SOCIAL MEDIA MARKETING
THE RELATION OF CUSTOMER ENGAGEMENT AND WORD-OF-MOUTH ON FACEBOOK

Prepared by: Robert Sztrojiny
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The thesis is dealing with social media and the marketing activities related to it in the B2C segment. To be more exact it is dedicated to research the relation between customer engagement and word-of-mouth inside a social network. Social media is a diversified channel of online marketing and it has many different tools. Since the biggest and the most rapidly growing social community is Facebook, it was chosen as the platform of the research. Besides, the thesis explains the theoretical background of social media, and it also writes about its relation with other online marketing activities such as Search Engine Optimization (SEO) and blogging.

Social Media is the result of the evolution of broadcasting, and at the present it is the most advanced form of group communication. It is explained the best by Reed’s law which says that social media makes possible mass information transmission by private individuals to their own networks of friends and colleagues. In other words, social media links in people into the broadcasting process and uses them to increase the potential reach of the information. Besides, it also facilitates the peer-to-peer communication and it has opened the gate for companies to participate in the social interactions. From business point of view, the significance of social media is that it helps the companies to engage with their customers by community building and content creation, and it also helps monitoring the word-of-mouth activity more effectively.

People tend to share their positive and/or negative experiences with others, what is called as word-of-mouth; therefore they influence other buyers in the consideration phase of the purchase funnel. This is the so called social media feedback cycle when the post-purchase product experience affects the pre-purchase consideration phase. The form of the communication is word-of-mouth, the channel is the social media, the tools of communication are the different content sharing options and the platform is the internet. Social media has impact on sales because the user generated content can influence either positively or negatively a purchase decision.

Word-of-mouth is considered as the most trusted source of information by the customers. Therefore, it is in the interest of a company to engage with its clients in order to affect their views about the company positively and to generate positive word-of-mouth. Word-of-mouth has two types. First, the amplified version is generated by the company by advertising campaigns and promotions. Its main objective is to motivate
people for information sharing and to spread the word. Second, the organic type is generated by people when they share their own experiences. The company has no direct influence on it.

Facebook is a social network which is the natural scene of both amplified and organic word-of-mouth. People are communicating with each other actively, building their own networks and they can be member of company pages too. The company page is the form of a company’s presence on Facebook and the way to build community and interact with the members. Activity on a social network needs strategy, certain objectives and a monitoring and evaluation system. Hence, a company needs a social media marketing strategy. It is not a separate marketing activity, but an organic element of a company’s marketing mix. To be more precise, it helps to deliver the values of a brand, strengthening the image of a company further, and it is a part of the online marketing activity too.

In order to find out what is the best practice of customer engagement and how it is related to word-of-mouth, a quantitative research was conducted amongst members of different company pages on Facebook. The analysis was based on a conceptual model which comprises two main groups of factors, the Social and Economic Factors. Social factors are self-expression, belonging to a group, loyalty and relationship whilst Economic factors are information, promotion and service. According to the conceptual model, the two groups of factors help to understand the overall motivation of individuals why they want to be a member of a company page. Therefore, companies will be able to work out more targeted customer engagement strategies which can lead to positive word-of-mouth, eventually. Company page group members were invited to fill in an online questionnaire. It had two parts. First, the respondents had to answer some life status questions such as age, gender and what is their social type. The social types were hidden and their main characteristics were given as answering options in order to avoid misconceptions. Second, the participants were asked about their motivations related to engagement, content creation and sharing and about the frequency of usage. This part was dedicated to find out the roles of both the Social and the Economic factors.

The research showed that most of the group members were Adopters and mainly passive. Content creators and network builders were represented by a lower proportion. Consequently, both amplified and organic versions of word-of-mouth can be applied. The reason why people wanted to join to a company page on Facebook can be connected to experience with the product rather than to social templates. Inside the group, the typical way of communication was the company-to-customer because most of the engaged
customers sought information generated by the company. Peer-to-peer interaction was not decisive, and it was rather one-way. The strongest motivating factor of engagement was the information. Most of the engaged people were interested in information about promotions, products and the company itself. Self-expression had importance only for a few; although, they tended to create content with positive messages. It was also found out that the preferred form of the information was the combination of text and photo. Video was chosen only by a few respondents. Besides the information, the participants said that they expected basic customer services such as Frequently Asked Questions section and contact details.

Social Media is not just a separate element of the online marketing mix, but it is an integrated part of it. Social networks are not able to create and share detailed information as blogging or landing pages do, for instance. They function as touch points which drive people to the source of information. They create awareness as SEO does. Furthermore, social networks strengthen the SEO activity too by providing links with high Page and Domain Authority. To sum up, social media is a versatile phenomenon which has its own function in every space of online marketing.
Introduction

The objective of the thesis is to find the answer on the question: What factors of customer engagement on Facebook would lead to positive word-of-mouth? In order to deliver the solution a research was conducted and the relevant theoretical background was analyzed and explained. Moreover, according to the expectations, the practical experience which was gained during the internship is also included in this work. The thesis is divided into three separate parts which are closely linked to each other considering their content.

The first section comprises the research which is related to social media, and it measures the relation between online customer engagement and word-of-mouth on Facebook. This part starts with a situation analysis of the effects of social media and Facebook on the online community and on the business life. It is followed by the relevant theoretical background which focuses on the customer engagement and the word-of-mouth effect. On the basis of the situation analysis and the theoretical background a conceptual model was set up in order to model the key factors of the research and to understand the logical flow of customer engagement. The research design and the data collection method describe the practical execution of the quantitative survey which was conducted in form of an online questionnaire. The results of the survey were gathered in the findings section. The first part ends with the conclusions of the research and with the recommendations.

The second section of the thesis is an extended theoretical background which explains social media and its position in the online marketing mix in a detailed way. It unfolds the characteristics, the definition and the law of social media and how it leads to the development of social media marketing. Furthermore, this part writes about the connection between social media, blogging and Search Engine Optimization in order to demonstrate how these elements of the online marketing mix linked to each other.

Finally, the closing part introduces the internship which was made by the author. It starts with a general description of the host company, its service, the competition and the industry. Afterward, it details the the tasks and responsibilities of the student regarding traditional and online marketing activities. The last part closes with the summary of the experience gained during the internship.
I. The Research

1. Rationale

Social relations and time management have changed a lot since the last decade and not only for companies but for consumers too. Life has accelerated and most of the consumers are busy with working or studying or with family issues. Therefore, a considerable amount of them uses different kind of social media to keep in touch with friends even in the same city or with family members who might live farther. The revolution of information technology and communication made it possible to decrease the distance between people in time and in space by social media. Now social media networks, such as Facebook and Twitter, represent data bases of hundreds of millions of people worldwide. They are potential or existing consumers or even “sales people” of companies, considering both B2C and B2B businesses. The study focuses on Facebook’s role in customer engagement and word-of-mouth related business activities of Small and Medium Sized Enterprises (SME) as a potential advantage of perception and expansion.

Some authors says that social media is the digital forum or scene of social relations (Teresa Correa, Amber Willard Hinsley, Homero Gil de Zúñiga, 2010). Whilst social relations are interactions between two or more people by verbal or non-verbal way of communication, social media is the online forum that is available for everybody in order to interact, share information and communicate. Social media aims to build social communities through establishing connections between people and organizations. They say that social networking is the realization or the result of social media and social relations, the digital way of keep in touch with others.

SMEs have been already using these networks for marketing purposes, according to the research of Russell Herder and Ethos Business Law(11). However, management, marketing and human resource executives focus mainly on branding (82%) and networking (60%). Although, customer service is also among the business objectives in a relatively low proportion of 32%, but it is not equal with customer retention. The research has also revealed that most of the companies, who are present on one of the social networks, have just been continuing their everyday business activities on those sites. As they did not mentioned customer engagement and word-of-mouth among their social network
related business objectives, the conclusion can be drawn that they either do not see the importance of these factors in this area or they just do not know about their existence.

Both word-of-mouth and customer engagement are supposed to be as parts of the original purposes of social media (Andy Sernovitz, 2008). The explanation of the author regarding word-of-mouth is that it is the most effective marketing tool which increases both sales and brand awareness by getting people talk about your products and company. Obviously, it can have a negative effect on the brand equity if the message is focusing on the downside of a product. Another approach says that word-of-mouth is an unpaid form of promotion where satisfied customers tell other people their experience. It happens when a customer experience something far beyond what was expected. In fact, word-of-mouth is the positive outcome or side effect of customer satisfaction, achieved by outstanding product quality and service quality such as after sales service or customer care (George Silverman, 2001). Customer engagement is the time or attention that a customer gives to a brand on the web or across multiple channels. It presumes repeated interactions between a customer and brand that strengthen the emotional, psychological or physical investment a customer has in that brand. These repeated interactions occur via the purchase and the lifetime of the customer. Online customer engagement is about improving single visit and multiple visit conversion rates on a website. It also has a long-term perspective of increasing visits or purchases (Dave Chaffey, 2006). It can be concluded from the facts mentioned above that whilst customer engagement determines the relationship of a brand with the customer; the word-of-mouth is based on the experience incurred through the customer engagement. In other words, these two concepts are indispensable elements of a successful marketing activity.

As long as customer engagement and word-of-mouth are not among the social network related business objectives, in my opinion, presence of an SME in a social media, such as Facebook, can hardly successful. Therefore it means a substantial challenge of present time, and companies would profit a lot by focusing on them, doing that in an organized manner. Therefore my research question is the following:

**What factors of customer engagement on Facebook would lead to positive word-of-mouth?**
2. Situation analysis

2.1 The world’s biggest community

Social networking is a rapidly expanding way of socializing in both Europe and US which are the focus regions of this analysis. ComScore’s survey\(^{16}\) has pointed out that in many European countries, except Austria, more than half of the online users are member of at least one social media. UK is the leader where the rate of social network users among online people is around 80 %, followed by Spain and Portugal where the proportion is over 70 %. However, the frequency of social network visits shows a different picture compared to the level of online saturation. In this case UK is also an absolute leader with approximately 30 million visitors; although, the second is Germany and the third is France. The situation in the USA is different, revealed by the research of eMarketer\(^{13}\). Although, the number of social network users is growing steadily; their rate of 46.5 % in the total online population is lower compared to the European average of 66 % and it is not going to catch up according to mid-term predictions.

Among all the social sites, Facebook is the biggest with more than 500 million users and around half of them log in on daily basis according to the official data of the company\(^{15}\). The average Facebook user has approximately 130 friends, spend 55 minutes on the site per day and writes 25 comments per month. More than 70% of them comes from the US and Europe nearly in the same proportion and most of them between 18 - 44 years old. The most active age groups are 18 - 25 years and 26 – 34 years. Considering Europe, as the Western part of the region is near to the saturation point, the Eastern European countries have been taking bigger part in the recent expansion of Facebook. It means a growth rate of around 400%, compared to the same date of the prior year regarding the number of users. Still UK, France, Italy and Spain are on the top.

Additionally, more than 1.5 million local businesses have their own pages which have 5.3 billion fans altogether. Despite the huge numbers, an easy calculation can show that each business has only 3533 fans in average. Of course the scatter is significant as Coca Cola, for instance, has more than 5 million followers while Kobalt computers has less than 200. Although, the number of the followers are growing rapidly by 20 million new fans each day; not just SMSs but some top brands like Dell, Toshiba, L’Oréal Paris, or Nivea still have a lot to do in fields of customer engagement on Facebook.
2.2 The power of word-of-mouth and the influencers

Word-of-mouth is the best marketing tool that can support businesses to increase their profit (Andy Sernovitz, 2008). However, the control of it is not in the hand of marketing people, and before the existence of social media it was practically impossible to measure or track it. Today every company can follow the consumers’ opinion, satisfaction or complaints because the internet is the easiest and fastest way to share experience with others. People live with this opportunity and exchange substantial product and service related information. Thus the role of word-of-mouth has increased and it was placed into a completely new dimension where everybody can learn about others’ experience worldwide. Presence of social media strengthens the process by creating connection between consumers and potential consumers and helps to make the right purchasing decision.

A research which was conducted by Nielsen Online\(^8\) points at the fact that 92 % of internet users trust in the recommendation of people who they know. In other words, word-of-mouth affects every people. Additionally, since a remarkable proportion of online people use one of the various types of social networks and most of them can be found on Facebook, as it was mentioned above in section 2.1, there are no more obstacles in way of making customer opinion. Obviously, word-of-mouth can have both negative and positive effects (Michael LeBoeuf, 2000). Firstly, the negative effect is that a bad customer opinion can discourage a potential client from the purchase even before he/she would get in touch with the company or with the product. According to the recent study of ICOM\(^{17}\), around 80% of Facebook users tend to tell to others if they experience problem with a product or service. Secondly, the positive effect is that the company can acquire a new consumer through a satisfied client who shares his/her good experience and recommend the company or the product to others.

According to the research which was made by Morpace consultancy\(^{10}\), positive or negative word-of-mouth on Facebook can exert a major influence on how likely a member of the social network is to buy a product. During the survey, 1,000 consumers were asked from every age group in order to gain an understanding of and be familiar with their attitudes and activities on the social network site. One of the most important findings of the research is that 68% of contributors stated that favourable feedback from one of their friends on Facebook would encourage them to buy a specific product. It is a remarkable and interesting fact that the research of “2010 Sate of Inbound Marketing”,

11
made by Hubspot\textsuperscript{(22)}, showed that 68\% of companies being active on Facebook could acquire new customers.

On the basis of the attitude toward product related content sharing activity, two types of Facebook users can be separated, said in the recent study of ICOM\textsuperscript{(17)}. This grouping refers strictly on how often people share their product experiences and how enthusiasm they are to behave by that manner. The first group is not as interesting as it comprises the general users who are considered as everybody else who does not belongs to the second group. The second group includes the “influencers” who represent the key customers regarding word-of-mouth. They are most identifiable not by demographics but by behaviour.

Influencers exist across age, gender and income breakdowns, and they do not interact with any particular media channel differently from the general user. They are more likely share about their experience with products and services to others than the general users. Moreover, they have been looking for new experiences continuously because they want to know about new products first and be the first who can criticize them either in a positive or in a negative way. The report describes influencers’ desire to be part of the word-of-mouth phenomenon as inherent, and states that influencers usually limits themselves to talking about only those product categories in which they are personally interested. Considering the content what they share with others, it has been found that the three most popular types of information are product offers, opinion about new products and promotions such as coupons. Consequently, influencers on Facebook can be presumed as early adopters, and if so, it is suggested to identify them thoroughly and to have positive impact on them.

2.3 People tend to engage, buy and share

Besides sharing content such as customer experience, online people use Facebook for other purposes such as to know about special offers, new products and features, or to become fans and followers of one or more brands. It has been found out from the jointly made study of MarketingSherpa and Survey Sampling\textsuperscript{(9)}, examined the reasons why fans are following a brand, that around two third of social networkers are interested in new promotions and in new products or services. While one third is attracted by entertainment and by knowing about the company’s culture or environmental responsibility. However, there is a further motivating factor. According to the research of Morpace consultancy\textsuperscript{(10)}, which was mentioned above, 41 \% of the respondents claim
that they sign up as fan of a brand in order to show to their friends which products they support.

From a company's point of view it is indispensable to know what the effects are of collecting fans and what the possible reaction of the fans could be toward the product of the brand followed, regarding word-of-mouth and engagement. It reveals from the study of iModerate Research Technologies and CMB\(^\text{(3)}\) that people who are Facebook fans of a brand are more likely to buy the brand's product or recommend it to a friend. The study has found that 60 % of Facebook fans are more likely to recommend and more than half of them are more likely to buy products of those brands which they follow. In other words, collecting fans has positive effects on both sales and word-of-mouth which increase customer engagement as a final result.

Within its total population, Facebook represents a considerable 56 % of online shoppers who use Facebook to engage with at least one brand according to the "2010 social media report" of ForeSee Results\(^\text{(23)}\). It is noteworthy that 61 % of these online shoppers are following only 1-5 brands while the remaining proportion interacts with multiple retailers. The report says that the main reasons behind the fact that the majority are engaged to a relative low number of brands are the limited time and attention of the users. Nevertheless, as e-commerce is predicted to increase in Europe with approximately 20% and in the US with around 12.5 % the role of online shoppers is going to increase and they are expected to be on Facebook in higher proportion.

### 2.4 Companies are focusing on branding

Research of Russell Herder and Ethos Business Law\(^\text{(11)}\) points out that in 82 % of the cases the reason why US companies are on Facebook is to build brand. They focus mainly on promotions and special deals, trying to increase their sales activity. Furthermore, more than half of the businesses said that they are building networks and less than one-third of them are providing customer service and conducting market research. Although, many previously mentioned researches have proved the significance of customer engagement and word-of-mouth; no one mentioned them among the social network related business objectives. It seems to be a problem as these marketing concepts play essential role on Facebook. Besides, companies still spend much less on inbound versus outbound marketing activity; however, 68 % of them were able to acquire new consumers from Facebook, according to the study of HubSpot\(^\text{(22)}\). Presumably, if
companies would spend more for inbound marketing then they could be more efficient. Therefore, the question is: Why they do not do that?

Social networking became part of everyday business activity of US and European companies; however, just around 40 % of them believe that they can measure the effectiveness of their web-strategy, stated in the “2010 Web Strategy Report” of ISITE Design\(^{(24)}\). The others are not or just somewhat confident about their performance, but they are not convinced that they follow the right way. Probably, that might be the cause that only less than one fifth of the companies tried to measure the ROI of their Facebook activity. Website traffic was the most commonly used tool of measurement, attempting to tie dollar value to performance. Nevertheless, companies are confident about the future as 45 % think it will be profitable, 9 % say that they are going to lose money and the others expect break even on it.

What SMEs do to reach people on Facebook at present is not too much, revealed by the study of MarketingSherpa\(^{(9)}\). Besides having a page which is a necessary precondition, majority of the businesses just post status updates and articles. Comparing to the findings, which were mentioned above, that people tend to be fan in order to seek promotions, new products and entertainment possibilities, it is inefficient and first of all not target or customer oriented. Therefore, researching the mental distances between users and companies focusing on the needs of the customers, and suggesting solutions is important, if a business want to be perceived.
3. Theoretical background

3.1 Customer engagement

Customer engagement refers to the engagement of customers with one or more company or brand (McEwen 2004). The author says this is a relationship between the company and the customer, indicating emotional and rational tie that has been developed towards a brand. Therefore, engagement is argued to include feelings of confidence, pride and passion in a brand. The initiative for engagement can be either consumer or company led and the medium of engagement can be on- or offline. Others define customer engagement as it is a long-term process, encouraging customer loyalty and advocacy through word-of-mouth with the ultimate goal of high level conversion (Anderson 2006).

Basically, customer engagement has five different stages on which consumers can go through as they interact with a particular brand (McEwen 2004). This is called as customer engagement cycle or customer journey:

1) Awareness,
2) Consideration,
3) Inquiry,
4) Purchase,
5) Retention.

In my opinion, the logical flow of the five stages is basically correct; however I miss Satisfaction between Purchase and Retention as satisfaction is a key element of brand loyalty. Furthermore, the cycle describes the engagement progress of a non-social network situation when the interaction with a brand is initiated by a one-way marketing communication. Social media is a completely different dimension where customer engagement is influenced not merely by businesses but by the members of the community too. Consequently, people who have already gone through the five stages in a non-social network situation can have impact on others within the network. Therefore, it can be assumed that customer engagement on a social site such as Facebook begin with Retention as a retained customer, who is supposed to be satisfied, make others aware of a brand via word-of-mouth. Then the progress continues until it reaches the sixth step that is Retention as the first one.
Online customer engagement is qualitatively different from offline engagement as the nature of the customer's interactions with a brand, company and other customers differ on the internet (Chak 2003). Social networks are spaces where people can communicate and socialize in ways that cannot be replicated by any offline interactive medium. Online customer engagement activity aims to create, stimulate or influence customer behaviour differ from the offline one-way marketing communication. Although, customer advocacy has always been a goal for marketers, the rise of online user generated content can take advocacy to another level.

3.2 Typology of online customer engagement

Mark Ghuneim built up the typology of online customer engagement\(^{(2)}\). It contains four stages which are based on the degree of the customer’s commitment towards a brand. First is the Low level of commitment when the user adopts contents like bookmarking, tagging and joining to a group, but does not play active role. Medium engagement presumes a collaborative person of the social network with basic activities such as rating, voting commenting and favouritising. Highly committed people are referred as content creators. They create and upload contents and become fans of brands. Members of the social sites with the highest degree of engagement are called as Social. These users create fan communities and networks restlessly. As only the last two groups are involved in brand following; therefore, they are advised to be the primary target of Facebook
related customer engagement activity. The reason behind my assumption is that they are in connection with company pages and they intend to participate in word-of-mouth.

Typology of online customer engagement

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<th>Medium</th>
<th>High</th>
<th>Highest</th>
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<td>Type of user</td>
<td>Adopter</td>
<td>Collaborative</td>
<td>Content creator</td>
<td>Social</td>
</tr>
<tr>
<td>Activity</td>
<td>Join to groups Bookmark Tag</td>
<td>Rate Vote Comment Favouritism</td>
<td>Create content Upload content Become fan</td>
<td>Create fun community Networking</td>
</tr>
</tbody>
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3.3 Word-of-mouth

In Walter J. Carl’s explanation, peer-to-peer conversations and recommendations are among the most trusted forms of communication (Measuring Word-of-Mouth 2005). According to another definition, Word-of-mouth is an “informal communication directed at other consumers about the ownership, usage, or characteristics of particular goods and services and/or their sellers” (Westbrook, 1987, p. 261). The positive word-of-mouth is recognized as a particularly valuable tool for promoting a firm’s products and services. Considering its non-commercial and unpaid nature, this way of personal recommendation is viewed with less scepticism than firm-initiated promotional efforts (Herr 1991). It can be very influential in case of many purchase decision; therefore, a single recommendation as the only source of information is often sufficient to convince a person to buy a product or subscribe for a service (Gremler 1994). However, it is supposed that potential customers do not react on a recommendation with immediate purchase. Therefore it is expected that word-of-mouth plays role in raising awareness, or if awareness already exists then in creating consideration of inquiring after a product. Hereby, personal recommendation is considered as a motivating factor which starts the customer engagement process. Additionally, it is quite challenging to measure the impact of word-of-mouth whether a purchase was caused by a good advertisement or by a good advice of a friend. Hence, it is assumed that word-of-mouth itself is not always enough to buy.
3.4 Decisive factors of word-of-mouth

Tendency of using personal recommendation depends on the distance of the relationship between the consumer and the company (Colgate and Danaher 1999). The authors said that customers who are members of a firm’s social network are more likely to participate in the word-of-mouth process. At the same time, the impact of personal offers depends on the distance in the relation between the consumers. Therefore, word-of-mouth is strong where the distance is the smallest between the parties, regardless of the type of the parties. Furthermore, Ganesan and Hess state that interpersonal credibility creates stronger buyer commitment to a company than organizational credibility. Credibility is the intention to keep promises and be trustworthy which means that you are honest and say the truth. Consequently, trust in a brand or in other consumers is a key factor of word-of-mouth. Thus what theory says is that distance in relation and trust are the decisive factors.

However, the question appears immediately. What does distance in relation cover exactly? In order to answer the question, it is necessary to take the possible parameters of online customer-customer and customer-company relations into account. In my opinion, time of availability (presence in the network), the common communication channel, common interests, frequency of communication and language as tool of communication are the basic factors of both relations. However, in customer-company connection the mental distance as a psychological parameter is also important. It is determined by the moral values of the parties and the way how firms approach their clients. On the contrary, between users of the network the distance can be based on the type of the relation. In Facebook there is only one type of relation between customers and companies as somebody is a fan or not, whilst people can have friends, family members, classmates or colleagues, for instance. Although, companies have impact only on the relation with their fans, they have the possibility to influence customer-customer relation by promoting word-of-mouth with the help of customer engagement.
3.5 Types of word-of-mouth

There are two types of word-of-mouth. These are the Organic and the Amplified (Carl 2005). The Organic version, which called sometimes as Natural, occurs when people become advocates as a result of their satisfaction with a product or service and tend to share their support and enthusiasm with others as natural desire. There are several activities which can improve or promote this type of word-of-mouth such as focusing on customer satisfaction, improving product quality, handling customer concerns and generating two way communications. As Facebook is the scene of two way communication, it integrates Organic word-of-mouth as a natural element of the channel. Therefore, it provides the opportunity to companies to enhance their awareness.

The second type of word-of-mouth is the Amplified version which occurs when marketers launch campaigns, designed to encourage or accelerate personal recommendations in existing or new communities. These campaigns aim to facilitate the community creation, to develope tools which enable people to share contents and opinions, to motivate advocates to actively promote a product, to foster buzz creation, to start a conversation and to identify influencers. Consequently, Amplified word-of-mouth can be considered as the first step in generation of personal recommendation. Actually, it is a tool in hand of the companies to start people speaking about products, to create content and to share information. Of course, this activity is not based on product related experience. It has the objective to put the potential customers into the engagement cycle. To change Amplified word-of-mouth to the more effective Organic is determined by how much the customer will be satisfied with the product or service.
4. Conceptual model

In order to carry out a proper research, it is inevitable to find those factors and variables which can be converted into customer engagement, and hereby they can lead to positive online word-of-mouth on Facebook. According to the information which is written in the situation analysis, the variables are supposed to group around two factors. These are the “Social” and the “Economic” factors.

The Social factor contains those kinds of variables which express the individual’s behaviour towards others such as a person or a community. Moreover, they can help us to understand how people behave in an online social relationship with a company and how social characteristics of the human being can be influenced. These are the following:

1. self expression,
2. relationship,
3. loyalty,
4. and belonging to a group.

Self expression is presumed to show what kinds of feelings are linked to be a fan of a brand and what kind of role it has in the engagement process. Relationship is supposed to provide data about what sort of connection and communication the customers desire to have with the company. Loyalty is expected to say what roles adherence plays in following a brand and what present customers are ready to do for the company, for instance, promoting it by word-of-mouth. Last but not least, belonging to a group is suggested to be analyzed in order to understand what a company can do to build community, a network of people.

Economic factors are related to the personal interests of an individual. They are supposed to describe reasons why a person visits a company’s Facebook page. They are the following:

1. information
2. promotion
3. service

On the basis of the findings which are written in the situation analysis, it can be presumed that information is one of the most important motivations why people look up
a company page. With the help of this variable, it might be found out which forms and contents of the information are the most demanded and how companies can satisfy the fans’ thirst of knowledge. Promotion as a variable is intended to examine the role of special offers or any other measurements which are related to the price of a product. Based on the fact that almost every company provides services to its customers and some of them do the same in Facebook too, it is supposed that researching of the possible effects of providing services to the fans would be informative.

Altogether, the task of the social variables is to figure out all the main social motivations which can determine and influence people’s intention to be member of a community, whilst Economic variables are expected to point at the facts which can help to engage with customers and which can stimulate online word-of-mouth.
5. Research design

5.1 Type of the research

Concerning the fact that the subject of the research is quite recent, execution of a primary research is recommended. Ideally, the research would require an employment at a company where the entire examination can be carried out in the reality. The research would start with a quantitative part, including an online survey which will be conducted by asking the present members of the company page. The purpose of the survey would be to collect information about all the seven variables. As a result the company will know the role of the variables on the engagement process and the way how the engagement can be improved. Respondents are advised to be invited from both gender and from every age group according to the target group preferences of the company. The minimum sample size is recommended to be at least 100 as the research applies to a small company and it is presumed that it does not have too many followers.

The questionnaire is advised to be not longer than 20 questions in order to get as high number of responses as possible. To make it easier for the respondents, using of closed questions such as scaling, multiple-answer and one-answer questions is recommended. However, where it is necessary an optional text box can be added to let the respondents to give more details if they would feel it necessary. Surveygizmo is a comprehensive and easy-to-use web based online surveying application with Facebook integration, e-mail invitation, and evaluating and reporting mechanism. Additionally, it offers free Enterprise account for university student for research purposes that ensures thousands of responses and e-mail invitations per month. Altogether, it is suggested using Surveygizmo as the engine of the survey.

After the online questionnaire is ready to go, the company should promote the survey on the Facebook page and try to motivate its members to participate. It is advised to do by sending wall posts, personal messages and e-mails and call them up where it is applicable. The final step of the research is to process and analyze the collected data, and as a result accept or reject the hypothesis. In other words, to determine which variables play role in the engagement process and which do not.
5.2 Data collection method

In case of an online survey the data collection is carried out via the online questionnaire. The data are the answers of the respondents coming through by answering the questions. Surveygizmo’s online surveying application is responsible to collect and store the answers. Therefore, the channel of the data collection is the internet, the tool is Surveygizmo and the source of the information is the membership of Safertaxi’s company page. After all the data are gathered, there are three options to organize them. First, Surveygizmo has a built-in analyzing tool that creates graphs and crosstabs. Second, all the data can be exported into an SPSS compatible file format to use that statistical software. Third, the data can be converted and exported into xls format which makes possible to use Microsoft Excel. The next step is data analysis.
6. Findings

6.1 Demographical and Social Characteristics

In the first phase, demographical questions were posed. The respondents were required to indicate their genders, age groups and social characteristics. Three different age groups were decided to use to see the age distribution of the membership of the company page. The first age group is for people between 18-30, the second is for those who are between 31-45 and the third is for the 46-60 year old. The proportion of the age groups was close. However, young people were dominant as they were represented by 42% compared to middle-aged and older respondents with 31% and 27%, respectively. Considering the gender distribution, 54% of the respondents were males and 46% were females. Therefore, it can be said that both genders were represented almost equally.

Besides the basic demographical data, the social characteristics of the respondents were also researched. It helps to see the social composition of the membership and to determine the level of customer engagement by using the typology of customer engagement table and theory, written in the theoretical background chapter. According to that typology, characteristics of four different social behaviours were asked from the respondents. The names of the social types were hidden by purpose in order to avoid misleading the respondents by showing only the social titles without explaining their meanings. In other words all the social types were decoded in the questionnaire then recoded after the survey was closed. As a result, it turned out that the vast majority or 60% of the members were adopters which type can be described as passive. Those three types which are considered as active shared on the rest 40%. The second biggest group
was the creator type with 20%. They are active in terms of one way communication; however, they do not take part in social activities in general. People who network and actively communicate with other group members, called as social type, were represented by 12%. The smallest proportion of the respondents or 8% indicated that they are collaborative which means that they use communication channels rarely and they rather do not share their opinion in written form.

6.2 Social and Economic factors

The second phase of the survey intended to find out the motivating factors of joining to a company page and what describes the group behaviour of the members. During the survey, questiones were posed related to both social and economic variables. The sequence of the questiones followed the logical and actual flow of engagement in case of a company page. The first step is when the user is facing the decision whether to Like a group or not. The second is to engage with a brand or not. The third is to use the functions and to contribute to the community or not. Finally, the fourth is what a user expect from a community.

The survey revealed that the three most important factors of joining to a company on Facebook are experience with the product, customer loyalty and intention to engage with the company. Any product experience that was gained prior to joining is the most decisive in „Liking” with 57%. Customer loyalty is considered less important by 14% and company engagement was answered by 38% of the respondents. It might be surprising that belonging to a group was essential to only every third people, and only less than one fifth of the members sought engagement with fellow customers.
The reason behind the engagement with a company is mostly getting information. Around 50% of the group members engaged with a brand in order to receive information about the products, the company itself and about promotions. The survey also points out that self expression played a less important role in engagement. Only 29% of the respondents wanted to use a company page as a communication channel to share their own views and opinions. It also turned out that only one in ten members had intention to initiate discussion with other group mates. Although, the role of customer service in engagement is not significant; however, it cannot be neglected, since 20% desired to get help from a company via Facebook.

In order to get a broader picture about what people do on a company page, what functions they use and how frequently they take part in social activities, further questions were posed. It revealed that more than half of the group members had some social contribution to the company page. Although, the bigger proportion or around 34% of them used the social functions only rarely; however, more than 18% participated often or always in the group activity. The rest 47% said that they were passive and did not contemplate to take part in the life of the group.

The usage of the social functions were measured in details which might help to find out what people prefer during social interactions and how they express themselves. The vast majority of the active membership chose the share and the like functions. They did not add any content to the company page as those functions are a passive way of information and opinion sharing. However, more than 50% of the respondents, who were active, claimed that they posted messages, left comments and suggested the company to their network. Every third member uploaded videos or pictures and less than one fifth of them subscribed to receive news via SMS. The Social Functions graph points
out that the group members preferred to use those functions where they drew the attention of their friends to the company page or where they expressed their support towards the brand.

Besides the group activity, the survey intended to measure the importance of the information too, since this is the only thing that can be exchanged on the company page. Therefore, four aspects of the information flow was researched like frequency of information sharing, content of the information shared by the members, desired information by the members and the form of the information. The frequency of the information sharing was nearly equal with the frequency of the group activity. It is obvious, considering the fact that people who act passively cannot add any content to a community.

On the other hand, it turned out that the vast majority of the active membership shared information related to the company’s products. More precisely, around 60% of them shared positive experience; less than 50% told their negative impressions and 39% of the respondents gave advices to other customers. It is a good phenomenon that people tend to communicate about rather positive than negative feelings. Besides, it was pointed out that a significant proportion of them try to influence the decision-making of other group members.

Considering the desired subject of the information that the members wanted to receive, the company’s products were in the centre of the interest. It was followed by company news with 57%. In other issues such as events, customer advices and customer reviews, only one third of the respondents were keen to hear about. Most of the people prefer to get the information as a combination of text and photo. The mix of text and video was demanded only by 10% of the members, and it was just slightly outpaced by the text and the video options by 4%, respectively.
Next to information, promotions and special offers were the other thing customers would have liked to read about. The survey found that promotions related to the price were more preferred than quantitative discounts or prize games. Both permanent and temporary price drops such as price cut and price discount were desired by more than 60% of the participants. Buy one get one was the second most interesting sales option with 33%. Prize games and product bundles drew the attention only every fifth of the respondents.

The last part of the questionnaire dealt with customer care and asked the group members about their needs regarding after sales services. It was revealed that people required the same ways of customer support like in case of a website. Most of them wanted to see contact information, a link to the company’s support webpage or a Frequently Asked Questions section. Around 24% would have looked up a company forum for help and only one in ten persons desired to chat with a customer care person.
7. Conclusion and Recommendation

7.1 Social factors

The research helped to find out the role of the social variables in the engagement process. Most of the group members preferred a passive relation with the community of the brand. They either did not engage or if they did then they observed what was happening and read the feeds, but they rarely participated in the life of the group. Although, the active part of community was in minority; however, their proportion of 40% is very decent. Most of them were content creators and network builders which mean that they added value to the page by creating information and initiating communication with fellow customers or potential clients. This class is recommended to be in the focus of a company’s Facebook strategy. They have impacts on both their private networks and the mass of passive adopters too.

Considering the reason why a customer wanted to join to a company brand on Facebook, it can be said that loyalty is a decisive factor. The belonging to a group feeling is less important; however, it cannot be neglected. Nevertheless, as it turned out, the most significant reason, why somebody joined to a company page, is related to product experience. This variable was not originally among the social factors. The conclusion is that being a group member is rather attached to personal experience and feeling than to a social sample. In other words, companies do not have to stress to much the social characteristic of a company page. Instead, they are advised to reach every single customer they have had.

The reason why some of the members wanted to engage is because they looked for the possibility to get in a closer relation with the company. Peer-to-peer interaction was among the motivations of only a few people. Most of the engaged people were interested in promotions and in information, and a lower proportion of them were motivated to express their opinions and views. Therefore, it can be assumed that the company to customer one way communication is more determining than the customer to customer and customer to company communication. Furthermore, the survey pointed out that sharing related functions were used more often than the content creating ones. Consequently, it has been proved that the amplified word-of-mouth strategy can be adopted in case of Facebook and the organic version can work too. The overall attitude of the word-of-mouth activity is positive; however, people also express their negative
views. Accordingly, the group activity is advised to be stimulated as it contributes positively to the brand equity.

Conclusions and recommendations of the Social Factors:

1. Most of the members of a company page are Adopters and passive.
2. The company is recommended to focus on the Social and Content Creator groups in order to influence the Adopters.
3. The main reason why people join to a company page is experience with the brand.
4. Social factors have lower importance in joining to a group.
5. Customer engagement is motivated mostly by the intention to get in a closer relationship with the company.
6. The company-to-customer communication is the most decisive way of information flow.
7. Content sharing is more frequent than content creation; therefore, the amplified word-of-mouth is suggested to apply.
8. Self-expression driven content creation is rather positive than negative; hereby, organic word-of-mouth is advised to be promoted.

7.2 Economic factors

Economic variables were more exact to measure as they are less complex than the factors of the human social behaviour and of the motivations. The most frequently desired information by the engaged membership is related to the products and to the company. These categories are in the focus point of a firm’s general PR and marketing activities. Hence, Facebook is considered as another tool of the marketing communication mix with similar content like the traditional off-line marketing channels. The required form of the information also shows similarities with the traditional method because the members preferred the text-photo combination. Surprisingly, video content itself has less significance. Among all the economic variables, promotions are what people sought the most. Price related discounts are more attractive than quantitative offers, and social games with prizes do not attract too much attention. Considering customer care, a company page has only a few functions. It is recommended to have the contact information of the customer support and to create a Frequently Asked Questions section where people can find solutions of basic problems.
Conclusions and recommendations of the Economic Factors:

1. Group members want to hear about the products, the company itself and price related promotions.
2. People are looking for price drops and discounts.
3. The required form of company generated content is the combination of text and photo.
4. Video content has low significance.
5. Basic customer services such as FAQ and contact details are recommended to be shown up.

7.3 Final conclusion

The final conclusion is that the Facebook presence of a company pays off in terms of brand awareness and prestige. A substantial proportion of the membership of a company page is inclined to engage with a brand. Engagement leads to both amplified and organic word-of-mouth which contribute positively to the brand equity. As only the amplified version can be influenced, it is advised to encourage the content creation and promotion from the company’s side. Mostly, Facebook is recommended to be used as a communication channel which provides information about price discounts, the company and the products as a combination of text and photo. Company to customer communication is more important than peer-to-peer interaction; hereby, it is suggested focusing on this approach and supply the members with quality content. To answer the research question, in case of amplified word-of-mouth, positive results can be realized if the company creates quality content in the range of interests of the engaged members; regarding the organic version, encouragement of individual content creation is the right tactic.
II. Theoretical Part

1. Social Media

Social Media has been one of the hottest topics of online marketing for the last years. It has generated a new phenomenon, called as social media marketing. Although, companies have been using it for one or two years there are no exact data about its effectiveness. The main reason is that social media marketing is a new trend and the industry does not have enough experience of it to measure its performance and the Return on Investment precisely. Nevertheless, industry giants such as Coca Cola, Intel and Adidas are using various social networks as part of their marketing mix. They are early adopters of this new phenomenon. Big companies started to deal with social media marketing in the early education stage which is going to give them the advantage of the first mover. This chapter is dedicated to discuss the theoretical background of social media and social media marketing.

1.1 Background of Social Media

Social media is considered as a tool of collaboration for communication between people. It is a phenomenon which relates to the media and allows the members of it to interact with each other and it also motivates them for social behaviour (Carson 2010). Considering the online version of social media, it means the internet as a channel which makes peer-to-peer communication and broadcasting possible between communities and networks. It includes all the web based applications which give the opportunity to the participants to create and share content. Carson’s approach represents the theory of social media quite well. However, there is a practical part attached, and it probably better stated by Evans. „Social media involves a natural, genuine conversation between people about something of mutual interest, a conversation built on the thoughts and experiences of the participants. It is about sharing and arriving at a collective point, often for the purpose of making a better or more-informed choice” (Social Media Marketing, p. 31). The essence of social media, based on the statements of Carson and Evans, is to facilitate the interaction between all the members and to break down the obstacle lying in the way of the information flow by making two-way communications possible.
The evolution of networking can be demonstrated best by the three laws of broadcasting (Evans 2008). The first law, David Sarnoff’s Law, was the first theory about how information flow works. Sarnoff lived in the 19th and 20th century when the main tools of broadcasting were the radio and the television. According to his statement, broadcasting is a one-way communication where the information is transmitted through the channel by the source to the audience, and it capable to create awareness. Therefore, the process can be controlled by the sender.

The second law was inspired by the telephone and the internet, and it can be connected to Robert Metcalfe, the co-founder of the intranet. Metcalfe realized that broadcasting had started to become more interactive by the spread of the telephone and the internet. People have been connected together more directly and as part of the internet they have become active members of the channel because they have been able to broadcast the information further. Altogether, Metcalfe formed his theory which says that broadcasting is no more centralized and the control on it has weakened; however, the information flow has become more effective and easy and the potential audience has broadened.

The third law constitutes the theoretical background of today’s social media and networking. It was created by David P. Reed who discovered first the phenomenon of group communication on the internet. Group communication is the basis of social media and the key point of social media marketing too. It explains how the communication and the information flow between individuals, between groups and inside a group. The individual is a member of a group regardless of his position in the hierarchy. A group is a community or network, including all the connections of an individual. Every time a person forwards a message to the network all the members receive it and they can send it further to their own networks. Therefore, when somebody broadcasts information he does it to its own community and to other communities which are out of his direct reach. Practically, social media unleashed the information flow which means that a message can spread as wildfire and there is no or just minimal control over it. It might considered as a drawback; however, from marketing point of view it means that the cost per reach can be decreased what leads to an overall drop in costs of a campaign and to higher profit. Reed says that the information flow has shifted from one-to-one broadcasting to one-to-the network sharing. By organizing the
personal and professional connections and relations into networks on the internet and giving the opportunity of mass sharing to the entire network by Application Programming Interfaces (API), the information flow and the potential reach of the messages have practically become unlimited. Reed’s group communication principle helps to understand why social media marketing starts with finding the relevant networks, continues with community building and broadcasting comes only when the potential audience is set. Hereby, broadcasting results in creation of markets besides awareness.

1.2 Social Media Marketing

Social media is the channel of the communication. The internet applications are the tools of interaction. The way how companies use the medium via the tools is referred as social media marketing. The role of social media marketing is to implement a firm’s marketing strategy into the online social sphere. Therefore, it is one part of the entire marketing communication mix and it is advised not to be considered as a separate field. The objective of social media marketing is to use the power of word-of-mouth. Word-of-mouth is the information flow between individuals which contains personal opinion and experience (Carl 2005). It is out of control of the marketing department because this reflects what customers think about the product and what they say to others. Before the online era, it was hard and impossible to measure this phenomenon, but after forums and blogs were shown up it became visible and readable. Still, it could not be influenced. Social media broke the ice and provides the chance to every company to take part in online word-of-mouth. Although, they still cannot control what people think; however, they has the potential to influence their opinion and the tone of the communication.

Social media marketing is about influencing the crowd via opinion leaders and supporters of the brand. It was mentioned before that social media marketing is an extension of the entire marketing strategy. However, there is a significant difference. Traditional marketing based on one-way communication where the company send the message and, ideally, the target group receives and decodes it. Social media marketing is the opposite, since it is a two-way communication mostly with the existing customers (Evans 2008). It starts with finding the relevant applications and networks. Applications are Facebook, LinkedIn, Twitter and Youtube, for instance, practically, every social media tool where the customers of a company are present and have a private network or members of a community. The search begins with determining the right keywords. They help to find the relevant blogs, conversations between people, customer reviews about the product and all the information on the internet. Moreover, a good keyword strategy based on the
findings of the search can drive the customers to you and hereby it quickens the way the process.

The second step is to build a community from the existing clients of a business. They are the first point of connection as they already have experience with the product and the company can reach them directly. They are the basis of the community building process, and they are the potential evangelists too (Sernovitz 2009). A crucial point of a company’s social presence is to find and communicate with the influencers. The purpose is not to control the conversation between the members of the community. On the contrary, influencing is the key tactic. Social media strategy is supposed to build social authority. It is developed when an individual establishes himself as an expert of a topic in a given area, hereby he becomes an influencer and has impacts on others decision making. The company itself can never become an influencer, because an influencer is a third source of information which is either agrees or disagrees with the statement of the company. The way of communication used by the influencer is called as evangelism. This is a combination of word-of-mouth and digital content creation. If it is positive it can create markets by strengthening the credibility and the image of a brand.

Social media links in the influencers or evangelists into the marketing process. To be exact, evangelism has impact on the customer decision; therefore, it influences the purchasing decision making process. The Purchase Funnel demonstrates it precisely that user-generated content has effects on the consideration stage of the marketer-generated content. Customers form opinion about their post-purchase experience with the products and some of them share it with the others. That is the point where social media tones up the feedback process and makes user-generated content available for everybody. This is called as the social feedback cycle where the customers’ experience is linked back to the pre-purchase stage; hereby, influencing the decision making process (Evans 2008).

2. Picture: Purchase Funnel
In general, marketers focus mainly on the awareness and purchase stages because they cannot measure explicitly the factors of consideration. It is hard to quantify what play roles during that phase. They try to fill in the gap of consideration with boosted awareness and demand generation. However, user-generated content via social media is mostly about the consideration. It builds up the bridge between the users and the potential customers, representing the difference between the actual performance of a product and the expectations set by the potential buyers. Still, it is difficult to measure what is the precise effect of social media driven word-of-mouth; however, it is easier for the potential customers to get feedback about the products even before they would buy it. From marketing point of view, social media can be considered as awareness with a certain message which can be either positive or negative, and hereby it also affects the consideration stage.

Considering customer and company generated markets, social media marketing definitely fits to the pull marketing strategy. Unlike push marketing, where a company generates demand for a product artificially, social media marketing focuses on customer orientation and two-way communication (Evans 2008). People participate and interact what encourages conversations and responses. In case of traditional marketing the marketer controls the communication and they send a message and try to influence the customer. Social media gives the opportunity to both parties to participate; therefore, it makes easier to understand what the market wants. Actually, it turns back the influencing process on the company which helps to harmonize the demand with the supply.

Touch point analysis is an option to achieve the harmonization process (Frazen 2009). It considers all the points of connection between a firm and a customer. Its role is to measure the level of divergence between what a company wants to convey and what the customers are receiving. With the help of Net Promoter Score, it brings the difference between promise and delivery into the light and quantifies the results. Therefore, it helps to decrease the mental distance and to avoid the marketing disconnect. The Net Promoter Score has one question to ask from the customers: “How likely is it that you would recommend [name of company, product, service] to a friend?” (Evans 2008, p. 127). It is a fundamental metric of measuring the word-of-mouth factor of social media.

Altogether, social media has become an essential extension of a company’s online marketing mix. It helps the companies to connect with their customers directly. At the same time, social media is in close cooperation with other online marketing activities such as blogging and SEO. Those three activities complement each other and compose an entire online marketing strategy. SEO helps the customers to find company generated
content, blog posts are the starting points of broadcasting and finally social media is the tool of the two-way information flow between the company and the clients. The roles of blogging and SEO are discussed in the next chapter.
2. Blogging and Search Engine Optimization

2.1 Blogging

Blog is considered as an online journal or diary by some people. It is right from a certain angle. However, an online marketing person surely sees much more in blogging. In the world of online marketing, blogging is a communication channel which is edited by a Content Management Tool (CMT) such as Wordpress\(^1\) or Blogger\(^2\), just to mention the two most popular for business purposes. A blog has the role to add quality and unique content to a website, keep it alive and to attract readers. The ultimate purpose is to engage with the readers, inform them about your product or service in an informal way and convert them into loyal reader (Bain 2009). In other words, a blog is an essential tool of promotion in the online marketing arsenal, and it has its own place and individual steps in the selling mechanism. The AIDA (Awareness or Attention, Interest, Desire, Action) marketing theory helps to explain the position of blogging in the system. A blog is definitely the second step as its job is to create Interest.

Furthermore, blogging also supports a company’s SEO strategy which is explained in the next section of this chapter. Google ranks sites with dynamic content higher than static pages. The reason is simple. If the content of a site is refreshed then it indicates that it is live and producing information. Unlike a static site which becomes old in the eye of a search engine after a certain period of time. Besides, a blog makes it easy to add additional pages to a website that helps to make your keyword strategy more broad and focused at the same time.

Blog is a two way communication just like customer engagement. It makes the possibility to interact with the visitors who are the potential clients. It gives the opportunity to leave a comment, and what is even more important it let the reader to share the information on different social mediums, by e-mail, or by using pingback if the person is another blogger. The point is to encourage communication by writing posts about hot topics in the business where the company is active, sharing opinions and asking questions. It is also advised to get in touch with people who already contacted you.

\(^1\) wordpress.org
\(^2\) www.blogger.com
Blogging is also capable to supplement a firm’s PR activity, and it provides a broad variety of opportunities to spread the word (Eley and Tilley 2009). Why would a company lean strictly on its own efforts when there are other options? Building a blog is like building a privately owned information channel to distribute content. However, there are other ways that can support this activity which provide broader reach of audience and give credibility to the source of information. They also help to create awareness.

There are two basic types of information providers and transmitters, excluding private individuals from social networks, the online journalists and the bloggers of the same industry. To find the right journalists is easier as they write for online industry magazines and journals which are well-known in general. To map the relevant bloggers or influencers, it needs serious investment in time. Blog specific search engines such as Technorati and Google Blog Search helps to discover the relevant blogs. The next step is to visit those blogs, read the articles, find out the core competences of the bloggers and the main streamline of the topics and check the activity of the visitors in terms of comments left and number of shares. It is recommended to contact the relevant bloggers and journalists and to start building a solid relationship and promoting your content to them for distribution, using their well-established base of audience.

Besides influencers, article directories give you the chance to upload articles with links pointing to your original post. The benefit of these PR pools is that bloggers and journalists visit them regularly and they pick up the bests to publish them on their own sites. However, this method is less effective because it makes the distribution channel of the articles longer and indirect by putting an extra step in the information flow. Furthermore, it can happen that an article escapes the attention of the influencers. Consequently, connecting and networking with the bloggers and the journalists seems a more reasonable choice. This approach makes sure that the article will be received by the right person and a stable relationship might create a permanent communication channel. Although, article directories and blog directories can help to make you visible on the internet, they rather support your SEO strategy.

As it was mentioned before, blogging has another purpose besides content creation and PR. It is to support a company’s SEO strategy. The meeting point between blogging and SEO is the landing page. The role of blog posts is to inform the potential clients and give them the possibility to reach the product or the service by clicking on the link embedded into the text as an anchor text. Hereby, blogging focuses on awakening the interest in

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3 technorati.com  
4 blogsearch.google.com
the reader by providing the necessary information. At the same time, SEO drives traffic to the same landing page using keywords. The two methods mutually help to each other as SEO can drive traffic to blog posts besides the landing page, and blog posts are supporting the keyword strategy.

2.2 Search Engine Optimization

Search Engine Optimization (SEO) is part of the Search Engine Marketing (SEM) which "is any kind of activity that’s intended to bring traffic from a search engine to another web site" (Eley and Tilley 2009, p. 49). The purpose of SEO is to improve the Search Engine Results Pages (SERPs) rank of the website. Organic search engines, like Google, show the results of a search query on pages. Each page has 10 hits and the SERPs tells that the website is located on which page. The algorithm is not completely known as search engines keep it secret. However, many elements of it are well-known and make the basics of SEO such as links, keywords and their position.

Today in the internet era when online people are looking for solutions for a specific problem they mostly turn to an organic search engine for answers. Actually, "a search engine is the main starting point for most people attempting to find products, services, or information on the web" (Eley and Tilley 2009, p. 50). The idea behind Google and its competitors (Yahoo, Bing) is to give the answers for the questions. When somebody decides to use Google, he or she types a keyword or a combination of them what is called as a key phrase or a long tail keyword into the search field. Then Google shows you all the websites which are possibly relevant in a certain order. The aim of a company or a blogger is to be on the first page and among the top three hits as people always consider them as relevant and mostly click on them according to a research of Eyetools(4). The research reveals the phenomenon of the golden triangle which is a triangle shaped manner of the eye tracking activity during the evaluation process of the search result. It covers the first five hits with a decreasing level of interest. The table below gives another explanation why the top three hits are the most important. However, even the top positions do not guarantee the best click through rate. Microsoft has conducted a research(1) about click through rates and it was found out that the second and third positions get much less clicks than the first one, demonstrated by the second table.
In order to set up an SEO strategy, it is indispensable to understand how Google collects information and indexes the web sites. It uses spiders which “crawl through the source code of a website to understand what each of the pages of a website is about” (Bain 2009, p. 22). Those spiders look for keywords and links which might be relevant to a search query. The role of the keywords is to indicate that the content of the site is related to the search. Unlike the links which show the credibility of the site. The more precise keywords are found and the more links a site has the higher the chance that it will have better position.

There are two different methods of SEO, the white hat and the black hat approaches. As its name indicates, white hat method uses those techniques which add value to a web site and to the content, therefore, assures better position in the long term. Not as black hat method which tries to cheat on Google using SPAM techniques to get the best position. However, those websites are detected in a short period of time and will be banned from the search engine, hereby, they promise only short term gains. A business has the purpose to get traffic to its website and convert them to loyal visitors who can be

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### 1. Table: Eye tracking rates

<table>
<thead>
<tr>
<th>Positions on the first page</th>
<th>Rate of eye tracking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>100%</td>
</tr>
<tr>
<td>2</td>
<td>100%</td>
</tr>
<tr>
<td>3</td>
<td>100%</td>
</tr>
<tr>
<td>4</td>
<td>85%</td>
</tr>
<tr>
<td>5</td>
<td>60%</td>
</tr>
<tr>
<td>6</td>
<td>50%</td>
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<tr>
<td>7</td>
<td>50%</td>
</tr>
<tr>
<td>8</td>
<td>30%</td>
</tr>
<tr>
<td>9</td>
<td>30%</td>
</tr>
<tr>
<td>10</td>
<td>20%</td>
</tr>
</tbody>
</table>

### 2. Table: Click through rate

<table>
<thead>
<tr>
<th>Positions on the first page</th>
<th>Rate of eye tracking</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>89%</td>
</tr>
<tr>
<td>2</td>
<td>33%</td>
</tr>
<tr>
<td>4</td>
<td>17%</td>
</tr>
<tr>
<td>6</td>
<td>17%</td>
</tr>
<tr>
<td>7</td>
<td>6%</td>
</tr>
</tbody>
</table>

In order to set up an SEO strategy, it is indispensable to understand how Google collects information and indexes the web sites. It uses spiders which “crawl through the source code of a website to understand what each of the pages of a website is about” (Bain 2009, p. 22). Those spiders look for keywords and links which might be relevant to a search query. The role of the keywords is to indicate that the content of the site is related to the search. Unlike the links which show the credibility of the site. The more precise keywords are found and the more links a site has the higher the chance that it will have better position.

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potential customers later. It is essential to be not banned, especially, in case of a blog where the main marketing tool is SEO.

A white hat online marketer sets up an SEO strategy which is based only on those rules which are approved by Google. The first step is to find the right keywords. If a business has been operating for years and it is not a start-up company then it is suggested monitoring Social Networks such as Facebook or Twitter. It is a useful way to get familiar how people refer for a product, service or topic. The best way to check the relevance of keywords is to use Google Adwords. This online application is capable to show the search volume of a keyword or a variation of them and the level of competitiveness. The more search queries were made the higher traffic can be driven to the site, and the lower the competition the higher the chance for the top positions. Keywords are can be analyzed on global scale, as well as, on local level too. Additionally, Google Adwords shows you further keywords which are similar to the analyzed words and which might be recommended to use. With help of this application, it is easier to find the relevant keywords of a business and to build keyword rich long tail key phrases.

The next step is to make sure that the keywords are actively searched for. Goolge’s data base is based on historical information; therefore, it is crucial to make trend analysis using Google Trends\(^5\). It helps to recognize trends in terms of words. In other words, it makes possible to see which phrases and terms are mostly used nowadays for a certain topic, product or service. Obviously, nobody wants to use keywords which are not timely at the present.

Google can assist you to find your generic keyword simple by using Adwords and Trends, but it cannot think with the head of a company’s customer. Hence, the final step of the keyword strategy is customer orientation. It means that the marketer should think as a customer and try to find out what kind of phrases and combinations of keywords are might be looked for on Google by the potential clients. After those long tail phrases have been found out, they are advised to be used. Finally, keywords play important role in

\(^5\) www.google.com/trends
choosing the right domain or domains. Domain is considered as the first signpost during a search query, therefore, it is recommended to include or match to the most relevant keyword or combination of keywords.

The second step, after keyword analysis was finished, is to build quality links. “Links play an important role in reinforcing the relevance of a website to a search engine” (Eley and Tilley 2009, p. 60). There are two types of links which have influence on SEO. First, internal links which are the least important since this link belongs to the site itself and guide the visitors through the content. They do not drive traffic to the site. Second, external or inbound links which are links pointing to a company’s website from another site. In case of external links Google takes two things into account. It checks the text of the Uniform Resource Locator (URL) for keywords and the domain of the URL. If an external link, which points to the company’s site, contains the keywords which are the same keywords optimized for the site then this link is considered as relevant and increases the Page Authority of the site. In case of the domain of the URL, Google checks the Domain Authority of the URL and if it is high then it gives further credibility to the site. Domain Authority of the site comes from the average Domain Authority of the external URLs. To sum up the importance of the links, the more inbound links a site has with the same keywords which are used on the site and the more quality domains the links have, the higher the SERPs will be.

Link building strategy has seven different options altogether to create inbound links according to Bain (The 13 Pillars of Internet Marketing, p. 98-119). Firstly, a well-to-do blogger with lots of money can buy link spaces on other websites. It means a monthly fee and assures higher SERPs quickly, but it generates high expenditures. Secondly, link exchange is a free option when a blogger try to get in touch with the editors of other sites and offer exchange of links. This variation is only available when both parties can benefit from the exchange and the initiator can add value to the target site. Thirdly, comments left on other blogs and forums create external links too. It is pretty time consuming as editors approve only relevant comments, hence it needs to read through the text carefully before any opinion would be added. As a site requires hundreds of external links, it can be easily understood that this tactic is less efficient; however, quite effective. Fourthly, link directories provide free and non-free services to upload links manually. They are organized collections of links to other websites and it is the quickest way to increase Page Authority. Fifthly, article directories are also good to produce further inbound links. In this case a hyperlink should be included in the text of the article which points to the blog site. Sixthly, social media is a perfect channel of constant link building. Every time a blog post or article was finished it can be promoted through
Facebook, Twitter, Digg, Delicious, or LinkedIn. If a video was made than You Tube is the best choice to spread the word. Social networks have the highest Domain Authority; therefore, they are the most credible sources and crucial element of the SEO strategy. Last but not least, engaged readers also can make you external links by sharing your content through e-mail or social networks.

As every marketing activity needs metrics and continuous monitoring, SEO is no exception. Since Google is recommended to use because it covers around 90% of search queries, probably the most logical way to control the performance of our SEO strategy is to use Google Analytics. There are six different metrics which can be sorted into two groups according to the information provided. Firstly, overall search engine traffic and traffic generated by keywords and referring sites indicate the performance of the keyword and link building strategy. Google Analytics helps you to find out how much traffic are driven to your site by your keywords and which referring sites are the most important and should be in your focus point. Secondly, time spent on the site, number of visited pages and bounce rate are metrics which inform you about the relevance of your content and your audience. The more time spent on the site, the more pages were visited and the less is the bounce rate the best is the match between the content of the site and visitors. What is also proves that the right keywords are in use and the blog site is promoted on the right mediums.

The reason why it is essential to know about the theoretical background of SEO is that it helps to find the right way to your potential clients. By knowing the right keywords it makes possible to reach your target groups and by knowing the essence of link building it assist you to do that effectively. Nevertheless, a well-built SEO strategy is worth nothing without creating and adding unique and valuable content to the site. If the information itself is useless and not interesting then the visitors will be bounced and the engagement will not happen. Engagement is a complex issue where SEO has the role to drive relevant traffic to the blog site and a blog should create engagement as it was mentioned in the previous section. In marketing terms, SEO makes Awareness or Attention and prepares the field for blogging to generate Interests. Considering AIDA again, SEO covers the first step.

Blogging and SEO are an older combination of the online customer engagement. Unlike Social Media and Networking which is a pretty new phenomenon in this field. It is well-known that companies can reach and engage with their customers through social mediums; however, it should not be considered as an alternative of blogging and SEO. The explanation is that Google indexes a company’s presence on the different social
networking sites, looking for links which point to the company’s website and checking the text and the Domain Authority of the URL. Therefore, social media is considered as another Place of the marketing’s 4Ps (Product, Price, Place, Promotion) like a blog site or a website. It is a very important part of the online marketing machine which works in harmony with SEO and blogging and not as a separate online marketing tool.
III. The Internship

1. The company

1.1 Company description

TalentPuzzle is an online recruitment marketplace which was established in 2008 in London by VRG Ventures Capitals. The company operates in the UK B2B recruitment industry as a middleman between employers and recruitment agencies. Basically, it provides a web based service where companies can post vacancies and recruitment agencies can offer matching candidates. The principle is simple and logical. TalentPuzzle gives the opportunity to an employer to choose the most suitable agencies on each job post. It is flexible and the employer does not have to stick to the Preferred Suppliers List (PSL). Furthermore, the employer can avoid the annoying cold calls, has to invoice to only one company which is TalentPuzzle and can cut the recruitment costs by setting its own fee it is willing to pay for a successful placement.

The company is a start-up and not profitable at the moment. It is funded by several private and organizational investors who have trust in the model and expect profits in one or two years. The idea comes from the USA where BountyJobs started to do its online recruitment marketplace. Presently, TalentPuzzle has four employees and the CEO. The sales director is responsible for contacting the potential leads and for converting them into clients. The customer service executive is in charge of dealing with the complaints of the existing clients and to give them advice how to use the service more effectively. The company has a general director who works as a consultant, helping to set up the business strategy. The CEO does the general administration, represent the company to the biggest clients and control the day-to-day operation process. The marketing intern, who was me, was assigned to deal with the online marketing activities such as Search Engine Optimization, social media presence and networking.
1.2 The service

The service is functions as a marketplace where the parties are the employers and the recruitment agencies. It is free to use, the only cost an employer has is the recruitment fee. The fee is set by the company itself. TalentPuzzle does not limit anything; therefore, it gives the opportunity of the free market where prices are determined by demand and supply. The recruiters also have costs which 25% of the recruitment fee. This is a commission what makes TalentPuzzle’s revenue. This is the only source of income the company has at the moment. The entire recruitment fee is kept by TalentPuzzle until the eight week rebate period is ended. This is the warranty for the employers for the case if the candidate leaves the company within eight months.

Recruitment marketplace is a new and innovative service. Still, the human resource professionals do not know it well; therefore, it needs some explanation. It is like a tendering system and only registered companies can participate. Firstly, the employer creates a job advertisement using the website, and posts it on the marketplace. It goes anonymously; hence the recruiter can see only the job title, the salary and the fee. Otherwise the agencies would contact the companies directly and TalentPuzzle would lose business. Secondly, the recruiters can request engagement on a vacancy they are interested in and they can introduce themselves. The service has a rating system which measures the performance of each recruiter. It is based on how many interviews and placements a recruiter had in the past. It helps the employers to choose the best recruiters, and it also assures the quality. Once the engagement is accepted agencies are allowed to contact the employers and to send CVs. Thirdly, the employer checks the CVs,
selects the relevant ones and invites the candidates for an interview. If a placement was made the employer pays after the rebate period is ended. Actually, the system is simple and has only those three steps. Every time something relevant happens on the marketplace, the e-mail alert system informs the parties involved.

1.3 The competition

Although, recruitment marketplace is a new phenomenon in UK and TalentPuzzle was the first, competition has already appeared on the market. Market entry is relatively easy. It is a capital intensive business which does not require high amount of investment. Nevertheless, the first competitor, Gatszu, followed TalentPuzzle six months later, and it is still the strongest of the contestants. The others started the business some months later and they are in the very early stage of the product life cycle. They are Your People Market and The Job Post. Besides the organizational competitors, PSL is considered as a non-organizational competitor. It is a list of recruiters with which a firm is working together and already built up a relationship. It takes a lot of effort to convince the potential clients to open to other innovative solutions of using agencies.

1.4 Industry overview

The overall value of the UK recruitment industry is £ 27 billion according to The Recruitment & Employment Confederation. It includes both the traditional and the new ways of recruitment. Traditional recruitment companies such as Hays, Michael Page, Randstad and Manpower, just to mention the biggest ones, are still the most decisive players of the market. Besides them, online recruitment services have been functioning for years. These companies are either job boards like Jobsite or Reed or flat fee recruiters or fixed fee providers or recruitment process outsourcing (RPO) firms. Flat fee is the
closest category for TalentPuzzle. The present economic situation is still influenced by the recession. The government is cutting public jobs continuously, and the private sector is not able to absorb the increasing number of unemployed people. Fortunately, the online recruitment market is growing steadily which is the result of the changing trends. Even more companies choose the web based recruitment services as an alternative way, but not exclusively.
2. Practical work of the internship

2.1 General job description

Besides doing the research, the company assigned online marketing tasks and some administration work to me. Regarding the online marketing part, I was in charge of the social media activity and the search engine optimization (SEO). I was expected to help to work out a social network strategy with the management and to execute the operative plans. Considering SEO, I was supposed to manage and optimize the company’s blog site and website. The administration job was data management. I had to update the log file which includes all the statistical data of the business. The objectives of my internship at the company were to create awareness among potential clients and to communicate with dominant industry professionals. Furthermore, based on the data base, I initiated and made the business intelligence of the company using both internal and external metrics.

2.2 Social Media and Networking

Social media marketing is one of the newest trends of the marketing industry. It helps companies to communicate directly with the customers, to create awareness, to position a product and to inform the market about all the business activity related to a company. My key responsibility was to help TalentPuzzle using the social networks effectively.
according to its marketing and Public Relations (PR) goals. On the bases of the marketing strategy, four different social mediums were put on the table such as Facebook, Twitter, Youtube and LinkedIn. Facebook was excluded as a potential communication channel because it has B2C characteristics and TalentPuzzle is a B2B business. We wanted to focus on social places where our potential clients are both present and registered as professionals and not as private individuals. Therefore, LinkedIn and Twitter were chosen as the two mainstreams of our communication. Youtube can be used as a video channel where people are allowed to share and upload videos. A serious business needs an effective communication campaign which includes self made videos about the service, the company and the business itself. Since TalentPuzzle is a start-up and it has not reached its break even yet, we had to work with a limited budget to keep in check the negative cash flow. Traditional and flash video making are expensive; therefore, we decided to skip Youtube from the social marketing mix.

Twitter is a micro blogging site. It is suitable to follow other people and their conversations, to communicate with potential clients and to do PR activity. TalentPuzzle’s strategy on Twitter has had four cornerstones. First, potential clients and influencers have been looked for to collect followers who can be informed regularly about the business. Second, conversations between them have been monitored to understand the trends and to see what is in people’s mind. Third, two-way communication has been initiated to get in touch with the relevant persons and to build a bridge between the company and its target group. Fourth, PR and sales messages has been sent to generate sales leads and to drive traffic to the website and to the blog site. The main objective of the Twitter presence is to get as close as possible to the potential clients and to the persons who have influence in the industry. Personal relation is the bases of the B2B activity, since the clients are professionals and they should be educated about how they can use the service of another company. They are representatives of other firms and interests; hence they cannot be handled as private individuals. During the education phase, opinion leaders can come in handy to spread the word about the business and to generate trust and credibility for the company. My task was to execute the strategy in practice. I looked for the relevant persons, started following them and initiated discussions with them. Besides, I monitored what people are talking about; on what events they are going to attend, whom they follow and whom they think as relevant industry professionals. Furthermore, I kept tweeted our followers about news related to TalentPuzzle. Of course, our competitors have been on Twitter too; therefore, I monitored their activity regularly. I was expected to see trends and find the right touch point with the market. To measure the impact of my activity, Google Analytics helped to check how website traffic changed, and TweetStats kept me informed about the total
reach of my tweets. The final results were higher blog site traffic by 70%, total reach of more 52,000 people on Twitter and more than 1500 relevant professional followers. It has been never easy to measure the impacts of brand awareness precisely; especially, not in case of a start-up company. However, I think that the numbers are speaking for themselves in the B2B segment.

LinkedIn is a social network of professionals. TalentPuzzle had a different strategy than on Twitter. We focused on community building and generating sales leads. Therefore, a group was created for in-house recruitment managers then direct mails were sent to invite Human Resource (HR) professionals. The group has got around 600 representatives of different companies, including industry giants such as Electronic Arts, THQ, Barclays, O2, Sky and many others. Regarding the community building, I started discussions inside the group, created a poll and kept the members informed about important events. Considering sales leads, the tasks were divided between the sales director and me. HR professionals from TalentPuzzle’s group have been contacted by the sales director whilst those in-house recruiters who did not join were mailed by me to awake their interest towards the company’s service. As a result of my sales mails, around 10% of the potential leads were converted into actual leads. Besides direct mailing, I was appointed to prepare and launch LinkedIn advertisement. I created two ad variations. The first variation had a positive message focusing on how TalentPuzzle could improve the recruitment process of a company. The second ad had a problem solving attitude, mentioning a potential problem and how this problem can be solved. From the two ads the second version got more clicks. The overall Click-Through-Rate (CTR) of the campaign was 0,4% what is higher than the 0,25% industry average CTR according to LinkedIn. Altogether, the company’s LinkedIn activity can be considered as effective.

2.3 Search Engine Optimization and Blogging

SEO is one of the basic tools of online marketing. Actually, after a website was created, internet marketing starts with SEO. The CEO of TalentPuzzle appointed me to deal with the company’s SEO strategy. As I had never done any SEO before, I had to grow up to the task. I started self-studying then I gave a presentation about all the knowledge I had gathered. After I got the green light, I executed a keyword research and implemented my findings. The copy of the company site was changed and a specific key phrase (recruitment marketplace) was embedded into the text what has resulted in the second position in Google search. Considering the blog site, we focused on the key phrase of “recruitment blog”. I put the long tail keyword into the page title, the H1 tag and into the body text too and I started the link building process. The initial results are promising as
the blog site has been on the 25th place from more than 18 million hits on Google. The blog site is based on the Wordpress engine. I was responsible to use the Content Management System (CMS), edit the site and optimize every blog post for the search engine. Although, the company site is pretty well positioned in organic search; however, the blog site needs further improvements.

2.4 Business Intelligence

TalentPuzzle is a start-up company which started to operate one year before I arrived as an intern. The company focuses on sales, in general, to reach its break even as soon as it is possible in order to show to the investors that the service has business on the UK market and they are spending their money well. However, they had not done any marketing analysis which would demonstrate the continual performance of the company, and which also would help fundraising. Therefore, I started working on internal and external metrics to quantify all the data the company had. The outcome was three different intelligence units.

First, competition analysis was made possible as we had relevant business data from our main competitor. Hereby, I was able to measure important Key Performance Indicators (KPIs) such as number of jobs posted, average salary of jobs posted, average fee set by the employers and potential revenue. Actual earning was the only data which was not available. Altogether, competition intelligence unit comprises eight comparison charts, helping to monitor the competitors business results in detail.

Second, I gathered all the internal business data to create TalentPuzzle Intelligence. This unit is dedicated to measure the company’s performance month by months and to analyze the service process step by step. It includes all the KPIs from the Competition Intelligence, apparently, and many others related to the financial parts. To be exact, indices of monthly and cumulative vacancy fill rates were figured out in terms of number

![Competition Intelligence Unit Framework](attachment:image.png)
of jobs and of actual earnings. Considering the service, a funnel was created to examine all the steps from posting a job to making a placement. The analysis was made by salary, recruitment fee and industry. The objective of the funnel was to find out where TalentPuzzle was losing business. The following checkpoints were taken into account: Job post, Engagement request, Engagement, CV submission, Interview and Placement. The Placement phase is out of TalentPuzzle’s control because the company does not have any influence on how the interview goes between the candidate and the employer. The Job post is considered as 100% as this is the starting point. Every action after that has a certain possibility to happen which is represented by the elements of the funnel. The analysis pointed out that the company should focus on the CV submission stage because the rate of interviews was low compared to the number of CVs submitted.

Third, a Job Intelligence unit was made by me to measure the job posting best practice. Although, there is not enough statistical data to do precise analysis yet; however, the model will be capable to show what is going on the marketplace in the near future. The unit can examine the correlation between the salary, the recruitment fee, the filling time, the number of engagements and the number of interviews in case of every industry. Hereby, it gives industry specific information about what is the best salary-fee combination to get the proper amount of engaged agencies and CVs submitted. This is what an employer needs to select from a decent pool of candidates, organize interviews and fill the role as quickly as possible. Therefore, TalentPuzzle will be able to give advice to its clients and tell them what they can expect from their salary-fee combination. To make the calculation I had to gather all the vacancies in every industry sector and sort them according to the salary level. After that I take the average salary and fee and examined how the engagement, the CV submission, the number of interviews and the filling time changes if the salary and/or the fee differ from the average both in negative
and positive way. It is a pretty simple calculation; the difficult part was the data management.

3. Experience of the internship

During those five months, I have enriched my professional skills. I had the chance to have insights into the life of a start-up company. As I have entrepreneurial attitude myself, it was very useful to see what kind of difficulties and tasks a venture must be facing and how it should be marketed. Besides, I used my marketing skills that I picked up during my studies and they proved to be relevant. Basically, the objective of the internship was to give me the opportunity to participate in the online marketing activity of the company. This was a new field for me; although, my thesis is about social media marketing. I have gained valuable experience and extended my knowledge with SEO, blogging and social networking. Moreover, I think that I added value to the company, and they benefited from my job.
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