition, the advertising campaign of the aforementioned study within the same social network, as well as its overall efficiency is accentuated and commented. At the very end, the current marketing value and the reach of social networks concerning the marketing for nonprofit organizations is summed up and directions in which the future research of this subject will go are given.

Keywords: social networks, Web 2.0, Internet, online advertising, education

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1. Introduction

One of the undeniable innovations of Web 2.0 is the, today unavoidable, social network. All users who are up to date with the recent developments in the omnipresent Internet space are well acquainted with this and are probably participants themselves in some of the existing social networks. Over 300 different, active social networks already exist today. Each has its own specific characteristics, beginning with the ideas of connecting, the dominant target group, the possibility of interaction and visual identity.

Parallel with the most important, general (horizontal) social networks like Facebook, Myspace, LinkedIn etc., less specific (vertical) social networks of various marketing niches, which do not stand out with its size and the number of users but with the homogeneity of their user base and their interests are described. Further, a general overview of the state of social networks and their users on the Croatian Internet scene is given, with the prediction of future development in the near future. Since we are observing online social networks from a marketing perspective, their marketing potential, which mostly refers to integrated marketing communication and to all the effects that can be achieved by appropriately using social networking, is accentuated and commented. Here lies the basic problem of the marketing approach to social networks because it is not easy to determine the cause and effect relationships of the success of an individual online marketing (or advertising) campaign. Numerous skeptical opinions concerning the efficacy of Internet advertising speak in favor of that. However, a large number of examples which are examined in this work illustrate best all the restriction, but also the great possibilities of Internet integrated marketing communication.

2. Social networks

We can examine social networks even if we exclude them from their digital surrounding. A social network is a sociological structure which describes relationships between individuals. We all belong to one great social network, but we also belong to those social networks which are smaller in scope and which originate from our families, friends, work places, interests, hobbies etc. The term social network itself has roots in the early sociometric theories.³

There are numerous ways in which users may use a social network; starting from creating an own profile and adding personal facts, areas of interest and preferences, searching for old friends and creating new, exchanging music, photos and videos and a plethora of related activities (which best describes the type and the

³ International Sociometry Training Network (2009), (accessed March 15, 2009), [available at <http://www.sociometry.net/>].

complexity of the applications). It is also possible to become a member of different interest groups connected with e.g. favorite TV shows, sports or political parties. More than 300 different social networks already exist today.⁴

In order to determine the popularity of social networks as precise as possible, we first must take interest in the number of users each of the social networks has. The number of overall registered users exists as an indicator for a longer period of time, but is rarely used today as relevant data because of its inaccuracy. There are more significant indicators which describe the popularity of an individual social network. Here we should name two key indicators: the number of active users (as a part of the total number of registered users) and, the indicator that analysts and analytic agencies use more often in their analysis: the unique visitor number⁵.

Two social networks which definitely stand out from the others concerning popularity are Facebook and Myspace. According to data from the end of 2008⁶, Facebook is the leading world online social network with 222 million unique visitors in December of the same year. From the company, they state with pride that during January 2009 they have exceeded the number of 175 million active users⁷ and in March of the same year that number exceeded the 200 million mark.⁸

In second place is Myspace with 125 million unique visitors. This is peculiar because Myspace was the leader in this field for a longer period of time until Facebook had caught up with it in March 2008 and later took the lead.⁹

Facebook recorded almost a record growth from 2006 (as far as the comScore research goes) to this day (e.g. the growth of 270% in the period from June 2006 to June 2007 or the growth of 154% in the period between 2007 and June 2008)¹⁰. The information of the company Alexa, which deals with the tracking of the number of visitors of the leading world web sites, is also interesting. It says that 7 of the 20

⁴ Wikipedia (2009), «List of social networking websites», (accessed March 14, 2009), [available at http://en.wikipedia.org/wiki/List_of_social_networking_websites].

⁵ Webopedia Computer Dictionary (2009), «Unique visitor», (accessed March 14, 2009), [available at http://www.webopedia.com/TERM/U/unique_visitor.html].

⁶ TechCrunch (2009), «Facebook Now Nearly Twice The Size Of MySpace Worldwide», (accessed March 8, 2009), [available at <http://www.techcrunch.com/2009/01/22/facebook-now-nearly-twice-the-size-of-myspace-worldwide/>].

⁷ Facebook (2009), «Statistics», (accessed March 9, 2009), [available at <http://www.facebook.com/press/info.php?statistics>].

⁸ Facebook (2009), «Statistics», (accessed March 15, 2009), [available at <http://www.facebook.com/press/info.php?statistics>].

⁹ TechTree (2008), «Facebook: Largest, Fastest Growing Social Network», (accessed March 8, 2009), [available at http://www.techtree.com/India/News/Facebook_Largest_Fastest_Growing_Social_Network/551-92134-643.html].

¹⁰ TechTree (2008), «Facebook: Largest, Fastest Growing Social Network», (accessed March 8, 2009), [available at http://www.techtree.com/India/News/Facebook_Largest_Fastest_Growing_Social_Network/551-92134-643.html].

worlds most visited web sites are social networks (or web sites like YouTube or Hi5 which for the most part consist of the components of social networking) (Roos 2007).

With the growth of active users of social networks, the demographic picture significantly changes. Although great popularity was first achieved with younger groups of Internet users, today social networks increasingly attract a more mature population. For example, until august 2006 more than two thirds were older than 25 with more than 40% of them being in the age group from 35-54 years (Roos 2007). Facebook started as a social network exclusively for Harvard students in order to later expand to all Internet users. Today, more than half of Facebook users are not students.¹¹

An interesting and very practical point of view about estimating the value of social networking was published on the *futura.hr* blog (Kovač 2007). The most significant is the economic background of every online social network. Every network is created with the goal of attracting as large a number of users as possible in order to implement the advertising model on the basis of which online networks earn their profit. In other words, a social network has to rent advertising space if it wants to be profitable. In order to achieve that it has to create an added value that will attract users. When visitors come (and become users) it is almost certain that advertisers will come to.

The social network has the task to continually take care of the benefits for the users and advertisers at the same time. The concept is founded on the balance with which “[...] the network will achieve [...] “adequate” [...] income and, on the other side, have advertisements which will not be to intrusive and tiring for the visitors, but will be relevant and connected with their preferences so that they will practically offer them useful information.” (Kovač 2007). That balance is one of the key elements of the Google advertising model which is for now showing to be extremely successful.

3. Types of online social networks

It was already mentioned that over 300 active online social networks exist currently. But, they do not promote the same forms and types of activity. It is, because of these different ways of connecting and the basic line that connects one social network, possible to place most of them in a few general categories (Roos 2007).

- Community Social-networking Sites

In this broad category we place every site for social network connecting which purpose is to enable users to expand their social network through existing contacts and

¹¹ Facebook (2009), «Statistics», (accessed March 14, 2009), [available at <http://www.facebook.com/press/info.php?factsheet#/press/info.php?statistics>].

searching for new contacts. Some online social networks aim for a very specific demographic group. For example, LinkedIn has established itself as a social network for business professionals, Black Planet and Asian Avenue are directed towards racial and ethnic groups. Other sites are directed towards the global online community within which smaller groups are created according to interests or demographic characteristics (Roos 2007).

- **Media sharing sites**

The basic idea of these networks is to send your own graphic, audio or video recordings and make it possible for them to become publicly accessible through a social network. In other words, it is not necessary to become a user in order to watch the media, but it is necessary to be one in order to upload media to the server. The most popular among the sites for sharing video contents is YouTube and Flickr stands out as the most popular site for the exchange of graphic material (photographs, pictures).

- **Music Social Networks**

According to the definition they are sites for the exchange of multimedia contents, music social networks can, according to some experts, be treated as a separate group. This is mostly because of the fact that they are quite popular among users of social networks. Last.fm is a great example of such social networks. Users can search for and listen to songs of their favorite artists and groups, comment, rank them and create their own playlists.

- **Blogging Social Networks**

These are sites for social networking which gather individuals and their blogs. Instead of a usual profile, every user writes and edits its own blog which has a certain theme. Sites like Live journal or Blogger enable their users to search for and read through interesting blogs (Roos 2007).

Since social networks are so many, the above categorization did not take into consideration all of them, but it did cover the most significant and popular groups. None the less, regardless of the type, specific target group and aims of an individual social network, such communities have already become dominant places for the gathering of Internet users. This trend will probably continue to develop in the future.

The development of social networks in the worldwide Internet space had to stimulate the development of the domestic web scene. Some networks have appeared and disappeared but a few remained and still exist today. In 2007 Tulumarka was started as the first social network about night life and later that year Trosjed was introduced to the Croatian Internet user, “the first Croatian social network based exclusively on Microsoft technologies”.¹² Additionally, the currently available Croatian social networking sites are smajli.hr, linker.hr and Mojnet.

¹² Ict.hr (2008), «Domaće društvene mreže», (accessed March 21, 2009), [available at <http://www.ict.hr/date/2008/02/15/>].

The current situation on the Croatian social networking scene is best illustrated by the fact that the established worldwide social networks are much more significant than the domestic ones and that they have a larger number of Croatian users.¹³ Although the data somewhat varies from source to source¹⁴, we can point out the data from the website AllFacebook¹⁵ which exclusively deals with statistic data concerning that popular social network. According to that source, on March 15th Facebook had 576 540 active users from Croatia, which is a respectable number. This implicates that Facebook is not just the most visited social network, but the most visited website if we observe the Croatian Internet users.

4. Facebook

It was mentioned that Facebook is currently the most popular online social network among Internet users. In its beginning Facebook was not accessible to everyone, but was exclusively directed towards the college population of certain American universities. The whole story started in 2004 when Mark Zuckerberg, Dustin Moskovitz and Dustin Hughe, all three Harvard students, started thefacebook.com.¹⁶ The basic idea was to link students of that university and creates a web location on which the students will be able to communicate, publish and exchange various digital contents. By the year 2005 students from 800 American university networks were able to become users of the application which then had over 5 million active users. In August of the same year the network started working under the new name Facebook. Today, every Internet user, if he is over 13 (that is the only restriction) and has a valid e-mail address, can become a user of Facebook. According to Facebook's information, around 70% of its users come from outside the US.¹⁷

- Facebook profiles

A user account on Facebook is created in a very simple fashion by entering the necessary data in the application form. After the registration Facebook will generate a user profile. This profile is a web page that all other users can find. When a user finds a familiar person he sends a friendship request and will be able to view the entire profile only when that person approves the request.

Every user profile looks basically the same. The structure is the same and the contents within the page are distributed in the same way. However, users can modify

¹³ Ict.hr (2008), «Domaće društvene mreže», (accessed March 21, 2009), [available at <http://www.ict.hr/date/2008/02/15/>].

¹⁴ Manjgura (2009), (accessed March 21, 2009) [available at <http://manjgura.hr/tag/drustvene-mreze/>].

¹⁵ AllFacebook (2009), «Facebook Demographic Statistics», (accessed March 21, 2009), [available at <http://www.allfacebook.com/facebook-demographic-statistics/>].

¹⁶ Wikipedia (2009), «Facebook», (accessed March 22, 2009), [available at <http://en.wikipedia.org/wiki/Facebook>].

¹⁷ Facebook (2009), «Statistics», (accessed March 15, 2009), [available at <http://www.facebook.com/press/info.php?statistics>].

their profile by inserting numerous contents and change the basic appearance of their profile in this way. The Facebook team also continually works on improving the layout of the profile and other pages. The visual identity stays basically the same and the biggest changes are concerning the arrangement of individual elements within the page. In the beginning these changes come upon open protest from the users but end with the user's adaptation.

Along with the mentioned personal profiles, Facebook enables the creating of different profiles which are not intended for private individuals. Companies, artists, musical groups and public figures can create their own special user profiles using Facebook Pages. These profiles look very similar to the usual profiles, but differ in the fact that friendship is not necessary for viewing them. That means that anyone can view them even if he is not a registered Facebook user. A user cannot become a friend with such a profile but can become a fan and connect in that way with what is represented through the profile (Strickland 2007).

- Facebook Groups

The Facebook platform enables the creating of groups which connect users with the same interests. One company can create its own specific profile, but it can also create its own group. The group enables the communication with all members of the group through messages which can be treated as some kind of internal e-mail service. However, we should point out that a user is not automatically a member of the group if he/she is a fan of the company, i.e. of the Facebook profile of the company. One does not condition the other. A group can also be marked as private and allow membership only to a certain population of users. Facebook groups can only be searched through the Facebook system while Facebook Pages profiles can be found with tools for the searching of Internet resources (dominantly search engines).

Philip Robertson, the director of marketing communications of the company ooVoo (applications for video face to face communication), wanted to incorporate the application within social networking immediately after its launch in mid 2007. Since Facebook soon became a place in which people are connected online, at the same time the company started searching for new ways of marketing and communicating with its users. Robertson started a public Facebook group as a way of communicating with existing ooVoo users and in order to create a larger population of users of the service simply because the existing users promoted the application to their friends. Robertson pointed out that Facebook groups were a very useful tool for marketers mainly because of the transfer value they had (Meerman Scott 2009). On a certain level members of a group work for the group and promote it with their activities.

- Advertising on Facebook

Along with the above mentioned Facebook Pages profiles and Groups there are a few other tools which marketers can manage in order to achieve certain marketing goals. We should mainly point out Facebook applications, Social Ads, Facebook Polls and Facebook Beacon (Alba 2009).

Social ads can be placed on two locations, as a banner which is shown on user profile pages on the right hand side or as a banner which is shown as sponsored content in the news section that the user can see. Both options offer an approach to very precisely segmented user groups according to demographic data they themselves have submitted (age, location, interests, university, college, work place etc.). Both types of advertisements can be bought on the basis of cost per one thousand impressions (CPM¹⁸) or on the basis of the number of clicks a banner has generated (CPC – cost per click). Detailed analytics come with each type of advertising which help to determine the success of an advertising campaign, achieve a more precise segmentation and lead to corrective activities.¹⁹

Facebook Polls use identical segmentation as Social ads and enable the polling of a chosen segment, i.e. of those users which suite the set criteria. It is possible to get the poll results in real time and they are segmented according to the age and sex of the individuals questioned. But the most significant aspect of Facebook is the applications.

- **Facebook applications**

The basic Facebook applications include adding pictures and videos, creating groups and events, taking part in the marketplace (classifieds), publishing information about external contents (e.g. other website addresses) and the sending of virtual gifts (Strickland 2007). These applications have been developed by Facebook and are at disposal to all users. There are also hundreds of applications which have not been developed by Facebook but by the users themselves. Those applications are called third-party applications. Many websites, but mostly social networks, give their users a limited access to the application programming interface (API) which enables them the development of applications that are executed on the website platform. Authors of the applications aim for entertainment value and for a new level of interactivity which will motivate the user to visit or/and use it often.

A very interesting example is the “Životinjsko carstvo” application which was developed by the Croatian company Drap for Kraš. The users of this application get daily new stickers from the Životinjsko carsto sticker album. Among those are also duplicates which can be traded with friends (if they use this application). The idea is, as with the offline version of the Životinjsko carstvo sticker album, to educate the user²⁰ about animals and motivate them to complete the album by collecting stickers. Kraš rewards those users with their gift packages. The important thing to point out here is that the user gets new stickers on a daily basis only if he opens the application which necessarily means visiting the application often. According to informa-

¹⁸ The letter M in the acronym stands for the word mille which is the Latin word for one thousand.

¹⁹ Facebook (2009), «Advertising», (accessed March 04, 2009), [available at <http://www.facebook.com/advertising/>].

²⁰ Usually part of younger age groups, although the rule has exceptions, especially within the boundaries of a Facebook application.

tion on the description page²¹, the application had more than 120 000 active users in March of this year.

The use of all the advancements of Web 2.0 helped with a strong interactivity is definitely becoming an everyday occurrence in the Internet space. Similar applications are developed for Podravka, mostly connected with their Čokolino (Ivezić 2008). Along with Kraš and Podravka, the second largest Croatian telecom operator Iskon has also created an interesting Facebook application – “Zapali s ekipom u London” (Visit London with your crew). The idea is to reward the most original photographs and comments (and the platform for that is Facebook) with a trip to London.²² According to Facebook’s information, more than 70% of their users actively use applications (according to data from April 2009). This report talks about 52 000 applications which are currently available to Facebook users.²³

- **Mobile Facebook**

Using a mobile phone a user can send text messages, pictures and videos to his/hers Facebook profile. Text messages are treated as classic SMS (short message service²⁴), for sending pictures and videos the multimedia format MMS (multimedia messaging service²⁵) must be used (Strickland 2007). The user must send all these formats and types of messages to a specific e-mail address in order for the message to appear on his profile.

The popularity of mobile Facebook is also showing strong growth. In April of this year the number of active users of mobile Facebook (i.e. the users which accesses Facebook via mobile phone) has exceeded 30 million.²⁶ An interesting fact is that “mobile users” are 50% more active than the users that access Facebook through a computer. The whole situation has reflected on mobile operators all over the globe. More than 150 of them spread over 50 countries are currently working on developing and promoting mobile Facebook.²⁷ Part of the popularity can certainly be attributed to the most popular electronic device of 2008 – iPhone.

²¹ Facebook (2009), (accessed March 29, 2009), [available at http://www.facebook.com/apps/application.php?id=21049955977&b&ref=pd_r]

²² Iskon (2008), «Zapali s ekipom u London», (accessed March 29, 2009), [available at http://www.iskon.hr/za_kucu/zapali_s_ekipom_u_london].

²³ Facebook (2009), «Statistics», (accessed April 15, 2009), [available at <http://www.facebook.com/press/info.php?statistics>].

²⁴ Wikipedia (2009), «Short message service», (accessed April 04, 2009), [available at http://en.wikipedia.org/wiki/Short_message_service].

²⁵ Wikipedia (2009), «Multimedia message service», (accessed April 04, 2009), [available at http://en.wikipedia.org/wiki/Short_message_service].

²⁶ Facebook (2009), «Statistics», (accessed April 15, 2009), [available at <http://www.facebook.com/press/info.php?statistics>].

²⁷ Facebook (2009), «Statistics», (accessed April 15, 2009), [available at <http://www.facebook.com/press/info.php?statistics>].

Newer mobile devices enable Internet surfing. Because of that Facebook has created a modified version of its site which is adapted for mobile device usage. Websites can be accessed on m.facebook.com.

- **W – Marketing**

Widget marketing (and widget advertising) is a completely new approach to Internet marketing which takes place on social network platforms. Widget is generally defined as a transferable piece of programming code which can be installed and executed in any separate HTML page and does not require separate compiling on the end user's computer.²⁸ From a marketing point of view, this term can be explained as an interactive application in a social network that is on the one hand interesting to use, and on the other hand business goal oriented (Bhargava 2006). Those goals are mostly connected to advertising of companies, products or services or improving brand awareness. Companies that have tried this electronic marketing technology are widely known names: Electronic Arts, Viacom, Sony, Gap, Hewlett-Packard and others.

Expert advertising teams dealing with Facebook have come up with this kind of advertising mostly because classic banner advertising did not bring a large enough number of clicks to advertisers. Facebook users have always seen advertisements as a nuisance which sometimes irritated them while they were socializing with other users (the same applies to other social networks). The key to success is hidden in "widget advertisements" and their adequate use. Companies need to create content in which the community can play the main role, in which user interaction dominates and which can be integrated with other tools. The results of this will be visible in a longer period of time if the procedures for measuring their success change. Traditional techniques of advertising and measuring of successfulness will not be of use here (Owyang 2008).

Parking wars is a Facebook application which was developed by the marketing team of the company A&E Television Network in order to promote a reality show about a group of Philadelphia Parking Authority employees. Although the idea of a reality show about employees of a company that deals with maintenance and collecting parking fees does not sound very interesting, using the Facebook application, the company achieved outstanding success (Jurman 2009). The application (widget) enables the users to "transform" their profiles into parking spaces and to park their virtual car on other user profiles. The fun in all this is that the user is trying to catch "illegally parked" users on his profile and charge them a fine while at the same time avoiding being caught and fined on other user's profiles. The result of this technique is fascinating. In the first two months of existence 200 000 users installed this application on their profiles and the number of visits to the before mentioned reality shows website soared to 45 million (Jurman 2009). The success of this

²⁸ Wikipedia (2009), «Web widget», (accessed April 17, 2009), [available at http://en.wikipedia.org/wiki/Web_widget].

application results from its interactivity which did not necessary have a strong link with what it was promoting, but was interesting enough to attract a large number of users. The large popularity of the application was indirectly transferred to the reality shows website.

- **The advertising potential on Facebook**

Advertising on Facebook is today used by numerous companies from very different areas of business, but organizations and individuals also use it. A relatively large number of those who are criticizing banner Facebook advertising point out the fact that a large number of impressions results in a very small number of clicks (in most cases comments refer to business subject experiences). However, it is important to emphasize that experiences vary and mostly depend on the manner in which the banner was created and on the target group towards which it was directed (O'Neill 2007). Because we are speaking of a rather new advertising trend, a large number of individuals who work in marketing have agreed that every advertising campaign should be tested and refined during the time it is public and that one should learn of his own experience. The other key issue of this discussion is the cost of banner advertising. On average, Internet advertising has by far the lowest cost compared to traditional techniques. Banner advertising on Facebook is, concerning expenses, very acceptable especially because the advertiser can decide himself how much he is willing to pay for a thousand impressions or one click (the smallest amount is a symbolic 1 cent) and what his weekly advertising campaign budget should be.

5. Facebook in the marketing of non-profit organizations

One of the most frequently used specific functions which the social network Facebook provides for its users are the special profiles called Facebook Pages²⁹ which are intended for a special subject group. This group consists of companies, products, brands, organizations, bands, artists or public figures. It is apparent that we are not dealing with private users, but with special subjects who want utilize this, still relatively new, way of communication. The subjects create these profiles free of charge. Of course, the only thing that is necessary is that the author is a Facebook user. The process of creating a profile is similar to creating a regular personal Facebook profile and takes up very little time. The type and amount of information which will be placed on this specialized profile is determined by the author. This will, of course, vary depending on the theme of the profile i.e. the subject that is represented. There is a number of tools which help you place the information. The possibility of adding general information about the subject, news or other textual information, photo galleries, videos and links is at the disposal of the user. In addition, it is possible to cre-

²⁹ Facebook, (2009), „Create a page”, (accessed April 15, 2009), [available at <http://www.facebook.com/pages/create.php>].

ate events connected with the subject. As with other web sites, visitors (or users) need to be continually attracted with quality content which is regularly updated and with newly created content (Borges 2009). Facebook users can confirm their interest in the subject by becoming fans of a certain Facebook Pages profile (Belwani 2009). Creating a profile is very easy, but the complexity of maintenance and usage of the right tools becomes apparent very soon. Numerous experts give very precise advice on how to correctly use a social network and the media of social networking and how to contribute to the goals of the organization (Meerman Scott 2009). Belwani focuses on Facebook profiles and their fans (Belwani 2009):

1. Connecting with other platforms – the connecting of multiple social networking platforms through your own web site helps to direct users through the network;
2. Creating of resources (additional content) – adding additional content which is not directly linked to the primary activity of the company helps to broaden the user base;
3. Improvement of sales through participation – sales improvement activities (coupons, free delivery, weekly sales) significantly broaden the user base and improve popularity;
4. Support of existing profiles – companies need to encourage users to be proactive in creating official profiles of the subject and build independent brand promoters.
5. Precise segmentation – all segments are not equally represented on social networks. Therefore, it is necessary to choose the message precisely with the knowledge to whom you communicate.

These pieces of advice are aimed at business subjects, although they can be used when dealing with non-profit organizations and all those who use social networks for non-personal purposes. The interactivity is of utmost importance and the social networks and the media of social networking contribute to it, because of its two-way communication, in ways that are unprecedented to date (Evans 2008).

Postgraduate study Marketing of significant areas on the social network Facebook

Soon after creating a classical web site of the postgraduate study Marketing of significant areas³⁰ at the Faculty of Economy in Osijek, a need has occurred to bring the course program closer to existing and new students in an environment that is familiar to them according to the demographic segment they belong to. This conclusion arises from the fact that this is a relatively young population that has good computer skills and for which internet communication is part of the everyday routine (Bonfield 2009). It is easy to conclude that social networks are a good platform for building social relations and bringing the users together (Hargadon 2009).

³⁰ More about the subject on <http://www.mpp.efos.hr/>

Marketing of significant areas Facebook profile³¹ started its existence at the beginning of April 2009. All important information about the course has been added to the profile, special notes were created with all the basic questions and answers which a potential (even an existing) student could have. In addition, photo galleries of recent course events with appropriate comments were added. Part of the content was taken from the web site of the study through which visitors were directed to the Facebook profile.

With the creation of this profile, all important events and information were published on both the web site and Facebook profile and links were created which connected them between the two pages. Be it a visiting professor or a marriage of a colleague, all the interesting information found their place on the 2 mentioned web sites. By using the advantages of the individual web sites we have achieved a synergy of the two. The classic web site has no limitations when creating content and choosing the form in which it is published. It also enables the protection of certain data (creating groups and content which are unavailable to the public). Of course, the classic web site is appropriate for those who are not part of Facebook and is a necessity today.

On the other hand, the Facebook Pages profile has proven itself as a great location for publishing photo galleries with the special function of connecting photos with Facebook users, their mutual commenting and their content suggestions. Facebook profiles enable the private users (and fans) to create their own part of the content and in this way improve the level of interactivity and social networking. Finally, it is important to point out that the Facebook profile of the study ranks high with search engines which is indisputably of great advantage for the course and is gained through a profile that is free of charge. Most users come to the web site through these search engines as a dominant tool for searching the Internet.³² Because of this the position according to the key words in the data bases of search engines is treated as one of the most important indicators of success of web sites.

At the moment of writing of this paper the Facebook profile of Marketing of significant areas had 40 fans, which is a very small but homogenous group. However, we should emphasize the fact that the course has only two generations of students and that this has undoubtedly affected the relatively small number of fans, since fans of this profile are mostly students of the course. Of course, with proper management of the profile and with special emphasis on the quality of the content, the goal of expanding to other users and improving the level of popularity and awareness of the broader public through these activities should be achieved.

³¹ More about the subject on <http://www.facebook.com/pages/Osijek-Croatia/PSS-Marketing-posebnih-podrucja/130184715091>

³² CyberMark Inc., (2009), „Why is search engine optimization important?“, (accessed November 5, 2009), [available at <http://www.cybermarkintl.com/why-optimization-important.html/>]

6. Example of Facebook advertising

It was stated earlier that almost every social network, primarily those directed at online communities, make the most of their profit by renting their own advertising space within their web-sites. Facebook, as the most significant social network according to the number of unique monthly visitors, is not the exception. Despite that, it was mentioned that the return of investment in Facebook advertising is a subject open to discussion, since it is very difficult to precisely measure the efficiency and, very often, we lack the precise tools which can reliably measure that conversion. An apparent fact is that the very efficiency of advertising will vary primarily depending on the goals of advertising, rather than the object of advertising i.e. the message that is communicated to the target group, but also on the way the target group is chosen and the advertisement is designed. Speaking for this is the following fact: a number of experts in internet advertising and social media have agreed that products or industries exist which are grateful subjects, such as dating, weight loss (in other words, advertisements in these areas generate a large amount of clicks, but also a large level of conversion) (Digital Marketing World online conference 2009). On the other side of the medal, there are products or industries where advertising will not achieve the desired effect not even remotely as some other types of advertising would. The most frequent examples for this are connected to the agriculture industry, although a few exceptions can be found here.

With the goal of shedding light on the dilemma of how efficient Facebook advertising is, the advertising of the postgraduate specialist study Marketing at the Faculty of economy in Osijek was conducted. It is important to highlight the fact that the target group for this study is highly represented in the overall population of Croatian internet users (a young to mature population, between the ages of 20 to 40, with a completed graduate study)³³ which is of great importance when considering online advertising and the possible options that come with it. From the few possible options of Facebook advertising the most common one was chosen – banner advertising. This choice was the result of the consideration of practical factors; banner advertisements can be created easily and fast with almost no additional financial expenses, in contrast to e.g. developing special Facebook applications. An interesting fact is that some universities (e.g. Stanford) have started advanced courses for creating Facebook apps as early as 2007.³⁴

In the fall of 2009, the managing staff of the Marketing of significant areas study prepared for the enrollment of a third generation of students and the goal of Facebook advertising was to attract new students. The secondary goal was to collect primary information which would result from the conducting of the campaign with

³³ GfK Research, (2009), „Internet – usporedba: Hrvatska i zemlje centralne i istočne Europe”, (accessed July 23, 2009), [available at <http://www.gfk.hr/press1/internet4.htm>]

³⁴ Virtual Marketing Blog, (2009), „How to make Facebook applications”, accessed July 23, 2009), [available at <http://www.virtualmarketingblog.com/how-to-make-facebook-applications/>]

the final goal of testing the success of this type of advertising. A two week (fourteen days) frame was set, from the 15. – 28. of July. This course has its own Facebook profile but it was decided that the placed ads would lead to the, for this occasion specially created, page within the web site of the course (landing page). The ad led to the web site of the course since it enabled more freedom in creating and visually presenting the content of the page and the possibility of an online application for the course.

The Facebook advertising system enables a very simple and fast creation of the desired ad in 3 steps:

1. Visual layout creation
2. Target group determination
3. Creating of the campaign i.e. determining the prices

In order to determine the different options for the advertised text in the ads, two Facebook ads in two parallel advertising campaigns were created. Both ads had identical titles: „College wasn't enough?“, alluding at the need to continue education after college graduation i.e. the trend of whole-life education. The ads were different in the images that were displayed and the textual part. The first ad contained the image of a young woman wondering about something which is consistent with the title of the message. The procedure by which you create the ad is shown in Figure 1.

Figure 1. Step one: creating the visual layout of the Facebook ad

Advertise on Facebook
Get started in three easy steps.

1. Design Your Ad

Destination URL. Example: <http://www.yourwebsite.com/>.
http://
I want to advertise something I have on Facebook.

Title 6 characters left.

Body Text 17 characters left.

Image (optional)
 No file chosen
[Remove uploaded image.](#)

Approval Process
Ads are reviewed to ensure that they meet our content guidelines. We recommend reviewing:
[Suggested best practices](#)
[Common Reasons for rejection](#)

Ad Body
Line breaks are not preserved.

Ad Image
Image will be resized to fit in a 110x80px box.

More Help
[Design Your Ad FAQ](#)

Source: Facebook

The second ad had the image of a young gentleman with a similar facial expression. This approach was chosen because the faces of people attract more attention than, for example, just the logo of the course or other font types. It is also apparent that the users of Facebook are exposed to new ads on their profiles and it is a demanding task to attract their attention. Of course, the images of a young woman and man are not in contrast with the goal of the ad and do not constitute false advertising since the potential students of the course are mostly young people (relevancy of the images is important since every ad has to pass testing from the Facebook staff which is called the approval process). The bodies of both ads were very similar, only being different in that the first contained the information that the course was created in concordance with the Bologna process and the second contained the title which is awarded when graduating (univ. spec. oec.). Both pieces of information are important to the target group, but because of the limited amount of signs in the textual part of the ad they were distributed in two ads.

The second step (Figure 2) in the process of Facebook advertising refers to determining the target group. Since Facebook has precise information about its users, it enables an accurate segmentation and the precise determining to whom the ads will be placed. More developed markets have more developed segmentation, but in Croatia it is also possible to achieve a high level of target group determination. Besides determining the country, sex, age and education segmentation is conducted. It is also possible to determine the marital status of the desired users and the language which they speak. It is also possible to choose the search of users according to keywords, although it has proven that this function is not at an adequate level when having Croatian internet users in mind (it is assumed that the language barrier is a big problem for this type of filter). For the needs of this campaign it was decided to segment the users exclusively according to location³⁵ and age; i.e. users from Croatia between the ages of 20 and 40 of all educational levels. After the filtration of the overall population of users from Croatia, Facebook projects with how large a segment it will be communicated i.e. how many users exist in the chosen target group. In this example, there were 362 200 users who constitute the target group according to the given parameters.

³⁵ It is important to point out that more developed economies have a more precise geographical segmentation in the sense that besides choosing the country, one can choose a more narrow territorial unit, an individual city or place. It can be estimated that with an increasing number of Internet users this will also be possible in the Croatian market.

Figure 2. Step two: determining the target group

2. Targeting

Location: Croatia

Age: 20 - 40

Sex: Male Female

Keywords:

Education: All College Grad In College In High School

Workplaces:

Relationship: Single In a Relationship Engaged Married

Interested In: Men Women

Languages:

Estimate: 362,220 people

- who live in **Croatia**
- between the ages of **20** and **40**

Targeting
By default, Facebook targets all users 18 and older in the default location. You can change any targeting specifications you wish.

Location
Facebook Ads uses IP address and a user's profile information to determine a user's location.

Keywords
Keywords are based on information users list in their Facebook profiles, such as Activities, Favorite Books, TV Shows, Movies, etc.

More Help
[Ad Targeting FAQ](#)

[Continue](#)

Source: Facebook

In the third step (Figure 3) the process of creating the campaign is finalized; a name is assigned to the campaign, the time frame of advertising is determined and the financial parameters are defined. There are two expenditure levels which are determined. The first is the daily budget of the individual ad which is the maximum that can be spent on one ad in one day of advertising. On the second level it is possible to choose the manner in which the expenses are calculated; the payment of one thousand displays (CPM –cost per mille) or payment per click on the ad (CPC cost per click). Since the displaying of an ad is not the most adequate indicator because of the aforementioned large exposure to ads, the majority of advertisers decides for the payment per click method which was also the case with this campaign. The level of 5 American dollars was taken for both ads and the cost per click was set at 0.10 dollars and 0.08 dollars respectively. The Facebook system suggested the expense frame of the individual click after the parameters were given and because of this these expense levels were chosen (the system suggests the expenditure class, and in this example the middle values of these classes were taken). We must emphasize the fact that the lowest daily budget is 1 dollar and the cost per click is 0.01 dollar. Undoubtedly, the levels would mean a smaller amount of displays i.e. a more poorly positioned ad.

Figure 3. Step three: finalizing the process of creation

3. Campaigns and Pricing

Campaign Name

Daily Budget What is the most you want to spend per day? (min 1.00 USD)

Schedule. When do you want to start running your ad?
 Run my ad continuously starting today
 Run my ad only during specified dates

at 00:00 to
 at 23:59

Pay for Impressions (CPM)
 Pay for Clicks (CPC)

Max Bid (USD). How much are you willing to pay per click? (min 0.01 USD)
 Suggested Bid: 0.07 - 0.18 USD

Estimate: 50 clicks per day

[Create](#)

Campaigns
 Ads in the same campaign share a daily budget and schedule.

Max Bid
 You will never pay more than your max bid, but you may pay less. The higher your bid, the more likely it is your ad will get shown. All amounts are in USD (\$).

Suggested Bid
 This is the approximate range of what other advertisers are bidding for your target demographic.

More Help
[CPC vs. CPM](#)
[Ad Campaigns and Pricing FAQ](#)

Source: Facebook

After creating the advertising campaign, the Facebook system has to check the suggested ad. Within the system itself there is a guide on how to correctly create an ad and which are the most frequent mistakes when creating individual ads or campaigns. A few hours were necessary in order for the ads to pass the testing and for the campaign to start.

The two week advertising campaign achieved the following results (shown in Figure 4). The first ad „College wasn't enough? (f)“ was displayed 1 215 109 and 684 clicks were generated. The overall cost was 61.44 dollars with an average cost per click of 0.09 dollars. The second ad „College wasn't enough? (m)“ was displayed 1 644 611 times which generated 663 clicks. The overall cost of this ad was 50.45 dollars with an average cost per click of 0.08 dollars (which was the maximum amount set for this ad). It is apparent that the first ad generated more clicks from a lesser amount of displays with a larger overall cost. Of course, one should bear in mind that a higher cost per click (0.10 dollars) was set for this ad. However, it is very important to point out that the limited time period of two weeks was not enough for a precise determination of the reason for the larger amount of clicks of the first ad which means that we cannot, a priori, conclude that the reason for that was the young lady in the ad image or the information that the course is in concordance with the Bologna process.

Figure 4. Statistical data of the Facebook advertising campaign

Faks nije dovoljan (f) (completed) edit		Daily Budget \$5.00 USD		06/15/2009 to 06/28/2009						
Name	Status	Max Bid (\$)	Type	Imp.	Clicks	CTR (%)	Avg. CPC (\$)	Avg. CPM (\$)	Spent (\$)	
Faks nije dovoljan?	Completed	0.10	CPC	1,215,109	684	0.06	0.09	0.05	61.44	
Totals				1,215,109	684	0.06	0.09	0.05	61.44	

Faks nije dovoljan (m) (completed) edit		Daily Budget \$5.00 USD		06/15/2009 to 06/28/2009						
Name	Status	Max Bid (\$)	Type	Imp.	Clicks	CTR (%)	Avg. CPC (\$)	Avg. CPM (\$)	Spent (\$)	
Faks nije dovoljan? (m)	Completed	0.08	CPC	1,644,611	663	0.04	0.08	0.03	50.45	
Totals				1,644,611	663	0.04	0.08	0.03	50.45	

Source: Facebook

The provided numbers of ad clicks are still not an adequate indicator of the success of this advertising campaign since the individual click and the possible viewing of the page of the whole web site does not mean that the user will actually apply for the course. In order for this conversion to be calculated more precisely an online application form was used as an exact indicator for the number of applicants. In addition, the analytical tool Google Analytics was used to observe the number of visitors to the course web site. Google Analytics confirmed a significantly larger number of visits of the web site during the time of advertising and the significant majority of those visitors came from Facebook. A relatively large number of Facebook visitors generated a satisfactory amount of 3 i.e. 4 applications (one applicant showed interest for the course earlier but the Facebook advertising accelerated her process of application) for the new generation of the study Marketing of significant areas.

From all that was said above we can conclude that in this case Facebook advertising was extremely efficient since a relatively satisfactory amount of applications was generated in a short period of time and with relatively small expenses. This research will undoubtedly be more complete when other methods of internet advertising as well as traditional advertising in the offline world are tested.

7. Conclusion

The term social network exists for more than half a century, but the fast development of social network websites like Facebook, Myspace, LinkedIn and others have transformed the old sociometric term into one of the most significant and most used Internet terms in recent time. Social network websites are on a global level today the most visited web locations with very active users who spend much time in online socializing. But online social networks with their advantages make a very successful platform for a wide array of business activity. Two social networks that definitely stand as the globally most popular are Facebook and Myspace and since April 2008 Facebook took over the dominant role on that market. With the growth of the number of active social network users, the demographic setup of the users significantly changes. Although great popularity was first achieved with younger groups of Inter-

net users, today social networks attract a more mature population which is of great importance for usability of these networks for business purposes.

Facebook is definitely an interesting platform for marketing activities on all levels: this platform constantly develops and finds new ways for the users to attain useful information and not just irritating ads. On the other hand, the goal is to enable the advertisers a very segmented approach which can achieve the best advertising results and achieve the best level of conversion, i.e. indirectly speaking a return on invested funds. Although a certain level of justified skepticism exists towards this type of promotional activity, there are enough examples that speak for the fact that it is the future of advertising.

The fact is that Internet advertising is an area that rapidly changes and creates completely new techniques and forms adjusting according to those at which they are aimed. The situation is interesting if we observe social networks which almost perfectly know their users. From all the above mentioned a great marketing potential can be seen, but also the necessity to develop and adjust to users and advertisers. All this speaks for the thesis that we are in a time of increasingly direct marketing in which the target group is not part of the mass but many individuals with which we communicate almost directly.

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