Ignacio Gil-Pechuán Daniel Palacios-Marqués Marta Peris Peris-Ortiz Eduardo Vendrell Cesar Ferri-Ramirez *Editors*

Strategies in E-Business

Positioning and Social Networking in Online Markets



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Chapter 1 Positioning in Online Social Networks Through QDQ Media: An Opportunity for Spanish SMEs?

Marta Peris Peris-Ortiz, Diana Benito-Osorio and Carlos Rueda-Armengot

Abstract Online social networks (OSNs) have gained enormous popularity in recent years. The emergence of OSNs has had a significant social impact and has profoundly changed daily life. People use the Internet as a social medium to interact with one another and expand their social circles, to share information and experiences and to organise communities and activities. Internet users are playing an increasingly important role, as they not only interact with each other, but also make their communication visible to thousands of millions of people. Currently, they have the power to influence consumption behaviour through their recommendations. Companies have realised this and begun to use OSNs to announce their products and/or services to the markets. Thus, many businesses strive to invest in OSNs to create values for themselves. This work studies the specific case of the company QDQ Media which offers its customers (SMEs) positioning in OSNs to help them grow or to soften the effects of the drop in consumption due to the current economic crisis.

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1.1 Introduction

Information and Communication Technologies (ICTs) have transformed the traditional forms of marketing. Companies' use of Internet and the World Wide Web is a good indicator of their level of modernisation and their ability to compete in a globalised environment. In this context, the likelihood of a web page being seen can vary widely and may depend on many factors, so any visit to a company's website must immediately attract users' attention and encourage their desire to purchase. This new medium means that the firm has to stand out, be visible and be a tool for promoting users' desire to purchase.

In this new environment of competence, online social networks (OSNs) have gained enormous popularity in recent years. The emergence of these websites has had a significant social impact and has profoundly changed daily life. Increasingly, people use the Internet as a social medium to interact with one another and expand their social circles, to share information and experiences, and to organise communities and activities. Recent advances in wireless communication technologies have made mobile social networks increasingly popular. Companies have realised this and have begun to use OSNs to advertise their products and services. Positioning in OSNs is therefore a key strategy for firms (Kent et al. 2009).

OSNs are used as a place to shop (social commerce) as well as to communicate, and so companies have a growing need to be present on such sites. Mere presence, however, is not sufficient, different media and different publics must be addressed and the messages adapted to the variety of target publics. OSNs are platforms which need to be understood before starting the communication process, so they can be used correctly to attract potential customers, without causing rejection through too many messages or inappropriate communication.

Nowadays, Internet users play an increasingly important role as they not only interact with each other, but also make their communication visible to thousands of millions of people. Thus, currently, Internet users are directing the conversation and sharing information on their tastes and preferences in many different media (blogs, OSNs, video channels, etc.). They have the power to influence consumption behaviour through their recommendations. We therefore need to pay attention to the conclusions of Association for Investigation into Communication Media (AIMC¹). This association manages the most important audience studies in Spain, including the General Media Study and its 14th Survey of Internet Users (Navegantes en la Red). Through this survey, AIMC has been anticipating how the Web has evolved in Spain over the last 16 years. It has the largest sample of the Spanish market, and the survey is performed by active Internet users who give their opinion through over 350 websites, including the most visited sites in Spain. The survey is therefore based on the expert opinion of active Web users who anticipate how Internet use will evolve. Below are some of the conclusions of the study on Spanish people's online shopping habits:

¹ http://www.aimc.es/aimc.php (February 2012).

- 1 Positioning in Online Social Networks Through QDQ Media
- Around 73 % of Internet users have consulted other people's opinions or comments online in the last 30 days; 48 % of Internet users trust the opinions that other people post on the Web.
- The number of Internet users who have shopped online in the last year is stable at around 85–90 %. Slightly less than one-third of Internet users shopped online in the last week.
- The products most commonly purchased online are transport tickets (13 %), accommodation (11 %), electronics and electronic devices (10 %), leisure activities (10 %) and computers/components/peripherals (8 %). Around 80 % of Internet users attach great importance to the need for online shops to have a quality seal.
- 75 % of Internet users maintain the leadership of credit cards as the preferred payment method. 74 % of users perceive that security is high when paying online by credit card and so payment platforms continue to grow in comparison with traditional methods (cash on delivery, transfer, etc.).
- Experience with online banking is growing: Around 77 % of Internet users have operated with a bank online. 50 % of Internet users consult their bank and perform transactions online and 27 % only consult. 77 % perceive that security is high in online banking transactions.

These data show the importance of Internet users' opinions and why all companies should take them into account. Marketing has become a question of dialogue on the Web between companies and Internet users. Thus, customers increasingly want corporate decision making to include their opinions. That is why presence on the Web and in particular on OSNs is essential for companies to find out what is being said about them on the Web and interact with users, taking their opinions into account. This new approach to marketing offers an opportunity for companies to grow and even soften the effects of the drop in consumption due to the current economic crisis. Thus, correctly applied positioning on OSNs can have many advantages.

This study analyses the specific case of the company QDQ Media and how it positions its customer firms in OSNs and the advantages that brings.

1.2 Online Social Networks: Much more than Facebook and Twitter

Social networking is not a new phenomenon. Social psychologists and organisational behaviour practitioners have studied and analysed them for years. Barnes (1954) coined the term social network in a study on a Norwegian fisherman's village, trying to give an account of the friendly and familiar relations that the inhabitants had built. The social structure observed then can be described as a map of relationships between individuals, indicating the ways in which they are connected through various social familiarities ranging from casual acquaintance to close family bonds. However, although traditional social networking models are not new, OSN is a relatively new paradigm. OSNs are built on the concept of tradition networks but without relying on initial face-to-face contact.

Friendster was the first social networking software application to hit the Web. It was founded in 2002 and went online in 2003. Nowadays, the most popular services on the Web are OSNs built to help people find each other, share their stories and connect. Boyd and Ellison (2007) define OSNs as Web-based services that allow people to construct a public or semi-public profile within a bounded system, articulate a list of other users with whom they share a connection, and finally, view and traverse their list of connections and those made by others within the system. Facebook, Twitter and MySpace are the most popular of such OSNs that are used to cater to the needs of individuals, businesses and organisations. But OSNs have been in existence for longer than these services. LinkedIn and Facebook are good examples of the newer models of applied OSNs. LinkedIn offers an online business application of small-world networks, and in contrast, Facebook provides a large-scale diffusion and node-to-node cascading behaviour in social networks. In particular, Facebook Ads permits socio-demographic segmentation, by users' tastes and interests, and will shortly also include post-code segmentation. The main basis for success is to know what objective is being pursued with a Facebook campaign: promoting products or services, relating with users, generating fans, etc. There must be a clear idea of where users will go once they have clicked on the advertisement. Usually, a landing page is created adapted to the advertisement being promoted.

Interest has been growing recently in another OSN, *Pinterest*, a platform where users create and share boards with images and links to objects, places and products they like. This new OSN is all the rage in the USA, especially among women between the ages of 25 and 44. The number of single visitors on Pinterest increased 429 % between September and December 2011, and it is one of the platforms that manage to direct more traffic towards shops whose products are shared on users' boards. After registering on the *Pinterest* website, users can share their favourite images classified into different categories or boards. Users can load photographs directly from their computer or share the URL of the page where the image is hosted. The action of sharing any image on *Pinterest* is like pinning it on a board for everyone to see.

In order to draw *Pinterest* users' attention and increase the likelihood of them linking to the company's web page, those responsible for the action need to ensure that the photographs, graphics, and design of the website are as attractive as possible. Recommendations for a successful company website include the following: creating an account for the business with professional activity boards where the company shares attractive images, including professional photographs of its products, adding inspiring images and transmitting a relaxed, pleasant lifestyle, putting the *Pinterest* button on the company website, creating visual use instructions for the company's products and encouraging satisfied customers to share their special moments with the company through photographs.

Skype, Facebook, MySpace, YouTube or Flickr, among others, show that a Web 2.0 company's business and financial valuation depends on the number of users and how quickly those users accept, adopt and bring their positive network effects to a new online service (Shuen 2008). Despite the generalised belief that achieving as many followers as possible on OSNs is the most important thing, the question companies have to ask is whether that factor is truly relevant in terms of conversion. That is, whether followers on OSNs become future customers. In OSNs and advertising platforms, these users can be monetised immediately, through advertising and n-sided market sponsorship. Advertising ROI, clickstreams, individual customer profitability and average revenue per user (ARPU) can be tracked with Web analytics daily and even hourly (Shuen 2008). One of the keys for generating a critical mass in OSNs is to offer them contact that is informative, entertaining and interesting. Therefore, in order to achieve the largest possible number of followers, it is vitally important to know not only what type of publications are most successful among those who receive companies' messages in different online platforms, but also to know where the companies can locate the information that they will then diffuse on the OSNs. Thus, the issue to be emphasised in a marketing strategy that focuses on OSNs are user loyalty and user interaction with the company's business. This is extremely important in view of the data offered by the AIMC study on answers to the question whether in the last year users decided to purchase products or services, oriented, motivated or informed by Web content. The answer was affirmative in 75.3 % of cases. And these purchases were made online in the last 30 days in 34.6 % of cases and in the last 7 days in 21.5 %. Therefore, the important issue is not the number of followers on different OSNs but the generation of quality content to create interest and thus attract potential customers. Content on OSNs should therefore focus on users' tastes, avoiding a more corporate focus. If information overload can cause consumers to defer their purchase altogether (Iyengar and Lepper 2000), marketers must also realise that 65 % of consumers consider themselves overwhelmed by too many advertising messages, and nearly 60 % believe advertising is not relevant to them (Porter and Golan 2006).

Furthermore, in those channels, the advantages of viralisation can be made use of through those that share the posts with their contacts and thus make them into potential followers. At user level, it has been shown that Web users' opinions, preferences, and feedback on brands are essential elements for a company's success, and innovating strategies to increase their participation is fundamental. In this way, companies will achieve users who follow them because they are really motivated and they provide feedback that may lead to a possible purchase. Taking into account the data offered by AIMC again, 48 % of Internet users have consulted other people's online opinions or comments about a product or service, and they have great trust in those opinions. Furthermore, 20.3 % of users have also disclosed online their own opinions on a product or service.

All of the above suggests that the presence of businesses in OSNs is of key importance, as a large percentage of users become customers.

1.3 Positioning in OSNs Through QDQ Media: The Case of Spanish SMEs

Despite an increase in small business publications over the last few years, considerable knowledge gaps remain regarding how small-/medium-sized firms (SMEs) grow and develop (Hill et al. 2002). Internet technologies offer SMEs growth opportunities, however "competing using an e-business model is still at a nascent state for the small firm" (O'Toole 2003:121; Allinson et al. 2008). Internet has brought many changes in SMEs' functional commercial area, and advertising in particular, so companies need a strategic change to adapt to this new environment. The main differences in comparison with traditional marketing are shown in Table 1.1.

Thus, the key point for a SME in online sales is to create an online shop on the company website and diffuse information about its existence through OSNs. The important thing is for users to visit the shop and transform their desire to purchase into actual purchase. Ideally, SMEs should hire an external agency to measure the level of customers, what attracts them and achieves the sale. A 45 % increase in online sales is expected in 2016, totalling 205.85 billion Euros in Spain. It is a question of making the most of this opportunity, which is why QDQ Media's work is of interest.

Mr. Emilio Plana, CEO of QDQ Media Group (QDQmedia, Optimizaclick and Trazada) is well aware of this new reformulation of marketing and that Internet users act and relate with each other. He thinks "Internet is a world in itself", and he accepts that companies' relationships with their clients have changed as a result of the Internet, from unilateral to bilateral. In other words, customers do not just listen to the message, they communicate with the company. In addition, consumers increasingly carry out online searches before they shop, making them very different from traditional consumers as they have more information. For this reason, Mr. Plana offers companies tactics, strategies and advice on the online world—issues that QDQ Media manages for its customer companies:

• Search engine optimisation (SEO) is not stable, but variable, and so it is necessary to know how to adapt to changes and ensure continuity in the work being done. When trying to ensure a website appears as high up as possible in the organic results shown in *Google*, there are certain basic guidelines to follow, as the tool is controlled by those responsible for the search quality team at the

| Online social media marketing | Traditional marketing |
|------------------------------------|---------------------------------|
| Two-way communication | One-way communication |
| Brand-customer/Customer-brand | Brand-customer |
| Participative | Pushes and interrupts |
| The customer generates the content | The brand generates the content |

Table 1.1 Comparison of online social media marketing and traditional marketing

Source Original work

company in California. As regards on page SEO, attention to the technical aspects of site structure, placing the corresponding labels in the right place and optimising Web loading are essential if companies want to maximise the correct indexation of their content and therefore increase the likelihood of the search algorithm placing them in the leading positions for user consultations. Everyone is aware of these measures, and therefore, all companies that invest in optimising their Web positioning follow *Matt Cutts*' recommendations to the letter. Of course, a lot of advice, procedures and techniques that experts in Web positioning recommend can be found online. However, if a company wants to stand out in comparison with the millions of other websites, it must try to go a step further and do things differently. In general, the best advice is not to think about what *Google* wants the company to do with its website, but about what it can do to make it easier for users to navigate the site, locate information, shop and interact with the site. Furthermore, companies should consider whether online collaboration with other companies (in the form of links, banners, advertisements, guest posts, etc.) will provide some type of advantage or benefit to their potential customers, rather than simply copying a strategy that has worked for others (Benito-Osorio and Peris-Ortiz 2012).

- Companies with small businesses can use the Internet without having to invest heavily; however, they must remember that a combination of the online and offline world is essential.
- A website is a company's shop window, and therefore, to make its online strategy a success, the company must be active and dynamic: updating content, publishing offers, providing information on new features, etc.
- It is fundamental to listen to what the Web is saying about the company, as listening will provide valuable information, resolve doubts and build relationships. Like Mr. Plana, Mr. Enrique Burgos, Marketing Director of QDQ Media considers that close relationships with customers, talking with them is fundamental. According to Mr. Burgos, "Nowadays communication is more dialogue than monologue". Google is not just a search engine but also a reputation engine, with 95 % of users using *Google* to find information and express positive or negative comments about different companies, providing references for other Internet users. Google Alerts provides a free, easy way of keeping up-to-date with new online content related to a sector of activity or a specific company. This service sends everything that indexes and contains the key words that we have indicated straight to our inbox or feeds reader. Another simple way of detecting new items on a specific subject online and which users are normally the first to comment, is through a methodical, systematic use of Twitter searches. The microblogging network can be searched using relevant terms and noticing the users where the results appear. All those thought to have more diffusion are added to a list and after a while that list will be one of the company's best sources of content. A similar system would be to use blogs, news portals and users of other OSNs such as Google+ or Quora. Thus, companies can create personalised sources of information and obtain the best community content.

- Local proximity is becoming increasingly important; sites like *Foursquare* can provide many benefits if they are used correctly, for example, by offering discounts and benefits for checking into a business.
- SMEs have an advantage over large companies, their direct relationship with their customers. By taking this approach online, customers can become fans.
- And finally, it is possible to integrate search engines with OSNs in what is known as social search. This new trend introduces friends' opinions in search engine results, thereby increasing the value of the search by obtaining information and recommendations from people the company trusts. This issue is dealt with in the section below.

1.3.1 Activa Internet: Business Pages

QDQ Media innovates and tries to renew its clients' Web solutions. Recently, *QDQ Media* decided to migrate all the basic Web solutions for its clients to the new Business Pages, which they manage. The new Business Page will help *QDQ Media* customers to increase their volume of visits and improve information quality, and they will also be able to share all their information on the main OSNs. This change poses no difficulty for *QDQ Media* customers and will also considerably improve user experience, as it will be much more user-friendly.

The main advantage of the Business Pages is that all the conversion elements are easy to find on the same screen. Thus, users will know where to contact the professional at a glance. This will increase the Return on Investment in addition to improving usability, as everything can be obtained with a single click. The new Business Page can also be viewed on any mobile device and the free call service and the possibility of requesting information via e-mail have now been made much more visible. Discount coupons can be more varied and changed as necessary throughout the year, at no additional cost. And there is always a location map for the company.

However, we consider the most important feature to be the possibility of including a link to the client's website. This is another of the new features that will make it possible to redirect the button to a corporate website and a professional Facebook profile.

In these ways, QDQ Media has managed to strengthen the links between companies and their customers and improve efficiency for its clients.

1.4 Conclusions

OSNs have impacted the working of both individuals and companies. Many businesses are finding these networks extremely useful for expanding their business and improving their profits. Many companies have fan pages that help them