Influence of Social Media on Modern Business

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Abstract

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Social media is greatly influencing e-commerce and other business. It has become an inevitable tool for utilizing your business potential. Research and various books and online information will be used during writing this thesis.

Objective of this thesis was to find out what kind of influence do the social medias have on modern business. Social medias are obviously influencing our lives even more then we know. It can influence our lives in many ways, focusing on business in this thesis.

Method used for this thesis will be qualitative research, meaning that data was obtained from the collection and analysis of data.

Social media has a great influence in e-commerce. It has positive and negative influence. Inevitably, if a business wants to succeed in today's business world, it has to adapt and show its presence in social media.

Keywords

Electronic business, Social Networks

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1   Introduction

1.1   Research Background

A social network represents a group of people or organizations connected by someone's common set of values, ideas, or interests. The emergence of social networks has greatly shaken the world, especially in the field of communication. The Web eliminates at least some of the need for face-to-face interaction, enabling people to connect regardless of where and when they are located. The first users of such form of communication (through social services), were teenagers and students, but today, online network is already being used by people of all ages and different professions.
Today we have over a hundred social networks, and the most important are: Facebook, Instagram, Twitter, LinkedIn, Pinterest.

The advantage of social medias is definitely the communication, which is now possible between the different parts of the world, both in private and business world. It is very easy to share knowledge, information and data through the social medias, and especially with the specific person or group of people. Once, when the people connect with each-other and go online, their cooperation is rapidly growing and they also start connecting other people, groups, teams, even the companies. Though that connection, companies can evolve their marketing tools, because social networks are connecting them with the   people with the same interest, or are in the same business field, where the other companies experience can help them know whether or not to use different tools and in the long term, help them accomplish positive results.

1.2   Thesis Objectives and Research Questions

Objective of this thesis was to find out what kind of influence do the social medias have on modern business. Social medias are obviously influencing our lives even more then we know. It can influence our lives in many ways, focusing on business in this thesis, and I am here to find out what those ways are. In my assumption there should be more positive outcomes than negative, by introducing social medias in business.

1.3   Research Methodology and Data Collection

This thesis was done with qualitative research.
Research was conduct from various books and websites, and it was analysed from a few cases, and strongly backed up theories of few accomplished and acknowledge people.

Data for thesis was collected from books, articles and webpages of various researchers. Their research was analysed.

Process of collecting and analysing non-numerical data and research was used.

2   E-Business

Integrated network of software, routers, telecommunications equipment, computers, is representing Internet as a technology. In order to successfully run e-business, different types of software are necessary. The first decade of 21st century, are characterizing globalization and Internet. The most efficient communication tool in world, and also the fastest growing sales and marketing canal is Internet. Businesses, in the conditions of internet economy are experiencing changes that are similar to the ones during industrial revolutions. The success of the economy of 21st century we can justify with 3I(three letters I)

- Information
- Idea
- Intelligence

The term that occurs is vebonomy and it refers to calculations of distribution, production and consumption of good, the favour and the idea from World Wide Web(WWW). (Dr Simonovic V. 2013, 6)

3   The Concept of Electronic Business

To the development of the modern economy, many factors had influence. It is thought that the influence information and communication technologies is bigger than the economic world crises, than changes in legislations, the movement of oil and currency on the market, political happenings, ext. In the early 1990s, a key moment in the development of the digital economy occurred after the commercialization of the Internet. New business opportunities are emerging: e-commerce in the global market, networking and integration with business partners, new business models based on economies of scale. The development of the digital economy began in the early 2000s. The political events in the world at that time and the economic crisis encouraged us to look for innovative business ideas. New information and communication technologies were the basis for innovation. Cloud computing technologies have significantly reduced business costs, mobile technologies have enabled business anywhere and anytime, and social networking has provided the opportunity for rapid information and collective consumption. Current business models focus on the customer: customers are actively involved in product development and content creation. So today, users can design shoes to their liking or their own note of perfume over the Internet. (Radenkovic B., Despotovic-Zrakic M., Bogdanovic Z., Barac D., Labus A. 2015, 5)

3.1 The Concept of Electronic Business

In 1997, IBM assigned one of the first definitions of e-business, defining e-business as the transformation of business processes in an enterprise using Internet technologies. In the broadest sense, electronic business can be defined as an internal or external business process that is realized through a computer network. E-business is the result of the application of new technologies and the need for change, where the way of doing business is fundamentally changing.
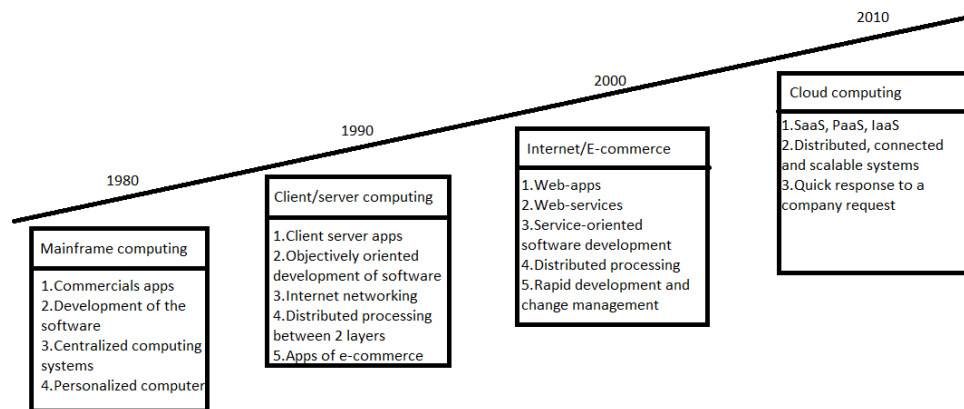
Figure 1. Development of information and communication technologies

In business, the intensive use of information and communication technologies began in the 1980s. The creation of centralized computer systems was made possible by mainframe computing technologies, without the possibility of distributed data processing. In the 1990s, the development of cheap personal computers was manifested by a massive transition to client-server architecture. The emergence of e-business is linked to the period of Internet liberalization in the early 1990s. At that time, the concept of electronic business referred primarily to the sale and purchase of products and services, in other words, on e-commerce, cooperation with business partners and providing customer service. Further changes in the business processes of the organization occur with the development of technology, including production, logistics, finance, marketing, management and all other processes.

The evolution of e-business has gone through several phases:

- **Web presentation**. The first phase of e-business involved creating a business presence on the web in the form of a website. Typically, static websites contained basic information about the company, product catalogue, contact information. There was no possibility of interaction with the users of the site.

- **E-commerce**. The second phase of e-business development refers to the realization of an e-shop within the website. Customers are enabled to interactively search for product catalogues, order and pay.

- **Information sharing**. With the development of dynamic web technologies, Internet users are becoming content creators and are developing online communities. Collaborating companies connect their information systems and share information using the Internet.

- **Intelligent e-business**. The last phase of e-business development refers to creating communities between different industries and connecting complex business processes. This phase requires a high degree of interoperability at the technical, organizational and semantic level.
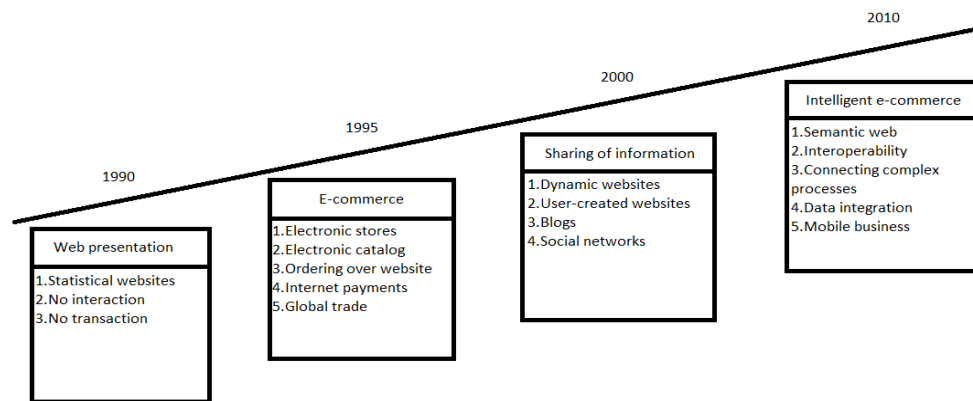

Figure 2. The evolution of e-business

In relation to the online presence in the market, companies can be classified into three groups:

- Traditional companies that use only sales and distribution (brick-and-mortar)
- Companies that combine traditional commerce with e-services (procurement, sales, communication), for example, companies that sell their products not only in physical stores but also via the Internet (brick-and-click).
- Companies that do all their business over the Internet and through e-commerce (dot-com).

Infrastructure in a broader sense includes environment, legal regulations, political and eco-nomic context. Infrastructure is the basis for the realization of business processes of companies and electronic business applications. The next level of architecture consists of elements of business models, planning and implementation of these business models, as well as techniques of advanced cooperation with customers and business partners. At the strategic level, the mission, vision, strategic goals and key performance indicators of the company are defined.
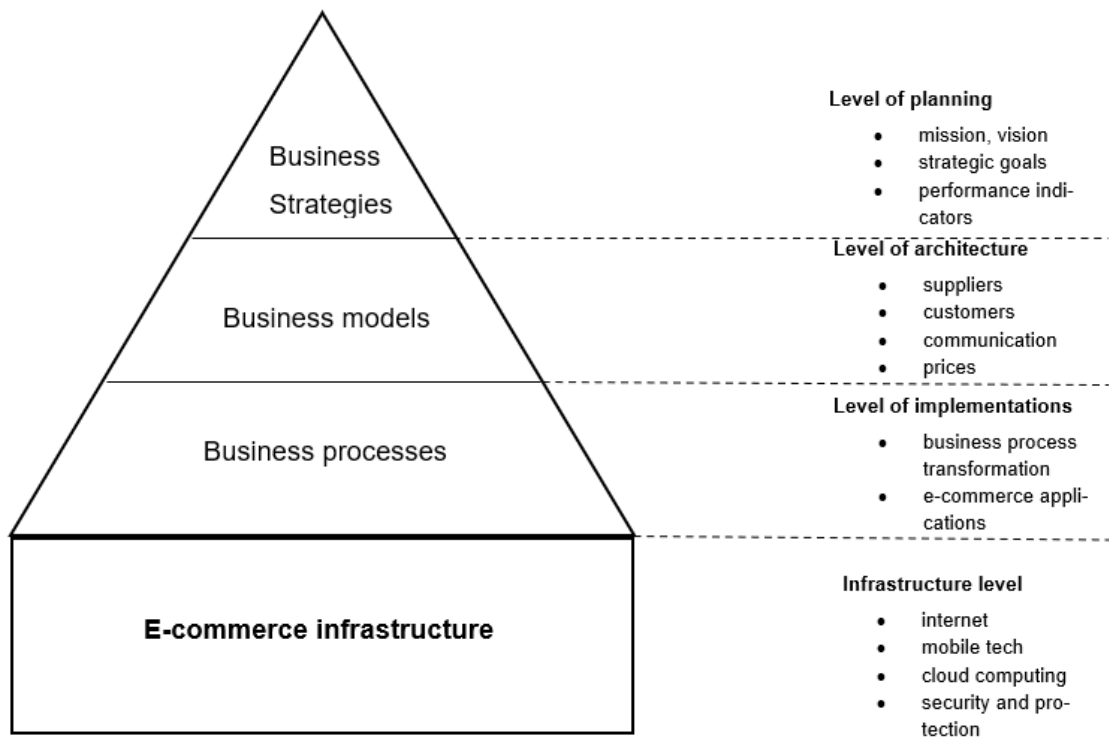
Figure 3. E-business system architecture

The characteristics of e-business are:

- **Ubiquity**. Work can be done from a computer from home, from work, from a car, or from anywhere using mobile devices, without physical and time constraints.

- **Global coverage**. The global nature of the Internet makes it possible to overcome geographical, temporal, cultural and national barriers, so the potential size of the market is equal to the entire world's online population.

- **Universal standards.** The technical standards of the Internet, on which e-business is based, are universal and ensure interoperability on a global level.

- **Information wealth.** The amount of information available in e-business is growing exponentially. The costs of collecting, storing, processing and transmitting information are decreasing, while the flow, accuracy and availability of information are increasing.

- **Interactivity**. E-business technologies are interactive and enable two-way communication.

- **Personalization**. Content can be created and delivered to the user according to behaviour, desires or other criteria.

Today, e-business in a broader sense refers to a set of electronic services and the application of modern information technologies in education, health, public administration, science and other areas of human activity.

3.2 Forms of Electronic Business

Based on the relations between business participants, forms of electronic business can be defined:

- **B2B (business to business)**. E-business between two or more business systems mostly refers to the automation of e-commerce business processes and the creation of e-markets.
- **B2C (business to customer).** The company's electronic business with clients includes business models aimed at individual consumers, electronic retail, content creation and delivery, mediation in various types of transactions.
- **C2C (customer to customer).** Electronic business between individual clients refers to business models that enable the connection of end users.
- **G2B (government to business)**. Electronic business of state administration related to company services.
- **G2C (government to citizen)**. Electronic business of the state administration related to services for citizens.
- **G2G (government to government).** Interoperable electronic business between different state administration bodies.
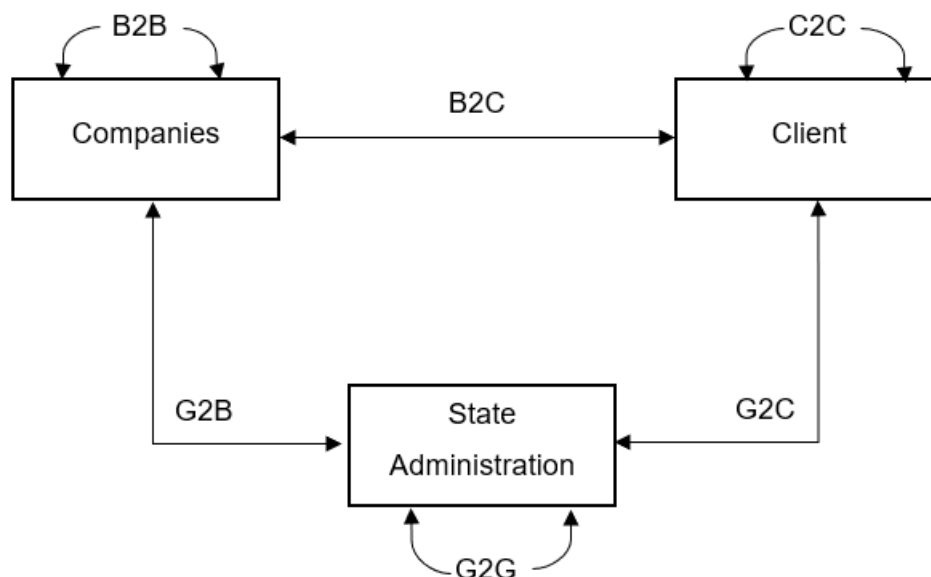

Figure 4. Forms of electronic business

The table shows examples of different forms of e-business.

Service provider	User of the service		
	Clients	Company	State administration
Client	ads on the personal page	advertising on personal blogs	electronic voting
Company	Online shop	online ordering from suppliers	development of software for state institutions
State administration	electronic ordering of personal documents	E-public procurement	data exchange between state institutions

Figure 5. Examples of forms of electronic business

Forms such as B2B2C and C2B2C are created by combining and upgrading basic forms of e-business.

3.3 Security in Electronic Commerce

The concept of e-business provides new dimensions and a new environment with the emergence of economic crime. This crime is becoming global with the help of computer technology, removing the differences between continents, countries and areas. Opportunities for new forms of abuse have been brought about by the expansion and development of computer networks, which has particularly affected electronic business, as well as the performance of business transactions that are realized electronically through open networks such as the Internet. Such business requires the creation of new principles and rules, the violation of which can lead to abuse. The problem becomes much more complex if the rules and principles that define and regulate electronic business are not in the domain of the state, nor the envisaged international organizations of the association. Considering the du-ration of the expansion of the Internet and the development of various forms of business, several important principles have been singled out, which are an integral part of electronic business, as it is increasingly emphasized in the documents of the European Union.

Electronic business in modern organizations is becoming a very important factor of business in the organizations themselves. For that, it is necessary to achieve a level of security that can be achieved by applying a number of methods. The basic type of security is to pro-vide communication between spatially remote computers, which function with a common goal.

In addition to security, it is necessary to ensure the establishment of uninterrupted communication and preservation of the integrity of the message. It is very important to show the requirements for protection against unauthorized use of content. Several factors affect network security.

The combination of a large number of interconnected, often conditioned factors is a problem of network security of computer systems. In systems that support e-business, security and reliability is based on electronic signature, the authenticity of business entities on the Internet, data protection during transactions on the Internet and ensuring network security as an e-business entity.

3.4 Basic Goals of Measures and Protection in Electronic Business

It is very important to be aware that the Internet is not exclusively a business network, but a global one, since the Internet has a large number of users in the world with a tendency of constant growth of users, it is clear that access to all information is possible from different parts of the world.

A special chapter of e-business is security. Business and financial communications over networks are particularly vulnerable to the many dangers and threats that can occur in public and unsecured places such as the Internet. For a complete solution of information protection, which is necessary in such systems, a strategy is needed that includes protection of transactions, protection of Internet providers, and all application providers in the internal network. The dangers come from outside, but also from within, so the overall protection must provide answers to all the different threats. Security is the biggest concern of business users, and it is most often defined as a combination of technologies, measures, and procedures to protect information from unauthorized exploitation. The four basic security services are:

- **Data secrecy** - is achieved by encryption, in other words, the use of cryptographic algorithms
- **Authentication** - verifying the identity by which the user presents himself. It is done in several ways: PIN, password, biometric methods, smart card
- **Data integrity** - ensures the exchange of business data between correspondents so that no one can use or modify the data without authorization
- **Non-denial of messages** - a service that prevents the sender, but also the recipient from denying sending, in other words, the content of the message.

Local network protection and access control are also very important. (Latinovic B. 2007, 108-109)

4   Basic of E-Commerce

4.1 E-commerce

Electronic commerce (e-commerce) in its modern developed form was not known before 1995. Most believe that Amazon is the first representative of e-commerce. The story of Amazon.com (https://www.amazon.com/) (Assessed: 18 November 2021), the most famous e-commerce company in the United States, largely reflects the story of e-commerce as a whole. The idea for Amazon originated in 1994, when Jeff Bezos, then 29, a senior vice president at D.E.Shaw, a Wall Street investment bank, read that Internet use was growing at a rate of 2,300% a year. For Bezos, that information indicated an extraordinary opportunity. He left his previous job and started researching which products he could successfully sell online via the Internet. The choice fell on the books. With over three million titles in print at any one time, no physical bookstore could sell more than a small percentage of that amount. A virtual bookstore could offer a potentially complete world production. The comparative dynamics of book publishing, distribution and the retail industry were also favourable. With over 2,500 publishers in the U.S., and the two largest retailers, Barnes and Noble and Borders, which accounted for only 12% of total sales, there were no more dominant players in the market, which would quickly eliminate any small beginner. Amazon offered customers four attractive reasons to shop there: choice (1.1 million title database), convenience (buy anytime, anywhere, with simplified ordering using Amazon's patented "1-click" express shopping technology), price (high discounts for bestsellers) and services (support for e-mail customers, and by phone, automated order confirmation, information on tracking and sending goods, etc.). In 1998, Amazon expanded its product line, first adding music CDs and then video and DVD releases. (Unkovic M., Milosavljevic M., Stanisic N. 2010, 175)

4.2 Basic Features of E-commerce

By e-commerce we mean trade transactions between organizations and individuals, based on digital technology. In this definition, both components are equally important: digital technologies, which primarily refer to the Internet and the Web, as well as trade, which implies the exchange of value (money) for goods and services beyond individual and organizational boundaries. (Laudon K., Traver C. 2009)

Figure 6. Original first page from Amazon.com

The emergence of e-commerce represents a real revolution in business, not only on a unseen superior technological basis based on modern telecommunications, computing, information technology and cryptology. Before the era of e-commerce, marketing and product sales relied on mass unfocused marketing, the workforce, and the skills of direct salespeople. Consumers are seen as passive goals of advertising campaigns, which change the long-term attitude of the customer towards a given product and currently affect his shopping habits. The consumer was trapped by geographical and social barriers, limited to a narrow local circle in search of the best price-quality ratio. Information on prices, costs and fees could be hidden from customers, enabling the formation of a profitable so-called "information asymmetries" in favour of sales organizations. Here, information asymmetry, we will define as any difference in relevant market information shared by participants in a transaction. E-commerce has challenged traditional business thinking. Therefore, it is important to briefly analyse the unique properties of e-commerce technology, with this uniqueness being fixed dominantly in relation to traditional methods of trade and business. Here are seven key features of e-commerce that make it a unique and global phenomenon of modern business:

- Ubiquity

- Global intervention

- Universal standards

- Information wealth

- Interactivity

- Information density

- Personalization-customization

SEVEN UNIQUE FEATURES OF E-COMMERCE TECHNOLOGY	
DIMENSION OF E-COMMERCE TECHNOLOGY	BUSINESS SIGNIFICANCE
Ubiquity - Internet / network technology is available everywhere: at work, at home, via mobile devices, anytime	The market is expanding beyond traditional boundaries and has been removed from the time and geographical location. "Marketspace" has been created; shopping can happen at any time. Consumer benefits have been improved; purchase costs have been reduced
Global availability - Technology crosses national borders, across the planet	Trade is made possible beyond cultural and national borders without any changes. "Market space" potentially includes billions of consumers and millions of businesses, worldwide
Universal standards - There is one set of technological standards/Internet standards	There is one set of technical and media standards around the world
Information Wealth - Video, audio and text messages are possible	Video, audio and text marketing messages are included in the individual marketing message and consumer experience
Interactivity - Technology works through user interaction	Consumers are involved in a dialogue that dynamically adapts the experience to the individual and makes the consumer a participant in the process of delivering goods to the market
Information Density - Technology lowers information costs and raises quality	The costs of processing and storing information and communication costs have been significantly reduced, while optics, accuracy and timeliness have been significantly improved. Information becomes abundant, cheap and accurate
Personalization / Customization - Technology allows personalized messages to be delivered to both individuals and groups	Personalization of marketing messages and adaptation of products and services to requirements based on individual characteristics

Figure 7. Seven unique features of e-commerce technology

5   The Concept of Social Media

Social media has been around for less than two decades, but it has gained widespread acceptance relatively quickly (Icha O., Edwin A. 2016, 21). Today, the Internet has become the basic global computer network designed for communication (Rose, C. 2011, 35-40). The advancement of the Internet has contributed to the theories of social media coming into the focus of scientific interest. Therefore, it can be expected that the Internet could be a powerful tool in the business of modern corporations. After the rapid development of social media, companies have become aware that traditional forms of PR in a new social and technological environment can look anachronistic. In the past, people have lived without the Internet and social networks for thousands of years. Today, they are part of everyday life. The development of Web 2.0 technology has enabled customers and organizations to collaborate over the Internet. It enabled simple and fast communication, transmission of large amounts of data over long distances in almost a moment, publishing and updating electronic documents as well as their global availability, but also through other virtual activities. Over time, social media has evolved to become a phenomenon that is an extremely important part of marketing strategy in business life. With the advent of the Internet, the world has become more connected than ever before. The addition of new features, improvements and innovations supported the further functions of social networks. The term Web 2.0 defines the second generation of Internet applications commonly known as social media. In today's technology-based world, social networking sites have become a way for organizations to expand their marketing campaigns to a wider range of consumers. In a relatively short time, with the appearance of the first, and then the others, social networks, with unprecedented expansion, entered almost all areas of the modern world. It is absolutely essential that managers fully understand and understand the importance and possibilities of using 21st century technologies. Recently, the use of social networks in organizations is becoming increasingly popular. Social media has literally changed the way we communicate in the 21st century and created a kind of possibility of user interaction, which is also especially important for different types of organizations. They represent a very dynamic and still quite new field or technique of communication. Social media is a more comprehensive segment in which social networks are classified. The division can be presented: (Giroux, J., Roth, F., Herzog, M. 2013, 4-26)

- Forums – LiveJournal
- Blogs and microblogs - Blogger, WordPress, Twitter
- Sharing photos / videos / audio content - Instagram, Picasa, Flicker, Youtube, Pinterest
- Chat / send messages - Skype, BBM, Google chat, Whatsapp, Viber
- Wiki - Wikipedia, Wikitravel
- Networking - Facebook, LinkedIn

- Rating - Yelp, Trip Advisor
- Tagging - Del.icio.us, Diigo, Digg, StumpleUpon, Mister Wong
- News - RSS, Reddit, Slashdot
- Maps with a large number of people - OpenStreetMap, Google Mapmaker, Ushahidi

Social media business focuses on financial, operational and corporate social performance. The web and social media have become vital resources for the implementation and success of many ideas and the application of social entrepreneurship. Social networking sites usually have terms and conditions related to the place that governs the use of their websites. A social network is a social structure that is determined by the connections and interactions between individuals, groups, and organizations. Today, they are an extremely important opportunity, and companies are competing to attract as many customers as possible, and that is why they are ready to give large sums of money. Social networks control the organic reach, in order to charge organizations for wider and more effective placement of content (Krstic A., Lazarevic S. 2014, 221-226). They can increase product and brand awareness, can improve customer loyalty, but also improve a company's search engine optimization, and even increase the success of launching new products. Since they are increasingly used in business, social networks lead to in-creased Internet risks, information technology risks. The proliferation of Web 2.0 and social networks has had a huge impact on the way companies conduct marketing activities. Although social media marketing is still a novelty, it has potential tendencies for company success if it is carefully integrated into the marketing mix. Many of the organizations promote their business by posting ads on social networks in order to attract the maximum number of users or customers. In addition to individuals, accounts on one of the social media sites can also be created by legal entities, all with the aim of promoting their company or product.

5.1 Social Media Risk Management

Risk is an uncertain situation in which there are several alternatives with a certain probability of realization (Malbasic S., Jankovic A. 2006, 151-156). Risk includes uncertainty and the likelihood that something unforeseen and unplanned will happen. Risk is defined in terms of uncertainty. It is an unexpected event that creates a high level of uncertainty and threatens major corporate goals. Because of this, risk management methods are becoming increasingly important in modern business. The process of corporate risk management has changed dramatically over the last decade. This change is a consequence of the emergence of new risks, due to the emergence of numerous financial scandals, but also advances in technology.

Cybercriminals collect information about users through social media and mobile data in order to create certain malicious content tailored to the personality or interests of individuals.

The most important step in data preservation is the development of a comprehensive social media use policy, which raises employee awareness of the risks posed by social media and provides them with strategies to mitigate those risks. Malicious software covers a range of threats, including viruses, worms, Trojans, bots, and other malicious code. Hackers develop malware for several reasons. Some malware is designed to attack the system in which it is installed, other forms are intended to take over the host system, to attack a third party, and other applications are written not to harm the system, but to allow creators to steal data that are in that system (Oxley, A. 2011, 5-32). There is a problem with social engineering, a term used when someone tries to falsely obtain confidential personal information from a user. It is important to establish ways to manage risks. Which means a way to prevent discrimination, discourage the abuse of inappropriate and excessive use, but also to avoid the loss of the company's intellectual property. Just as there are restrictions and guidelines for other forms of communication, social media should not be treated as an exception. Attempts to define IT risks have been reduced to determining the content of the threat or danger that in terms of insurance coverage can cause harmful consequences. To make the most efficient use of social media, organizations often use social networks in combination with traditional media (Jovanovic S. 2017, 823-837). Social media is a force that every company should use. Organizations use a variety of sophisticated hardware and software devices to protect themselves from malicious attacks. But in most cases, they are compromised, and damage is done, in this sense Internet risk insurance plays a significant role. Many experts argue that organizations should not try to control reputational risks but should consider social media by inviting them to participate in authentic discussions with stakeholders (Demek C.K., Raschke L.R., Janvrin J.D., Dilla N.W. 2018, 31-44).

6 Social Media

Social networks are the overall name for software and services on the Internet that allow users to exchange information online, discuss, communicate and participate in any form of social interaction of individuals. This interaction may involve the exchange of text messages, images, gifs, audio or video, individually or in combination. Another definition of sites as social networks was offered by Boyd and Ellison who say that these are online services that allow an individual to:

- forms a public or semi-public profile within the set system
- specify a list of other users to connect with
- see and download their list of connections, as well as others that are in the system

Social networks are usually a free online service that allows users various forms of communication and the possibility of their own presentation. The first type of "social network", connecting between the two computers was email and chat forums. Processes in the business world were accelerated by e-mail, while chat services were in charge of daily communication of users. With the development of the Internet, people needed to have as much contact as possible with other users, to share information that is important to a certain group of people, or to exchange opinions with people who are at a great distance.

First in America and then in Europe at the end of the nineties of the twentieth century, there was a rapid growth and rapid adaptation of the Internet in home use. People are realizing the growing needs and using the first types of social networks, like for example, portals where they spend their time and communicate with users of the same interests. The first portals looked like bulletin boards on which users could exchange their opinions and learn information they had not been familiar with before.

Initially, social networks were reduced to the exchange of text data, due to the very low internet flow (dial-up) as well as limited memory, which on the computers of that time significantly limited the speed and size of information that an average user could obtain.

The speed of development of internet marketing was dictated by markets such as America and Japan, considering that these are the markets that were the first to accept this type of innovation.

In the mentioned period of the internet revolution, the mentioned markets were a test ground for all innovations, and they managed to maintain the same leading position until today. The first social networks as we know them today were created by the technological advancement of personal computers as well as the proportional increase in the speed of

data transfer via the Internet. Users were able to use more demanding and complex operations on social networks, so they became places where, in addition to ideas in text form, ideas and content can be shared in multimedia formats such as photography, video or audio.

Some of the first social networks were MSN (Microsoft Network) launched in 1995, which is the first type of social network designed by Microsoft in the midst of the then glory with the Windows 95 operating system. MSN was actually a website with services that Microsoft provided to its users to interact with other users. Some of the services that were current at the time were MSN Hotmail, MSN Messenger, which are also the forerunners of social networks as they exist today.

Among the first social networks that can be most closely compared to today's is MySpace, founded in 2003 by Chris DeWolfe and Tom Anderson in California.

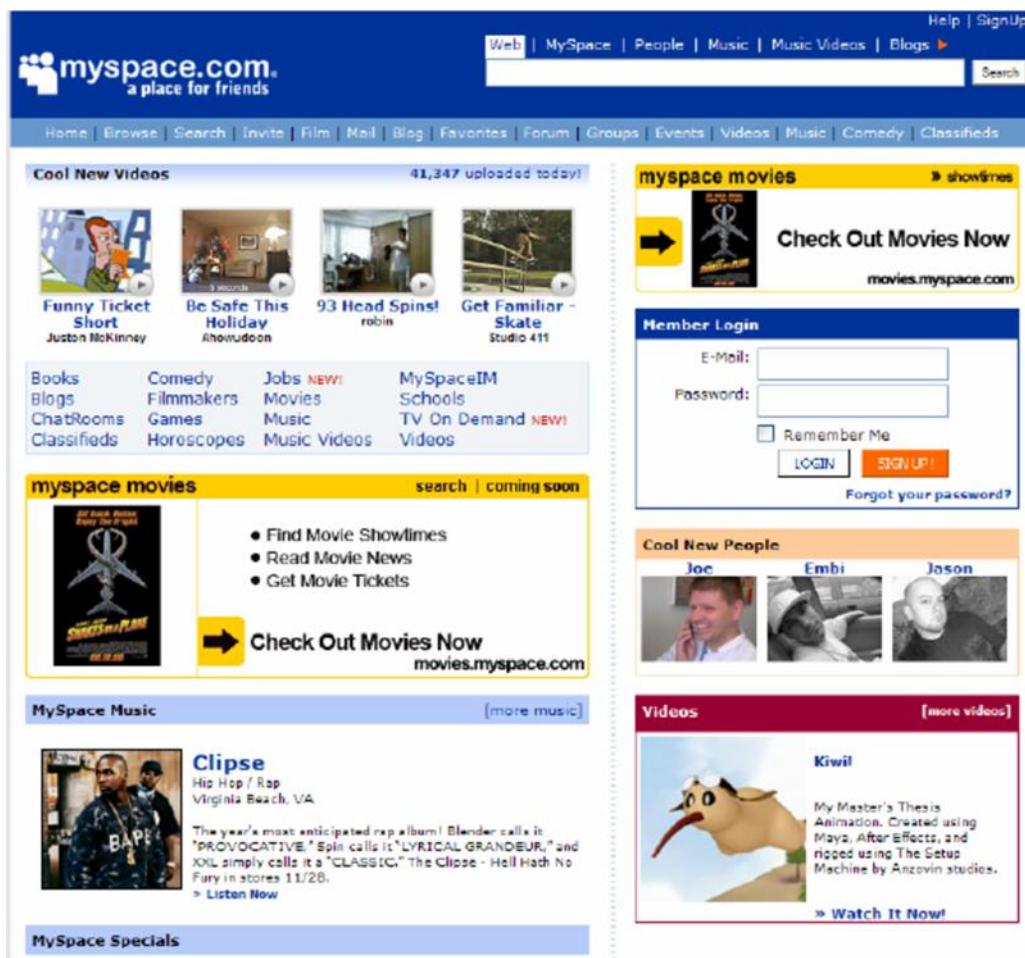The following image shows the former home screen of the social network MySpace.

Figure 8. The look of the MySpace social network

MySpace was founded as the idea of sharing my private space (My Space) with other users. This channel was among the first to allow users to create their profiles with fully personalized pages, music, photos or video content. In addition to connecting users, MySpace has achieved great success in the field of the music industry by affirming young talents without the mediation of agents or publishing houses, as well as creating gaming platforms such as Zynga. In this way, MySpace as a social network directly developed platforms that later developed as independent.

The home screen of the MySpace social network had news and interesting things that the user could browse, as well as a search box in which there was the possibility of searching through Google search. In today's view of social networks, the initial appearance of this social network cannot be described as a user-friendly "User Friendly" interface. The elements possessed by every social network today, taken primarily from the MySpace network, are the commands "Add for a friend", "Instant messaging", "Block user", etc.

The MySpace social network was launched in 2003 and in just two years has reached the popularity of the largest social network in the world. She held that record from 2005 to 2008. When in 2006, she received more traffic than Google in 2008, MySpace experienced a sharp decline due to Facebook's competition as the next leader in the field of social networks.

7   Internet Marketing on Social Networks

The Internet provides opportunities for marketers to use social media to get feedback on how customers react to their brand and establish two-way communication with them (Brakus A. 2015, 1096-1103). Social media marketing provides the possibility of a cheap solution for company promotion, in order to reach a large number of users via the Internet and gain the status of recognition for one's own brand. Internet marketing is based on the Internet as a medium through which the entire planet communicates, a feature that is evolving, a phenomenon that surpasses all other technological inventions and patents of our time. The Internet is undoubtedly the biggest cause of questioning the foundations of traditional marketing patterns and channels of classic interaction and offers radically new opportunities for more efficient business, which is most seen when comparing past and present possibilities of its use. Internet marketing has the greatest impact on marketing strategy regardless of the business sector, the size of the company or the country in which it is located. So today, more than ever, in order to remain competitive, companies are forced to take advantage of this form of marketing, which can essentially bring huge bene-fits at low cost (Patrutiu-Baltes, L. 2016, 62-70).

Facebook is an Internet social network, founded in 2004 by Mark Zuckerberg, a former Harvard student. In its beginnings, Facebook was intended only for Harvard college stu-dents who were able to communicate and exchange information with each other. Later, many other colleges, high schools and large companies around the world joined the net-work. Today, this website has more than one billion active users. Facebook is also the most popular place to post photos, with more than 14 million new photos added daily. The concept of Facebook is to connect people who already know each other in real life via the Internet. It allows users to connect and socialize with friends or relatives, and with people they are close to. In order for a user to register, you need to have a valid email address. After registration, he can edit his profile and join the regional network where he meets people from his environment (Grbavac, J., Grbavac, V. 2014).

Instagram is a relatively new form of communication in which users can share their photos and process them. The number of users, as well as the content posted since the launch in October 2010, has grown rapidly. This network is currently experiencing its third wave of mass expansion. The first global growth happened in 2010, when Instagram was created. Although the application was completely unknown to most at the time, it is interesting to note that only a month after its launch, the total number of registered users was 1,000,000. The second wave of expansion happened in 2012, in the middle of which we reach the figure of an incredible 80 million users, when the application also becomes available for the Android operating system. We are in the third wave right now, because

according to official statistics, the total number has reached a staggering figure of as many as 150 million active users every month.

A very significant 94% of marketing professionals use Facebook, followed by Instagram with 73%. Sixty-one percent of marketing experts claim that Facebook is their most important social platform. Facebook ads are used by 72% of marketing professionals, and 59% plan to increase the use of Facebook ads in the next 12 months. Seventy-three percent of people in the field of marketing use Instagram, which is more than 66% compared to 2018. It is the second most important social marketing platform (behind Facebook) and surpassed LinkedIn for the first time. A significant 69% of marketers plan to increase organic activity on Instagram in the next 12 months. Instagram is the number one platform that marketing experts want to learn more about, surpassing Facebook in that for the first time.
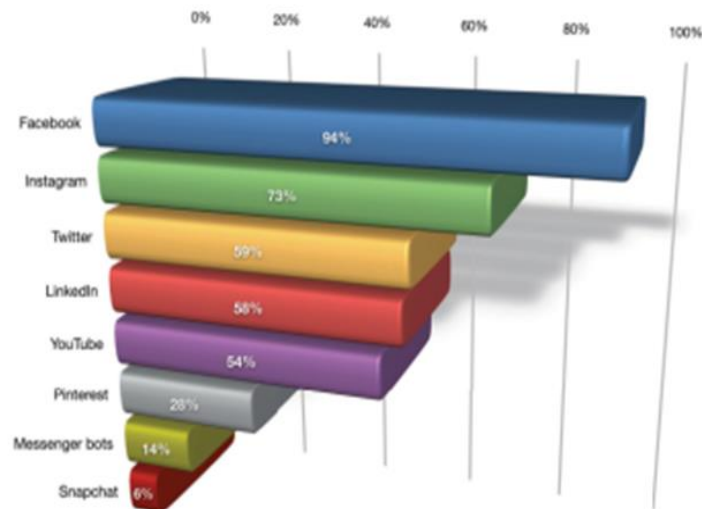
Figure 9. Percentage of use of social networks during 2019

8   Potential of Facebook and Other Social Networks in Modern Business

There are more and more organizations, both in the world and in our country, that recognize the importance of social networks and decide to communicate with their heterogeneous target audience through these channels. According to a recent survey conducted by the agency - The Creative Group, which includes data obtained from a survey of 400 marketing managers working in the United States, of all social networks, Facebook has the greatest potential for application in business and business development. Almost half of the respondents (45%) answered that Facebook is the number one social network in 2014. It is followed by Google Plus (13%), LinkedIn (12%), Twitter (10%), Instagram (5%), YouTube (5%), Pinterest (2%) and Tumblr (1%).
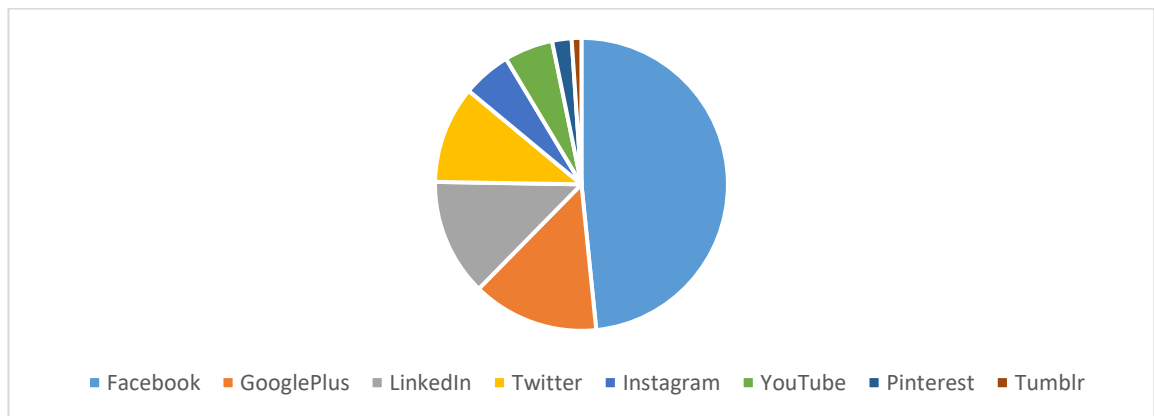
Figure 10. The results of a survey conducted by The Creative Goup in 2014

This research also obtained the following data:

- 76% of managers claim that their company has an active Facebook page
- Just over half of organizations (52%) have a Twitter account
- It is followed by: LinkedIn and Google Plus (48%), YouTube (40%), Instagram (30%), Pinterest (23%) and Tumblr (7%).

The total time spent on social networks in the United States (including computers and mobile devices) in July 2012, increased by 37% compared to the data obtained in July 2011. Time spent on social networks via mobile applications and the mobile Internet increased by 63% in 2012, compared to the same period a year earlier. The expansion of the use of smartphones and tablets has certainly contributed to this growth. In addition, Facebook recently announced that about 157 million users connect to the network exclusively via mobile phones, and that the group is growing at a rate of 25 million new users every three months. Facebook is the most downloaded smartphone app, and reaches as much as 77.6% of all apps in the US. It is followed by Google Plus (52.4%), YouTube (49.7%), and Google Search (48.9%).

Interestingly, the mobile application for Twitter is only in 14th place, with only 22.8% downloads. The more people use their digital devices in search of different content, the more organizations will be forced to publish quality content and adapt it to different screen types, because by 2017, 87% of all devices connected to the Internet smartphones and tablets (Krstic Lj.A., Lazarevic Lj.S. 2014, 221-226).

8.1 The Most Popular Content on Facebook and The Recommended Time of Posting

Based on an analysis of more than 16,000 Facebook posts (posts) posted by the 50 most popular brands in the US in the first half of 2013, it was found that brands that posted a relatively small number of quality posts (which include inspiring and stimulating content) were mostly displayed. through photography), achieved almost equal engagement of the audience (fans, followers), as well as those brands that relied more on quantity.

Engagement could be defined as the reaction of the audience to the content that the organization publishes. The most valuable activity of fans is considered to be sharing, sharing of content, followed by commenting, so-called likes and recommendations. Thanks to these fan activities, shared posts become more visible in the News Feed of other social network users (not just those who follow the activities of one page).

When you look at the 20 biggest corporate pages, starting from the Levis page with over 21 million fans, all the way to the Facebook page itself, with over 117 million fans, you can see that only six brands out of the top 20 interact with more than 1 % of the audience, while only one brand reaches 2%. The company, which is in last place, has an interaction with only 0.05% of the audience. For example, one post shared with 22,722,008 fans received only 12 likes. Obviously, the fact that someone liked the page does not mean the right measure of success, the likes themselves mean nothing if there is no real interaction and concrete results [6]. In the first half of 2013, posts involving photos or images accounted for 80% of all posts on Facebook. The remaining 20% includes posting status, links, videos and other content.

The period between 11 am and 2 pm is the prime time when brands post their announcements (close to 30%). It was at that time that the posts that reached the greatest popularity were posted. 25% of all posts were posted between 2 and 5 pm, but in that period only 19% of posts achieved great popularity. However, Marie Smith, a Facebook marketing expert, believes that a large number of organizations miss a lot because they avoid posting content in the afternoon and evening, as well as on weekends, when people are relaxed and spend time on Facebook mostly for socializing. In that period, when most of the commercial pages are inactive, she sees a "golden opportunity" for interesting content and

publications of one organization to appear in News (https://www.marketingprofs.com/pod-casts/2014/24539/facebook-mari-smith-marketing-smarts) (Accessed: 22 November 2021)

8.2 The Most Effective Tactics for Gaining New Fans on Facebook

The two most popular tactics for gaining new fans are:

- Placing a Facebook Like button or link on the organization's website (although 93% of marketing managers use this tactic, only 46% assess it as effective)
- Inclusion of the Like button or link to the Facebook page in the official e-mails, or electronic newspaper of the organization (70% use this tactic, while 35% assess it as effective).

According to a survey conducted from June to August 2013, on a sample of 395 digital marketing communications managers (mostly from the US), respondents were first asked to identify the tactics they use to gain a new Facebook audience, and then to assess how effective they consider these methods in gaining a quality audience (those who are willing to participate in communication).

To gain new followers on Facebook, several tactics are considered extremely effective, although many digital marketing communications experts do not use them:

- The so-called organic, natural method of growth, such as involvement in conversation (58% apply, of which 67% effectively)
- Work with bloggers, or influential individuals (33% apply, of which 56% effectively)
- Facebook competitions, which require fans to get involved and post their content (36% apply, of which 54% effectively)

Some other tactics that are poorly used and considered highly effective are:

- Facebook ads: sponsored stories (25% apply, of which 67% effectively)
- Facebook ads: ads that appear on the screen (30% apply, of which 52% are effective).
- Answers to customer questions on Facebook (34% apply, of which 69% effectively).
- Referral of clients to the Facebook page to provide support (17% apply, of which 50% effectively)
- Regularly answering the most frequently asked questions and giving various notifications on the Facebook page (29% apply, of which 50% are effective).

8.3 Tactics to Increase Organic Reach on Facebook

First of all, it is necessary to explain the difference between organic reach (the one that a post achieves naturally) and the so-called viral reach, which reaches people who see the content of a page not because they like it and follow it, but because fans interacted with a page (on Facebook they are most often friends of friends). The goal of any organization that has a Facebook page is to make its content viral. Each sharing of posted posts helps them gain growing and greater popularity, while conveying the message that they are worth watching/reading. The more a post is shared, liked, or commented on, it potentially leads to an increase in the popularity of an organization's site.

Social networks control the organic reach, in order to charge organizations for wider and more effective placement of content. However, research on Facebook reveals that organic posts in the News are 16 times more likely to be viewed and 10 times more likely to be shared, liked, or commented on than standard Facebook ads on the right. In the News that is shown on the mobile phone, the effectiveness of the organic range is even 42 times higher! (Social Media - Three 'Light Bulb Moments' to Illuminate Social Marketing Success (marketingprofs.com)) (Accessed: 20 November 2021)

Some of the tactics to increase organic reach would be the following:
- Fans should be encouraged to share their content (photos, videos) on the organization's website. In this way, they expand the reach of the organization, because this interaction is seen in the News of their friends, which has a positive effect on the creation of the online reputation of the organization.
- Occasionally, various promotions or competitions can be organized, which is also a way to increase the engagement of fans without paying for advertising. On that occasion, fans should be invited to share these activities with their friends, thus expanding the circle of participants and gaining a new, active audience. In addition, it is a great opportunity for fans from social networks to become clients of the organization in real life.
- Research and monitor which content is inspiring and stimulating for the organization's audience (which content is most shared, commented on and liked; whether it is photos, statuses, videos, or something else; which are the most interesting topics; what is the best time to announcements) and then apply that knowledge in creating, publishing and promoting effective and relevant content for fans.
- Once the most successful publications are identified, their organic reach will remain high. This can be easily followed by analyzing free weekly and monthly Facebook statistics. It is equally important to look at the data collected after the competition or promotion. You also need to know who interacts with the organization, what these

- fans like to see, how they respond, and then use such information to shape daily posts or campaigns.
- Learn more about fans; it is necessary to have specific demographic data, in order for the organization to be able to expand its reach and influence to the appropriate target groups. Finding out who really likes a brand and investing money in reaching that audience is much smarter and more cost-effective than scattering, without information on whether the announcements are reaching the right addresses.
- Paying to promote certain content where there is no clear call to action is not always the best way to reach fans. Campaigns should be run that give fans the opportunity to get involved by, for example, naming new products, sharing their videos or photos, discussing a particular issue.

By adopting these tactics, an organization can expand its reach on Facebook, engage a wider audience, and monetize Facebook marketing. The changes that Facebook is introducing to limit the organic reach of organizations, in fact, create an opportunity for Facebook marketing to delve deeper into the data and to think more seriously about how to reach existing and new fans. This will be possible only by publishing better and higher quality content on the websites of organizations. (Spend and Strategize Wisely to Increase Your Organic Reach on Facebook - TornCRM)(Accessed: 18 November 2021)

8.4 Behaviour of The Organization on Social Networks

Social managers who work on social networks, in order to avoid and prevent mistakes that could lead to the creation of a bad reputation on the Internet, are advised the following:

Social networks, especially when accessed via mobile phones, are different from all other channels of marketing communications, so those who deal with them must keep in mind that the public will not tolerate useless content; with just one click, users can opt out of the page (unlike), block it, mark the content as spam, or leave negative comments. However, the assumption is that the audience still has an affinity and interest in the page they are following, and that it is mostly open to a wide range of different posts. Therefore, thoughtful content placement is advised, where mutual benefit is the rule, not the exception.

What is useful content? Any content from which the audience derives some kind of value. For example, content that communicates something that fans do not know, and is important for the work they do; informative content published by the organization: notice of participation in the fair, or announcement of a new product or service. Of course, there are other types of useful content: announcing the distribution of free tickets for an important

event; an advertisement for a vacancy in an organization or elsewhere. Announcements should be short but effective and useful to the audience.

Interesting content encourages the audience to get involved. It can be a discussion on a topic. If a sufficiently intriguing question is asked, people will get involved, especially if it is something that directly concerns them. Fans can also be asked to get involved in solving a problem. If you ask them to give their opinion or advice, it is a very effective strategy, which contributes to the formation of an engaged community on social networks. In addition to interesting content, creating an engaged community takes time and patience. Persistent and diligent publishing will certainly attract attention and arouse interest. It is important that the story of the brand or organization is presented consistently and in an impressive and convincing way, so that the audience builds awareness and creates credibility over time.

Another important piece of advice regarding the presence of the organization in social media is related to the need for constant vigilance. Namely, it is advisable to activate the system of notifications, which can be used to monitor when someone says something about the organization, not only on social networks, but on the Internet in general. A system such as Google Alerts can be used for this purpose. This is necessary to fully monitor the organization's online reputation. Familiarity with the opinion and views expressed by the organization's clients in public, allows all necessary steps to be taken to resolve any objections or complaints before they are taken out of control. Being proactive in solving problems, not only represents the provision of excellent customer service, but also helps prevent the spread of complaints on social networks.

Of course, it is necessary to think carefully before publishing anything, because no organization wants negative comments on social networks. Even if negative or inappropriate comments appear at the expense of the organization, we are never responding in the same way. If there is a need to write an answer, it must be done in an argumentative and calm manner. However, if the comment is not related to the business of the organization, or is a deliberate provocation, it is quite acceptable to report it and remove it. But if someone makes a comment that could be characterized as a complaint on the spot, such comments should not be deleted, because there could be condemnation and indignation of fans.

An organization (its products or services) must be very careful when associating with certain events or situations, for marketing purposes. Although it is an acceptable marketing practice, it must be well thought out before such news is published. If a mistake is made in

assessing how a story will affect readers, the organization can quickly experience condemnation on social media. If a tragedy occurs and the organization decides to help (by raising funds, clothing, voluntary blood donation, etc.), promoting these activities on social media is a great way for the organization to prove itself socially responsible and present community problem solving as part of its corporate culture. There should also be a clear policy regarding the presence of the organization and its employees on social media, including accountability for consequences in the event of a rule violation or abuse.

Marketing managers dealing with digital communications must keep in mind that the effectiveness of posts, especially on the social networks Facebook and Twitter, is rapidly becoming obsolete. Usually, within a few hours of posting, the content has already reached its maximum reach and its popularity is starting to decline. Even the posts that have achieved the most popularity (those that have gone viral) last only a few days. Unlike traditional marketing messages, the same content cannot be re-posted on a social network, the same content or product can be re-promoted, but the post itself must be different. Contrary to the ads that are placed in the form of banners, ads on social networks do not gain over time, but lose their effectiveness. Therefore, it is essential that marketing managers have an elaborate strategy for each campaign that will ensure continuity in publishing new and fresh content.

What can be easily measured on Facebook is the engagement of the audience (likes, shares, comments), which indicates the level of interest and interesting content. In addition, fans are given the opportunity to evaluate the quality of the content of the pages.

Useful and interesting content, patience, diligence, and realistic measurement - these are the four rules that must be followed in order for the organization's efforts on social networks to pay off; then it becomes only a matter of time.

9 Instagram as a Business Platform

Instagram is an online image sharing application that allows users to share images and videos publicly or privately. (Hollensen S., Koltler P., Opresnik O.M. 2017)

Instagram was created by Kevin Sistrom and Mike Krieger, and was released in October 2010 as a free mobile app. Facebook bought Instagram in April 2012.

This mobile application quickly became the most popular for sharing and creating content in the form of images and videos in the world. In just 7 years of existence, this platform has developed very quickly, even brands have a unique opportunity to communicate with fans, but the brand's success on Instagram is much more than sharing attractive photos, it is a product of strategic thinking, packaged in visual management creativity. When researching the capabilities of Instagram for business, we should keep in mind the specific strength of visual media. By fulfilling these principles in practice, the brand gets greater benefits.

Social networks refer to computer-mediated technology, enabling the growth and exchange of awareness, ideas, interests, information and other methods of expression through virtual communities and social networks (Nielsen, M.I.S.W. 2017, 554-560). Social network users can see or read online posts posted by their friends, without directly interacting with them. Content created by social media users (posts, comments, digital photos, video sharing, etc.) is the basis of social networks (Russell, B.S., Maksut, J.L., Lincoln, A.J. 2016, 1-8). Social networks affect many aspects of modern society and increasingly affect communication between people.

One study found that although users spend less time on Instagram, compared to other platforms, Instagram has a higher level of engagement compared to other media. Instagram is a photo and video-based app that only allows its users to share photos or videos. Content can be edited, and users can add filters to their content that match their own style and put text below their posts, as well as hashtags and tagging others in their content. Users can communicate via comments and likes and can also send private messages. Brands are increasingly using Instagram as a marketing tool and in response to that need. Instagram has designed specific business profiles, which are similar to regular user profiles, but the main difference is that organizations can access their data, as well as the ability to advertise their posts. Insight allows organizations to get to know their learners better and learn from them. Companies can also get demographics of their followers (or brand followers), an overview of the most popular posts, and an overview of the most popular days and times for posting content. It started by providing photo editing and sharing features, and later added a video sharing and photo sharing feature directly to another user. Instagram allows users to take photos or videos anywhere they are at any time and

share them with their followers nationally and internationally. Users can create a 15-second video, and many art filters are available for the user to edit their photographs.

In 2012, Facebook offered $ 300 million in cash and 23 million of its shares to Instagram, and the deal was completed very soon after the offer. Today, Instagram is one of the most popular social networks among students in the United States. This app can help a company promote its products or services. The point that makes Instagram different from other social networks is that Instagram applies a strategy based on a visual view. Everything about Instagram is about photography. Instagram marketing is an effective way to advertise a product because a picture speaks a thousand words. In addition, it can help save on brand design costs. Every image taken for the product can be edited and filtered using Instagram features. Moreover, social media also provides companies with an easier way to understand their consumers. In the case of Instagram, leaving and receiving comments on photo posts can get more feedback from customers about the product. Followers are often interested in seeing the interaction between the organization and users, so paying attention to comments would help improve customer relationships (Dennis D. 2014, 454). Moreover, Instagram has included a feature known as instant messaging. This feature can provide VIP customers with another way to communicate and interact with the organization. The instant messaging feature allows the user to send a message that only the recipient can view and each message can be sent to 15 users at a time.
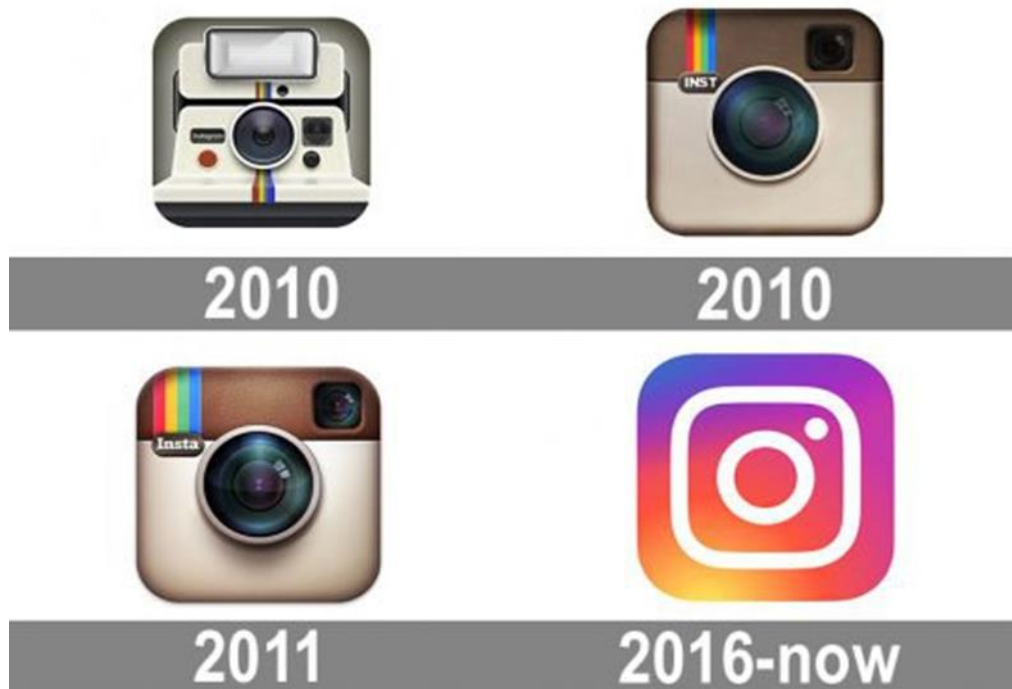

Figure 11. The evolution of the Instagram logo

9.1 The Role and Importance of Influencers on Social Networks

The method that companies are increasingly using in the virtual environment, and in order to bring brands closer to their consumers, is to engage influencers on social networks. Along with digital development, new technologies have created an opportunity for influencers on social media to take over marketing space through word-of-mouth electronic communication. Influencers very often work on many types of social networks, sometimes on several different platforms at the same time, such as Youtube, Instagram, or Twitter (Abidin, C. 2016, 1-17). Digital influencers, such as celebrities, active members of online communities, bloggers, use digital media channels to support brands, products or services and to influence other users when making purchasing decisions. The influence is made through images, recommendations, or other content that can shape the attitudes, opinions and actions of consumers, which ultimately affects their final purchasing decisions (Uzunoglu, E., Kip, S.M. 2014, 592-602)

For many companies, micro influencers are a better choice than macro influencers. Although they have a smaller number of followers, the impression is that they have a closer and more honest relationship with consumers who trust them more for that reason. Micro influencers create the impression of closeness of communication, using various techniques such as posting photos that are not in high resolution, asking their followers to comment on their posts to improve the content and thus show that they are similar to ordinary people. Trust in the personality of social media comes from the perception that spontaneity and face-to-face conversations about brands are more credible than advertising campaigns. These interactions are considered sincere, because social media offers the possibility of communication around the world without the participation of companies. One of the main sources of influence is social circles, which go beyond personal preferences and marketing messages, pointing out that consumers tend to follow and imitate their peers.

Some studies consider influencers on social networks to be social leaders, who in fact set standards and lead the Internet community with their large social capital in proportion to its values and the behavior of its members (Langner, S., Hennigs, N., Wiedmann, K. 2013, 31-49). Advertising of products and services with the help of influencers is significantly cheaper than other methods of advertising, and this way of promotion is also considered more efficient (Cheung, C.M.K., Thadani, D.R. 2012, 461-470). Faruk and Dja add that another advantage of this type of marketing is that influencers ensure consumer confidence in products and services, which is very important in today's competitive market.

One of the popular marketing strategies, which is often used, nowadays on social networks, is the recommendation of celebrities or macro influencers. It is believed that celebrities can help attract attention and make an advertising message or campaign more attractive to consumers. Many studies have shown that there is a parasocial connection between followers (fans) and their favorite celebrities. As a significant number of celebrities are actively engaged on the platform of social networks, fans follow the updates of content on their accounts (on social networks), which will enable fans to adopt the views of celebrities (Hung, K. 2014, 155-166)

Of course, in order for the influence of the influencers to be sincerely accepted, it is necessary that they possess a certain credibility in the area under discussion and that the followers trust that person. Confidence in social media influencers grows when consumers identify with them, so the consumer is more likely to buy (often impulsively) a product recommended by the influencer. If a consumer connects to an influencer, they are more likely to adopt a product recommended by that person, even in cases where that product is not actually needed.

If an influencer is perceived on social media as an expert in the field of content, the chances of influencing the consumer to adopt his or her recommendation are much higher. Trust affects how much consumers will trust the information about the recommended product, which is shared with them by the influencer on social networks. However, in some cases, influencers share a dishonest opinion with consumers. This happens in situations where the influencer is trying to build his career through cooperation with companies that are willing to pay for the services of influencers. If trust is not built towards the influencer, the consumer will not believe the information in the content. If the influencer recommends products that he does not use, consumers can easily identify whose opinions and recommendations are not sincere. Trust is the perception of how much consumers believe in the content that is intended for them. Trust can be defined as a positive outcome of exchanged information and action based on the opinions of another individual. A trusted influencer on social media can make it much easier for consumers to accept product recommendations that he or she recommends. Trust can play an important role in considering whether influencer recommendations are useful. If an influencer on the social network has expertise and a large amount of trust, it will most likely be considered interesting for cooperation with many companies. Whenever consumers interact with influencers, with whom they share similar attitudes towards products and brands and the same or similar personal interests, trust increases.

Electronic communication on social networks is considered a very effective marketing tool. Compared to traditional communication, electronic communication is less personalized,

takes place among people who have weak connections, and is mostly anonymous. It is considered a more powerful tool because it has more significant reach, credibility and is available to the public. The development and spread of the Internet has expanded the ability of consumers to collect information about products and services, including comments and criticisms from other consumers posted online. The Internet, including electronic communication, has enabled consumers to give their consumption advice (Hennig, T., Gwinner, K.P., Walsh, G., Gremler, D.D. 2004, 38-52).

. Internet review is becoming an important means of marketing communication because for many consumers it is the first step in shopping. As many as 93% of consumers claim that reading reviews on the Internet significantly influences their decision whether to buy a product or not.
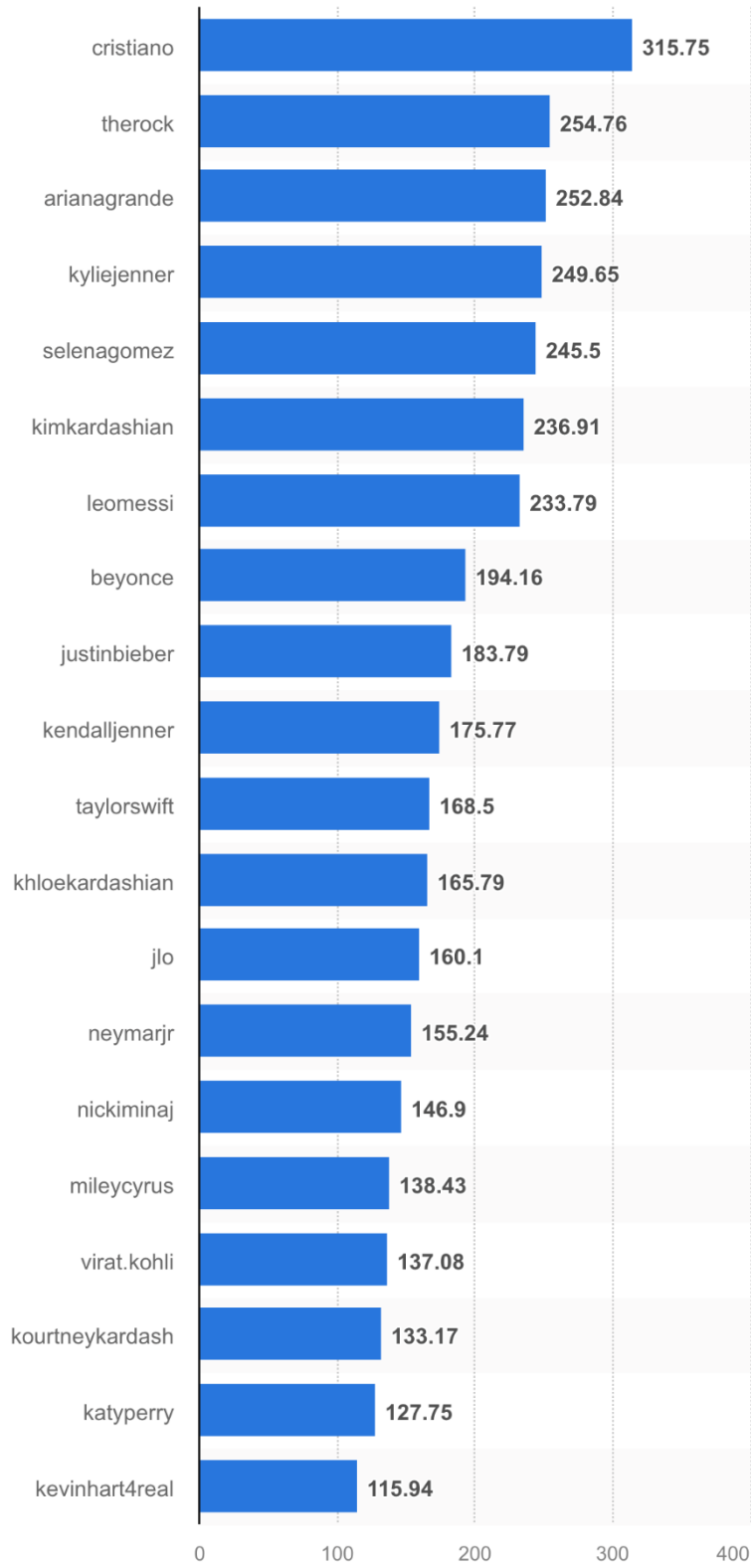
Figure 12. The most popular Instagram accounts in the world (in the millions)

10 Paid Advertising

Paid advertising is basically the basis of most internet marketing campaigns. So, one of the best ways to increase traffic to your site is to pay for it. It is important that paid advertising is planned with an internet marketing budget.

Paid advertising can be realized by participating in a large number of different programs such as Pay-per-Click and Pay-per-Impression programs, or by logging on to the site's link directories. In addition, various models for online advertising billing should be pointed out, the most famous of which are:

- **Cost-per-Thousand - CPM** is an online advertising billing model that means that a company that advertises in this way pays the owner of the site where it advertises a certain amount for 1,000 impressions of its advertising in the form of a banner, floating banner, video -advertising, etc. Whether the company being advertised will pay only for the unique users to whom its advertisement is presented or each time the advertisement is presented to the same user is a matter of agreement with the advertising network.

- **Cost-per-Click - CPC** means an online advertising billing model in which the company being advertised pays the advertising network or site where it is advertised each time a user clicks on that company's ad. The amount of the fee is conditioned by the market position of the advertising network, but also by the competitiveness of keywords, quality rating and average rating.

Figure 13. PPC advertising

- **Cost-per-Action - CPA** is a billing model that means that the company being advertised pays a certain fee to the advertising network in a situation where the user takes a specific action on its website. This would practically mean: when a user fills out a registration form or buys a product on the site of the company being advertised, and finds himself on the site by clicking on an ad on the site of the advertising network, the company that advertises pays a certain fee to the advertising network. The

amount of the fee can be determined in a fixed amount or as a percentage of the sales value realized on the advertiser's site.

- Cost-per-View – CPV
- Cost-per-Conversion

In a situation where a company wants to encourage the sale of products and services online by using paid advertising, choosing a billing model can be really complicated.

For these purposes, it would be useful to implement a pilot program, which would be based on the application of CPM models in a certain period. This would allow the company to determine the exact number of clicks on its banner on the advertising network, but also to determine the CTR (Click-through rate) for that banner. CTR is defined as the percentage of users who click on the banner of the company being advertised, it is calculated by calculating the ratio of the total number of recorded clicks with the total number of recorded impressions and multiplying by one hundred. If a company's banner is seen by 1,000 people and clicked by 100 people, the CTR is 10%.
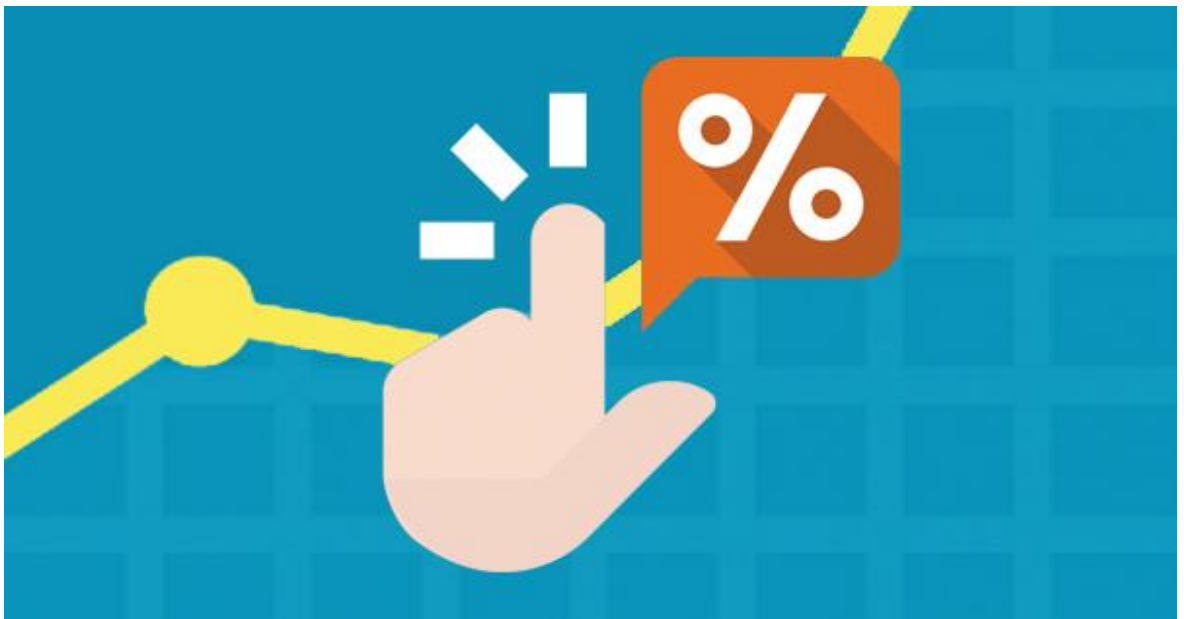

Figure 14. CTR

The choice of billing model will depend on the value of the CTR. If the CTR value is low, it pays more for the company to use the CPC model. If the CTR value is high, it pays more for the company being advertised to use the CPM model. We will confirm this statement with one example.

10.1 Pay-per-Click Networks

Pay-per-Click is a model of online advertising in which the companies that advertise pay the providers of this service a fee when users click on their ads that are on the website of the service provider.

PPC advertising networks will display an advertiser's ad when a user's keyword search matches the advertiser-defined keyword list. Another case is when a website that has certain thematic content displays relevant and thematically related advertisements from different advertisers.

There are hundreds of Pay-per-Click networks on the Internet, but some of the largest are:
- Google Ads
- Bing
- Yandex
- Microsoft AdCenter

Figure 15. PPC advertising

10.2 Google Ads

Google Ads is the largest Pay-per-Click advertising network, with the largest base of potential users. The essence of this way of advertising is that advertisers define keywords that will cause their ads in the form of sponsored links to appear in search results performed by a user on Google. Since this is a Pay-Click program, advertisers also determine the amount of the fee they will pay for each click that originates from sponsored links.

Figure 16. Google Ads

11 Conclusion

The use of social networks in the business world is growing unstoppably and new ways and opportunities to improve business are being found every day. The development of technologies and tools on social networks is quickly finding application in the modern business of companies. All the opportunities that social networks provide and bring into the relationship between the individual and society, in the same way affect companies and their business. Those companies that recognize this earlier will have a huge market advantage over those that are either afraid to apply social networking capabilities to their business or are simply not willing to invest so much in their marketing and reputation through social media. Social networks have become places where every company must have an idea whether it wants to sell its product or service and whether it will achieve positive results from all this. That is why the importance of social networks is growing from year to year, and companies must fight against competition, in order for their idea, product or service to touch or attract the attention of the market (customers). We have entered an era when social networking tools are not an end in themselves, but through them companies want to know how to use them to improve business strategy and how to align those same tools with the company's business goals.

There are three most important aspects by which we can observe the impact of social networks on companies:

- negative impact on business reputation (spreading bad comments about the company), and then indirectly on the company's business
- a powerful positive marketing tool to increase business reputation among customers, which indirectly attracts new and potential customers
- brand new models and services

Concluding with all the processed material and data, we can say that social networks have shaken the business and private world of people and companies. It is up to us how we will use all the possibilities of social networks, and how in some situations we will avoid imposing a sense of security and think twice about the consequences of the thought we decide to share publicly.

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