



SOCIAL MEDIA - FACILITATING A PARADIGM SHIFT FOR START-UPS

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ABSTRACT

Start-ups have emerged as a dynamic and vibrant sector of the Indian economy. Information Technology (IT) is playing a vital role in enhancing the productivity and competitiveness of these ventures. In recent years, start-ups like Flipkart, Snapdeal, Grofers, Ola, OYO etc have proved that there is an enormous potential for start-ups to grow in India. Social media has given immense power to consumers and transformed individuals around the world from passive recipients of information and products into active creators of content who are able to actively and immediately communicate with one another with the help of social media. The study would focus on the impact of social media on the success of start-ups in India.

Keywords: *Social Media, Start-ups, Entrepreneurship, Entrepreneurial performance, Social media marketing, Productivity, marketing tool,*

INTRODUCTION

Start-up the entrepreneurial venture which is typically a newly emerged, fast growing business that aims to meet a marketplace need by developing or offering an innovative product, process or service. These Start-ups confront fierce competition in dynamic business environment. To be successful and effectively compete in such an environment these ventures must equip themselves appropriately to meet with any challenges. One of the emerging big challenge faced by these enterprises is to appropriately incorporate and harness the mass collaboration that social media facilitates.



Few decades ago, startup companies faced a number of tough decisions for marketing their companies. They had to determine product features and quality, establish accompanying services, set the price, determine the distribution channels, decide how much to spend on marketing and able to decide how to divide their resources among advertising, sales force, and other promotion tools. It used to take much longer times to establish any company and to get into the marketing and off-course the marketing cost would always be high when compared to this.

In recent years, social media as it is seen in the form of Facebook, YouTube, Twitter, Pinterest and others has exploded as a form of interactive communication. Equipped by the advancement in technology, social media has changed the delivery, structure and availability of information, putting the once capital-intensive role of broadcasting within the reach of individuals. This has given immense power to young entrepreneurs to transform individuals around the world from passive recipients of information and products into active creators of information and ideas. These masses can actively and immediately communicate with each other with the help of social media platforms.

For many years, basic advertising vehicles included newspapers, magazines, TV, radio and direct mail. These communications channels allowed businesses to choose advertising methods based on their budget and need to target specific market segments. The more costly of these choices were often out of the price range of small businesses. For such young companies with limited marketing budgets, social media is perhaps the most cost-effective medium to get their message to their target mass and build a strong consumer base. With the advent of the Internet, smartphones, iPods and social networking, small businesses are able to advertise using website banners, Facebook-like buttons, Twitter tweets, podcasts and other low-cost, real-time methods. It is a strong point to understand that social networks not only enable users to communicate beyond local or social boundaries, but also offer possibilities to share user-generated content like photos and videos and features such as social games. Social advertising and social gaming are two major points of revenue for social networks which will help any start-ups to go socialize without much effort as it used by in its regular marketing activities.

Benefits of social media for start-ups

There was a time when social media was considered by some as a favourite pass time. Something that “the kids” were using that businesses could never really benefit from. Over time, the sceptics were proved wrong. There are over 3.4 billion internet users in the world ^[1] and over 2.3 billion of them have active social media accounts ^[2]. Popular social platforms



have become marketing giants, offering businesses valuable data about their customers and a way to reach them.

In the new digital era, social media plays an important role for the successes of new ventures. Following are the key benefits which start-ups derive from the use of social media in their businesses:

Increased Brand Awareness - Social media is one of the most cost-efficient digital marketing methods used to syndicate content and increase your business visibility. Implementing a social media strategy greatly increases the brand recognition through engagement with a broad audience of consumers.

More Inbound Traffic - Without marketing the business on social media, inbound traffic is generally limited to usual customers. Without utilizing social media as part of marketing strategy, the start-ups faces much more difficulty reaching anyone outside of the loyal customer circle.

Improved Search Engine Rankings - Search engine optimization is very important for achieving higher page rankings and obtaining traffic. While social media doesn't directly increase search engine rankings, Social Media Examiner states that more than 58% of marketers who have been using social media for one year or longer still see improved search engine rankings.

Social media also gives chance of improving the rank, create high quality content that integrates the targeted keywords. Content such as blogs, infographics, case studies, business information, and employee photos will make the business's social media profile intriguing and credible. Once you begin posting quality content, you'll begin to build a social media community where followers will "like" and "share" your content. Most importantly, it gives more opportunities to get in front of industry influencers who will write about your business and provide links back – which will help to directly increase search engine rankings.

Higher Conversion Rates - With increased visibility, your business gains more opportunities for conversion. Every blog post, image, video, or comment may lead viewers to company's website and increase traffic. Social media marketing allows businesses to give a positive impression through a humanization factor. When brands are interactive by sharing content, commenting, and posting statuses on social media, it personifies a brand. People prefer to do business with other people, rather than companies.



Better Customer Satisfaction - Social media is a networking and communication platform. Creating a voice for the start-ups through these platforms is important in humanizing the company. Customers appreciate knowing that when they post comments on your pages, they will receive a personalized response rather than an automated message. Being able to acknowledge each comment shows that you are attentive of your visitors' needs and aim to provide the best experience.

Improved Brand Loyalty - One of the main goals of almost all businesses is developing a loyal customer base. Considering that customer satisfaction and brand loyalty typically go hand in hand, it is important to regularly engage with consumers and begin developing a bond with them. Social media is not just limited to introducing your brand's products and promotional campaigns. Customers see these platforms as a service channel where they can communicate directly with the business.

Since the customer require communication with their brands, businesses must implement social media marketing to get the attention of their most influential consumers.

More Brand Authority - Customer satisfaction and brand loyalty both play a part in making the business more authoritatively, but it all comes down to communication. When consumers see your company posting on social media, especially replying to customers and posting original content, it makes you appear more credible. Regularly interacting with customers demonstrates that your business cares about customer satisfaction, and is available to answer any questions that they might have. Satisfied customers are eager to spread the word about a great product or service and they usually turn to social media to express their opinion. Having customers mention your business on social media will advertise your business, and show new visitors your value and brand authority. Once you obtain a few satisfied customers who are vocal about their positive purchase experience, you can let the advertising be done for you by actual customers who enjoyed your product or service.

Cost-Effective - Social media marketing is possibly the most cost-efficient part of an advertising strategy. Signing up and creating a profile is free for almost all social networking platforms, and any paid promotions you decide to invest in are a relatively low cost compared to other marketing tactics. Being cost-effective is such an advantage because you can see a greater return on investment and retain a bigger budget for other marketing and business expenses.

Gain Marketplace Insights - One of the most valuable advantages of social media is marketplace insight. What better way to know the thoughts and needs of the consumers than by directly talking to them? By monitoring the activity on your profiles, you can see



customer' interests and opinions that you might not otherwise be aware of if your business didn't have a social media presence

Using social media as a complementary research tool can help gain information that will provide understanding of the industry. Another insightful aspect of social media marketing is the ability to segment the content syndication lists based on topic, and identify which types of content generate the most impressions. These tools gives the ability to measure conversions based on posts on various social media platforms to find the perfect combination for generating revenue.

Get funded with social media platforms – The quick start companies that holds a brilliant idea can even get funded by Angel Investors keeping the view on these social platforms. The capital provided by them can be a one-time injection of seed money or ongoing support to carry the company through difficult times. Few well known ventures like Dropbox raised \$507 million from investors like Accel Partners and Y Combinator and is currently valued at \$10 billion. Snapchat after turned down a \$3 billion acquisition offer from Facebook, Snapchat has raised \$150 million and attained a valuation of \$10 billion. Pinterest, SpaceX, Cloudera also start in the same row. All these companies used majority of activities though social media at their initial stages.

Other benefits to management function

- Promote open communication between employees and management.
- Enables employees to share project ideas and work in teams effectively, which help in sharing knowledge and experiences.
- Social Media also promotes better content, such as webcast and videos, than just simple text.
- Helps to communicate collaboratively between current and potential customers, in receiving feedback, product definition, product development, or any forms of customer service and support.
- Encourage members, or part of the company's employees, to become members of a well-recognized community.
- Social Media becomes a good venue for discussions and becomes a classic goal of marketing and communications, but the companies must ensure that the employees are adhering to the rules and etiquettes of Social Media.

Literature review



The whole essence of this research was to get an understanding of Impact of Social Media on start-ups. The argument that Social Media are a factor that can beneficially influence entrepreneurial performance has been given considerable attention in the literature. In order to get complete understanding of the theory and practice, various studies were analyzed and reviewed.

Sheetal Thapar and Navneet Sharma (2013) in their study on role of social networking sites in some key cases throws a light on the growing popularity of social networking sites. The study showed that people have got their own media to raise their voice and stand for their rights. Author thinks that Social Media possess the character of true democratization of information. Study concludes that the participatory nature of Social Networking Sites cuts through caste and class barriers.

Ambrose Jagongo, Catherine Kinyua (2013) in their study The Social Media and Entrepreneurship Growth focused on the effect of social media on the growth of SMEs in Nairobi. The study established that social media tools offer greater market accessibility and CRM which in turn have a significant impact on the growth of SMEs. This study recommends that the policy makers should come up with favourable internet surfing rates and e-business policies to encourage the technological adoption that would grow the SME industry.

Sharma & Kalra (2011) opined that social media is released in two types of forms written or textual. These forms of social media are typically found on blogs, web forums, email discussion lists, message boards and consumer reviews and complaint sites, Photographs are displayed as images on Flickr or other image sharing sites, audio broadcasts are created as podcasts and consumers who create video clips can upload them on YouTube or other video sharing sites. Social media has been modernized to reach consumers through the internet. Study concluded that Social Media has become appealing to big and small businesses and it has the ability to reach more consumers worldwide.

Research methodology

This study is a descriptive research based on secondary data which focuses on the benefits of social media on today's business scenario with special reference to start-ups.

Research objectives

The following are the objectives of present study:



- To determine various effective social media platforms with major traffic
- To determine benefits of Social Media on Entrepreneurship and Entrepreneurial performance.
- Start-ups undertaking social media as a tool for business development.

Data collection method

The data is collected by the way of internet, articles, magazines, newspapers etc.

Time of study

March – April 2017

Use of social media by recent start-ups

From being penniless to being valued at roughly \$400 million within a single year, as one company in this list does. Innovation can take the world by storm in just a matter of months. Below mentioned are the names of few start-ups that have grown immensely

1. **Bubbly** - Self-described as “like Twitter and Instagram for your voice
2. **Kenshoo** - global leader in agile marketing software
3. **Periscope** - live-video streaming app
4. **Frip** - latest startup entering the social network of recommendations and reviews, but it plans to upset the models of TripAdvisor and Yelp
5. **Conspire** A social networking tool gaining steam, that rectifies LinkedIn’s flaws

In India also, there are various start-ups that has grown multifold over the period of time with the help of social media marketing such as flipkart, snapdeal, OYO, Ola, paytm etc. There are multiple micro, small and medium enterprises which are growing their operations through the use of social media.

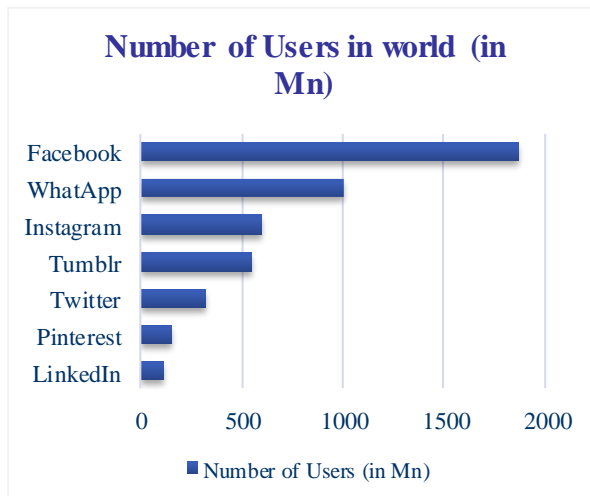
Findings

The traditional forms of business development media such as newspapers, magazines, advertising campaigns, televisions, radios etc face a lots of problems regarding price,

timeliness, harder to reach target audience, less information, slow process, difficulty in measurement of reactions etc. to the ventures. This brings the need to change the traditional media of marketing to latest effective medium i.e social media. The start-ups can initiate their promotion activity even with very less marketing budget and can target their target mass in most effective manner. In short it can be concluded by saying that – if marketing is done properly through social media, you can achieve a whole lot on a limited budget, which means it has equalize the playing field between big and small companies.

India with 340 million internet users, rank 2nd in the list of internet users in the world. India currently has over 200 million active social media accounts which is expected to grow up to 350 million by 2021. Thus connecting larger masses which enhances the greater pool of audiences for the start-ups.

Over 51% of marketers claimed that taking the time to develop relationships with consumers showed positive results in sales. The better impression you make on a visitor, the more likely they are to think of your



Source: www.statista.com

business when the need for your product or services arises.

Studies have also shown that social media has a 100% higher lead-to-close rate than outbound marketing. When a brand is interactive online, consumers who follow your brand’s accounts often begin to more completely trust the credibility of your business. People use social media platforms to stay connected to their friends, family, and communities. Since people are already talking, why not throw your brand into the mix? More likely than not, they’ll mention your brand to a friend when your products or services are needed, overall providing your business with social proof of its quality. As reported by Social Media Examiner, about 66% of marketers saw lead generation benefits by using social media platforms at least 6 hours per week. Putting your brand in an atmosphere where people are sharing, liking, and talking, can only improves the conversion rates but also strengthens the brand loyalty.

Thus, the key deliverables that the social media can provide are Create Brand Awareness, Develop initial level of trust, Sales, Engagement, Influence customer purchase decisions,



Profitability, Social Accountability, Benchmarking, Quality Management and these key deliverables play a very important role in enhancing entrepreneurial performance.

CONCLUSION

Social media now a days plays a very important role not only in facilitating corporate giants in marketing function but also developing small businesses, start-ups, SSEs, Grah Udhyog, etc in building their existence and reaching their target masses in the cost effective manner. Thus social media is a lucrative platform for the young start-ups and somehow facilitating the movement of start-up India.

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