Original Research Article

A STUDY OF IMPACT OF SOCIAL MEDIA ON START UPS – AS AN EFFECTIVE TOOL OF MARKETING

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Abstract: Social computing involves the use of online social media tools such as Facebook, Twitter, YouTube and LinkedIn to reach consumers in innovative ways. Businesses of all types are getting involved in social media in an attempt to reach to a new audience and reinforce their ties with existing customers. As one is starting a new business, the major concern is with creating a product or service offering, finding first customers, building partnerships to help grow more quickly and ensuring one has enough money to sustain the company. The purpose of this study is to investigate how marketing efforts in social media can be successful in attracting customers for start-up companies. It also tries to understand how an owner of a start-up, recognize using social media to grow its business and uses social media to engage with its customers.

Keywords: Social Media, Start-ups, Marketing

Introduction: Social computing is not a fad, nor is it something that will pass us by. It has revolutionized the way we interact with the world around us. It has developed an appetite for new ways to communicate and to the increasingly flexible ways that we can go online. This has led to global changes, huge shifts in ideologies and a transformation in how we absorb and process information. Gradually social computing will impact almost every role, at every kind of company, in all parts of the world. Social media offer plenty of services on the internet. The types of social media include: social networks (Facebook, Myspace, and LinkedIn), micro-blogs (Twitter, Tumblr, and FriendFeed), reviews and ratings (Yelp, Amazon, and Trip Advisor), video (YouTube and Vimeo), and more.

The objective of this research study is to find out if social media is an effective marketing tool for start-ups or budding entrepreneur. To reach the stated purpose the following questions will be answered: To identify and analyze the

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appropriateness of social media in marketing for start-ups●

To measure the effectiveness of social media tools for marketing Understand which tool is the most effective and can be further leveraged

Literature Review: Marketing is a crucial activity for the survival and success of a business. Businesses today have more marketing opportunities than ever (Bresciani & Eppler, 2010).

In the last several years social networking has received a great deal of attention and has gained acceptance across numerous economic, demographic and geographic segments. Social networks have become invasive as they touch us in our homes, while we travel and even in our workplaces (Perlstein, 2010).

Kaplan and Haenlein (2010) describe social media as a group of internet based applications that build on the ideological and technological foundations of Web 2.0 and that allow the creation and exchange of user-generated content. Web 2.0 technologies on the social web permit two-way conversations with consumers enabling brands to listen to consumers and respond (Fournier & Avery, 2011).

Consumers and organizations alike are increasingly using the web to discuss, share, and collaborate (Jones, 2010).

Social media is best understood as a group of new kinds of online media which share most or all of the following characteristics such as participation which encourages contributions and feedback from the audience, an openness that allows voting, comments and sharing of information, conversation that is seen as one to one, communities which can be formed quickly to share common interest and connectedness that makes use of links to other sites, resources and people (Mayfield, 2008).

Social media marketing offers many advantages for a start-up.

They include:

Promote products and services

Deliver content

Reach out to a huge audience

Drive sales through social commerce

Build quality back links to the company's website

Establish trust and reputation

As mentioned previously, social media is a great equalizer: big brands can be outsmarted without making huge investments, and small brands can make big names for themselves. The following paragraph shows how companies have leveraged the use of social media to market their products and services.

Research Methodology: The researcher has utilized secondary data and in which a case study method is adopted for the research. The reason for choosing case study as a research method is to examine complex and special subject in detail. Case studies are particularly useful where one needs to understand a particular problem or situation in great depth, and where one can identify cases rich in information.

Case Studies: Social media is a powerful marketing tool provided to start-up looking to increase their reach and interaction with customers. The concept of social media has brought the tools and underlying technology, which provide start-ups with the interface to continuously converse about their products and services. Using the social media tools and technology such as Facebook, Twitter, and YouTube for social sharing of content, videos, and images, start-ups can market at a lower cost. Social media is a great platform for two-way communication. It allows consumers to discuss ideas, post comments, ask questions and share links. This facilitates open communication, leading to enhanced information discovery and delivery. The start-ups expect their marketing effort to be cost effective, interactive, engaging and scalable to a large audience. This is because they would need better and faster reach to create awareness and visibility to offering and to build long lasting relationships with customers. In the subsequent paragraph the effects of social media

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as a marketing tool for various startups is examined.

Giantnerd: Giantnerd is a company that sells outdoor equipment for outdoor activities like hiking, biking and snowboarding. The objective here is to build up GiantNerd''s fan/follower base. The tools used by Giantnerd are the company's website and Facebook page. They have created a unique social network on their website that is entirely different from other social media like Facebook or Twitter. Members are allowed to talk and interact with one another about the different products, in that way everybody can make pre-mediated purchases. They incentivize new members by offering a discount to all new followers with their "Nerds save 5%" promotion. Members can also receive points that can be used as nerd dollars which is basically free money when you post, comment or share any information about products. Giantnerd assure their fans with exclusive deals and promotions when they click like and join their Facebook community Giant Nerd also provides an excellent way through various social methods to get feedback from their buyers which can be useful for potential customers wanting to buy a product. One example is their WikiNerdia which is similar to Wikipedia, viewers can check out all of the different products, including descriptions and photos, and their customers can edit the information as well, making it more interactive. The results show that adding the like button, their average order has increased by 50%. Giantnerd benefits from their follower's engagement by allowing customers to answer questions and give feedback about their product, thus increasing brand trust for prospective customers.

Sheep Stop: Sheep Stop is an eco-friendly, „designer T-Shirt'' brands those crowd-sources its designs from a large community of artists across the world. The designs are taken from freelance designers which are put on the website and the company's Facebook page. Sheep Stop's business model survives on the web and they have been very smart in embracing Social Media. They use social media tools such as Facebook and Twitter. SheepStop has posted Facebook comments with every design displayed. SheepStop has placed the share button and like button to be shared across platforms. They are constantly active and keep engaging their community with tips and links. Tips could be about different eco-friendly designs, fashion trends in the market, etc. It has decent conversations going on in Twitter with its followers. The conversations are meaningful discussions with the sharing of helpful articles and they display a great humour while showcasing designs. They have pioneered concepts like bidding for a T-Shirt on Twitter through our #TwitBid platform. It has a community of 1890 fans on Facebook and around 600 followers on Twitter. The owners put in a seed capital of Rs. 0.3 million and launched Sheep-Stop and now the company reported a turnover of Rs. 6 million.

Findings from Case Study:

1. Facebook is a popular medium for social marketers both for everyday conversations and organizations of engaging promotions and contests for fans. Facebook allows you to put a large amount of content on its site through its posts, walls, instant messages, e-mailer, etc. The content will be different from brand to brand, as well as the tone of voice used, but it should be factual, relevant, timely and interesting to members of the target audience. Facebook offers its own form of advertising with Facebook ads, which appear in the side columns on the Facebook site. They include a headline with copy, an image, and a click-through link to a Facebook page. All the Android and iPhone users can get official apps on Facebook to stay in touch with their social community all the time. This allows constant interaction between the user and the brand even on the go.

2. Twitter works in real time where you can ask a question and get an instant response. Its search features can be efficiently used to

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monitor what people are saying about a company, service, product and competitors. Increasing or declining trends and patterns can be tracked effectively as well. In contrast from Facebook where you become friends with people you know, on Twitter you follow the people and institutions you find interesting. Friends included, but also companies, celebrities reaching out a huge audience.

3. YouTube has introduced a new channel tool that allows consumer goods brands to connect consumers directly with retailers. The new channel gadget will enable shoppers to purchase products through videos and find which retailers carry them, check the availability and price with just a few clicks.

4. LinkedIn also allows you to join groups that are relevant to your industry and expertise and then join the conversation. One key difference between LinkedIn and other networks are recommendations and endorsements. Recommendations are just an online review of you and your services. Endorsements are a way for your connections to verify the skills and expertise you list on your profile. LinkedIn has become useful in recruiting industries looking for potential job candidates. In many professional circles, a potential client or business partner will take a close look at your LinkedIn profile before doing business with you. LinkedIn is a tool geared to help people connect primarily for business purposes and marketing.

Conclusion: From the paper we can conclude that it is essential for start-ups to understand social media tools and the strategies behind using social media for growing their business. Social media enables companies to show what they offer and to see what consumer's value. It has been shown that Facebook is a more effective type of social media for start-up companies comparatively as it accomplishes to fulfill to capture reach, awareness, visibility and relationship. Facebook users are more likely to share information with friends, like company pages, and comment on posts made by companies. These activities both create word-of-mouth and allows for communication between the company and the consumers. This shows that marketing on Facebook can be effective for start-up companies in both reaching and retaining customers.

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