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## Social Media and Its Role in Improving Business Performance

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**Abstract:** Since the early 2000s, Internet technology has significantly influenced various aspects of people's lives around the world. Social media technology is one of the most recent examples of the ongoing interaction between humans and technology that is transforming society. Li and Bernoff use the term “groundswell” to describe social trends, in which people use social media technology to get the information they want from other social media users, not from ordinary professional or public sources. The use of social media has now become a trend and is the most popular digital platform because of its low cost and minimal technical requirements. Social media is not only used by companies as a marketing medium, but is also used to access information about their market, competitors and customers as a tool to improve business performance and innovation. Furthermore, social media is an external means of communication in customer relations. The purpose of this study is to identify the factors that encourage business owners to adopt social media in their business besides knowing what benefits are expected to be obtained when using it. Furthermore, this research explores the perceived benefits and risks of using social media in business. The results of this study prove that social media is very useful for business owners in promoting products, reducing marketing costs, improving relationships with consumers, expanding market share, and gaining access to information for product development purposes.

**Keywords:** Information Access, Business Performance, Customer Relations, Online Marketing, Social Media Usage

### INTRODUCTION

Since the early 2000s, Internet technology has significantly influenced various aspects of people's lives around the world. Social media technology is one of the most recent examples of the ongoing interaction between humans and technology that is transforming society. Li and Bernoff [1] use the term “groundswell” to describe social trends, in which people use social media technology to get the information they want from other social media users, not from ordinary professional or public sources. The use of social media has now become a trend and is the most popular digital platform because of its low cost and minimal technical requirements. Social media is not only used by companies as a marketing medium, but is also used to access information about their market, competitors and customers as a tool to improve

business performance and innovation. Furthermore, social media is an external means of communication in customer relations.

Today's companies must critically review their business and marketing strategies. Environmental dynamics causes companies not only to have competitors in the same industry, but competitors can be unknown because they can be from different industries, technological advances, new laws, trade policies, and governance that generate customer loyalty. The point is that changes will continue to occur in dynamics so that there will be no permanent victory but must continue to compete in providing the best so that what is produced can meet the expectations of the community.

Companies can produce products and then be supported with aggressive advertising and sales. This is called conventional marketing, which must be abandoned if you want to remain in an industry.

Currently conventional marketing is far behind digital marketing. Marketing in the digital era is changing very quickly. Many business actors turn to digital platforms to promote their brands. E-commerce sites, Google ads, and e-mail are a number of platform choices to attract a higher number of consumers.

Even so, business development still requires the right marketing strategy. This is what then raises issues related to determining the marketing strategy. Business actors must first choose which one is more suitable.

## **LITERATURE REVIEW**

### **Marketing Transformation**

#### **1. Development of the Internet and Social Media Users**

Marketing is the most vital business function, it includes various activities starting from understanding what customers need and also want, planning products for the intended target market, setting prices, providing benefits to consumers, determining programs in communicating these products, and making distribution systems that are appropriate and considering the benefits that will be received by stakeholders [2].

Kotler and Keller [3] define marketing management as the art and science of choosing target markets and getting, keeping and growing customers by creating, delivering and communicating superior customer value. Marketing management is also a process carried out to analyze, plan, coordinate programs that benefit the company, and can also be interpreted as the science of choosing market share in order to create superior customer value.

Exchange in marketing is part of a relationship that occurs continuously, this is because when a company can provide solutions to customers both before and after a purchase transaction, the company does not only get one purchase but the company gets continuous sales and relationships with these customers, this has led to the establishment of profitable long-term relationships between the company and its customers.

Marketing can influence consumers, and increase their trust, success in communicating a product to consumers will change consumer attitudes and make perceptions of products.

Creating a good perception of companies and products requires marketers' ability to innovate in marketing concepts that are more flexible and adapt to conditions that occur in today's dynamic and global environment.

Facing a global environment full of dynamics and complexity requires a marketing strategy that is displayed in the products and services that the company produces, innovates and makes the right competitive advantage so that the company can survive and even become a market leader, with several factors being the reason for a company to be able to gain a special place in people's hearts, for example how a company determines competitive

prices, then forms a brand image, effective and efficient promotion, and provides excellent quality and service and satisfies consumers in terms of service perfection.

In addition to what was stated earlier, it is necessary to pay attention to changes in marketing patterns from conventional marketing to digitalization, which is currently the concern of almost all companies in the world. If the company wants to continue to exist, then it is a must to remember the fact that the external environment is a society that is massively very modern in the use of technology. Empirical facts show that the main reason for digitization is that the world's population of internet users currently reaches 5.16 billion people in January 2023. This number reaches 64.4% of the global population with a total of 8.01 billion people. Meanwhile, for Indonesia, the number of internet users from 1998 to 2022 is based on a survey conducted by the Association of Indonesian Internet Service Providers (APJII), of the 273.8 total population of Indonesia, 210.1 people have used the internet. This can be seen in graph 1 below:



Figure 1. Internet Users in Indonesia 1998-2022 Source: APJII 2022

For the largest distribution of internet users, namely those on the island of Java, around 65% and the rest are spread in the provinces of Sumatra 15.7%, Sulawesi 6.3%, Kalimantan 5.8%, Bali and Nusa Tenggara 4.7% and Maluku and Papua 2. 5%.

Internet users are inseparable from the use of social media, for data related to social media users in the world today, namely 4.76 billion social media users worldwide. This figure is equivalent to less than 60% of the total global population. For Indonesia, there are 191.4 million social media users or 68.9% with the highest number of social media users as follows:

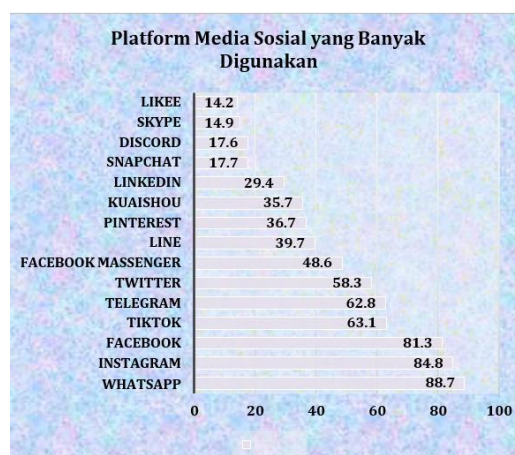


Figure 2. Social Media Platform Users in Indonesia in 2022 Source: Hootsuite, Indonesia Digital Report 2022

The trend of internet and social media users is an opportunity to adopt marketing strategies, especially strategies in communicating company products.

## 2. Digital Marketing Management

The development of the Internet and the World Wide Web and other digital technologies have changed marketing. Consumers will be given a much wider range of choices and services and different prices with a more convenient way to select and buy goods. There is also a choice of technology platforms from desktops and laptops to smartphones and tablet devices. For organizations new digital media and technology platforms provide opportunities to expand into new markets, offer new services, use new online communication techniques and compete on a more equal footing with larger businesses. At the same time the internet and digital technology platforms pose many threats to organizations. Today's consumers use social media every day, engaging consumers is an ongoing challenge, but so far many companies are developing as world brands thanks to taking advantage of opportunities to interact with customers.

With success stories of companies seizing market share after adopting the internet, an increase in consumers and business buyers. This raises the awareness that organizations must have an internet presence to prosper and survive [4].

The key question is not whether to adopt Internet technologies but whether to remain competitive, how to apply them. What techniques do businesses need to master to leverage digital effectively.

The challenges in digital marketing are undergoing a reassessment amidst the global, technological, economic and social challenges facing today's companies, therefore the approach to managing social media marketing in implementing digital platforms as part of multichannel marketing to integrate the customer journey between traditional and 'new' media is also a big challenge. The management process related to digital marketing governance includes planning how digital marketing can best serve as a resource to contribute to the organization and integrate it with other marketing activities. Increasing adoption of digital marketing also implies a significant program of change that needs to be managed. New goals need to be set, new communication strategies must be developed and staff developed through new responsibilities and skills [5].

## 3. Social Media Marketing

Social technologies on a mass scale connect people in ways that facilitate the sharing of information, thereby reducing opportunities for market exploitation. The social web dramatically leveled the playing field by making information superabundant.

For many business and non-profit organizations as well as government agencies, the use of social media is very frequent for either marketing or public communication, or direct connection with stakeholders. This makes sense considering that the drivers for engaging with social media are like comments and the need for virality or awareness raising too. Organizations are looking for engagement and they see social media as a way to get it.

Starting with the emergence of Web technologies a set of tools that can make it easier for people to create and publish content to share ideas, and to recommend things to others, this has resulted in the once established marketing norms having undergone a forced change with the arrival of social media. Consumers are no longer content with company advertising and promotions as the only source to learn about new products and services, consumers have taken to the Social Web in an effort to share among themselves. Direct experience with brands, products, services and provides a more "real" view. The experience of the consumers themselves and at the same time, consumers take advantage of the experiences of others, before they make their own purchases. The impact on marketing has been significant.

A social application, simply put, is a software component that facilitates interaction between members of a social network. Social apps are built around social objects — lifestyles, passions, and causes, along with tons of little talk-worthy objects like short posts

(tweets, for example), photos, videos, and more. Social applications are driven by the connections embodied in the social graphs of individual participants, and thus act as an efficient channel for the dissemination of information within the network.

Kotler and Kartajaya said that current marketing is marketing 4.0 which has started to develop since 2018. In this marketing, the point of marketing attention lies on the human side combined with the sophistication of internet digital technology. This marketing combines online marketing and offline marketing. In addition, marketing 4.0 also combines the style and content of the product. Style is related to a good brand while substance is related to content that is suitable for customers [6].

Another thing that has developed in this marketing is consumer advocacy for the product. In the previous marketing era, customer loyalty was identified as repeat orders. In marketing 4.0, loyalty is identified with consumer effectiveness in giving likes, updating status, comments, sharing and uploading photos or videos. These activities are called consumer advocacy. That is the hallmark of marketing 4.0, that is, consumers will first seek information through digital media before making purchases through effectiveness in digital media [7].

According to Helianthusonfri [8] social media itself has several characteristics, so that it can be used as an effective means of marketing products:

**Practical.** Only by capitalizing on a cellphone/laptop, someone can carry out marketing activities via social media.

**Cheap.** Doing marketing via social media does not require too much capital, what is needed is creativity and cleverness in creating the content you want to upload.

**Large number of users.** Social media has quite a large number of users and can be used as a target market. By using social media, companies can reach an even bigger target audience.

#### 4. Social Media Platforms

Social Media Platform, or social media channels, are platforms or websites that enable users to interact, share content and communicate with other users online. They are a very popular tool for connecting people with friends and family, but also as a means of engaging with brands, organizations and online communities.

Some examples of Social Media Platforms include Facebook, Instagram, Twitter, YouTube, LinkedIn, TikTok, WhatsApp, Snapchat, Pinterest and many more. Each platform has its own advantages and disadvantages, and they also allow users to share various types of content, including text, images, video and audio [9].

Social Media Channels have become an important part of modern life, and many people use these platforms every day to communicate with people around the world, get the latest information, participate in online communities, and promote their brand or business. Therefore, understanding these various social media platforms is vital for individuals, businesses and organizations in building successful online engagement and increasing their presence in the digital world [10].

Social media channels or social media platforms are online platforms that allow users to interact, share content and connect with other people virtually. Here are some popular social media platforms along with the distribution of user data:

**Facebook:** Facebook is the largest and most popular social media platform in the world. This platform allows users to connect with friends, family and other people around the world, share photos, videos, status and other content. According to recent reports, Facebook has more than 2.9 billion monthly active users worldwide. The countries with the highest number of users are India, United States, Indonesia, Brazil and Mexico.

**Twitter:** Twitter is a social media platform that allows users to create and read short messages called "tweets". These Tweets are limited to 280 characters and are typically

used to share thoughts, opinions and current information. Twitter has more than 330 million monthly active users worldwide. The countries with the highest number of users are the United States, Japan, India, United Kingdom and Brazil.

**Instagram:** Instagram is a social media platform focused on sharing photos and videos. Users can post photos and videos, edit and add filters, and interact with other users through comments and direct messages. Instagram has more than 1.2 billion monthly active users worldwide. The countries with the highest number of users are the United States, India, Brazil, Indonesia and Russia.

**LinkedIn:** LinkedIn is a professional social media platform that enables users to create professional profiles, connect with colleagues and business partners, and find jobs or potential clients. LinkedIn has more than 740 million active users worldwide. The countries with the highest number of users are the United States, India, Brazil, China and the United Kingdom.

**YouTube:** YouTube is the world's largest video-based social media platform. Users can upload, watch and interact with videos of various genres, such as music, movies, sports and many more. YouTube has more than 2 billion monthly active users worldwide. The countries with the highest number of users are the United States, India, Brazil, Russia and Japan.

**Snapchat:** Snapchat is a social media platform that allows users to send photo and video messages that last only a few seconds. This platform also provides face and location filter features which are popular among the younger generation. Snapchat has more than 500 million monthly active users worldwide. The countries with the highest number of users are the United States, India, France, United Kingdom and Turkey.

**Pinterest:** Pinterest is a social media platform focused on images and visual inspiration. Users can create virtual "boards" and add the images and videos they like, as well as seek and find inspiration for lifestyle, fashion, food, and more. Pinterest has more than 450 million monthly active users worldwide. The countries with the highest number of users are the United States, United Kingdom, Brazil, India and Germany.

**Reddit:** Reddit is a forum-based social media platform that allows users to share content, from articles to memes, and interact with other users through discussion and voting. Reddit has more than 52 million daily active users worldwide. The countries with the highest number of users are the United States, United Kingdom, Canada, Germany and Australia.

**WhatsApp:** WhatsApp is an instant messaging platform that allows users to send text, voice and video messages to their contacts. This platform is very popular all over the world and is used for both personal and business communications. WhatsApp has more than 2 billion monthly active users worldwide. The countries with the highest number of users are India, Brazil, the United States, Indonesia and Mexico.

**WeChat:** WeChat is a Chinese-origin social media platform that enables users to send text, voice, and video messages, and make voice and video calls. This platform also provides payment features and more. WeChat has more than 1.2 billion monthly active users worldwide. The countries with the highest number of users are China, Indonesia, Malaysia, India and the Philippines.

**Telegram:** Telegram is an instant messaging platform known for its strong security features. Users can send text, voice and video messages, as well as share files quickly and securely. Telegram has more than 500 million monthly active users worldwide. The countries with the highest number of users are India, Russia, Indonesia, Brazil and Iran.

**Viber:** Viber is an instant messaging platform similar to WhatsApp, but also provides free voice and video calling features to other users around the world. Viber is a popular messaging and calling application in Europe, Asia and Latin America. Viber has more than

1 billion registered users worldwide.

**Line:** Line is a very popular instant messaging platform in Asia, especially in Japan, Taiwan and Thailand. Users can send text, voice and video messages, as well as add funny stickers and emoji. Line is a popular messaging and calling app in Asia, especially in Japan, Thailand and Taiwan. Line has more than 700 million registered users worldwide.

**Tumblr:** Tumblr is a blog-based social media platform that allows users to create blogs and share content, ranging from photos and videos to text and memes.

**Twitch:** Twitch is a popular video streaming platform among gamers and esports fans. Users can watch and upload game videos, as well as interact with other users via chat. Twitch is a game streaming platform with more than 140 million monthly active users worldwide. The countries with the highest number of users are the United States, Brazil, United Kingdom, Germany and Russia.

**Medium:** Medium is a blog-based social media platform featuring high-quality content from writers and journalists. Users can create profiles and write articles on any topic, and the articles can be reviewed and shared by other users.

**SoundCloud:** SoundCloud is a social media platform for music, where users can upload and share their songs and podcasts. The platform also provides new music streaming and music discovery features.

**Quora:** Quora is a question-and-answer-based social media platform that allows users to ask and answer questions on a wide range of topics, from business to entertainment.

**Clubhouse:** Clubhouse is a new social media platform that allows users to join virtual "chat rooms" and talk live with others about certain topics.

**TikTok:** TikTok is a short video social media platform that is very popular all over the world, especially among teenagers and young people. TikTok has more than 1 billion monthly active users worldwide. The countries with the highest number of users are China, India, the United States, Indonesia and Brazil.

**Qzone:** Qzone is a popular social media platform in China that allows users to share their photos, music and life experiences. Qzone has more than 530 million registered users. The countries with the highest number of users are China, Taiwan, Hong Kong, Malaysia and Singapore.

**Sina Weibo:** Sina Weibo is a major social media platform in China that allows users to share messages, photos and videos. Sina Weibo has more than 500 million monthly active users. The countries with the highest number of users are China, Hong Kong, Taiwan, Singapore and the United States.

Those are some examples of popular social media platforms. There are many other social media platforms available, each with unique features and functionality. The data above may change over time and may differ for each source. However, the data provides an overview of the distribution of Social Media Platform users around the world.

## RESULT AND DISCUSSION

### Functions And Benefits Social Media

In this section, an explanation will be given regarding the function of social media after first getting to know and understand the implementation of the widespread use of social media. Social media, which is one of the most frequently used digital platforms in modern times, has succeeded in connecting almost everyone who has access to the internet.

#### 1. Communication

Communication is the obvious starting point for using social media in any capacity. Before reaching this phase in its evolution, social media was only concerned with creating a functional communication environment for its users. But with the rise of the internet and

other forms of technology, social media has become more than just a communication tool; instead, it has become a second world where individuals from all over the world can come together and engage in conversation. The use of social media has succeeded in breaking the barriers of space and time in the communication process.

## 2. Branding

Brand promotion is the second goal of social media. Having achieved its goal of creating a meeting place for individuals from around the world, social media continues to evolve to meet the diverse needs of people. One of these conditions is branding. Building a reputation in the minds of many people is what "branding" is all about. For branding purposes, users usually have a unique and differentiable strategy to design their social media accounts in a way that will appeal to users of other platforms. This is what makes social media profiles similar to the real world, because everyone has their own qualities.

## 3. Place of Business

The third use of social media is as a place to carry out commercial or business-related activities. After building a strong foundation for communication and brand recognition, social media has gradually evolved to allow each user to build a business both online and offline. It has been proven that using social media to grow a virtual business is made simpler by the fact that these platforms are accessible around the clock. When compared to companies that rely solely on the real world, this is expected to have significant potential to reach more individuals.

## 4. Marketing

The fourth use of social media is for business or commercial purposes, such as marketing. Social media, as a medium that is almost always used by humans, has now succeeded in developing services that make it easier for businesses to present themselves to new customers and expand their customer base. This strategy has proven to be beneficial in both generating revenue and simplifying the process by which users can obtain the things they need.

The following will describe the benefits that can be obtained from making the most of social media after studying and understanding various information about social media and others, including:

### 1. Learning, Listening, and Conveying Tools

Some of today's most popular social media sites provide excellent resources for students interested in researching everything from obscure historical facts to the latest social justice debates. Users can also use social media to talk to friends, both in the real world and in cyberspace/online.

### 2. Documentation, Administration, and Integration Facilities

Another advantage of social media is that it can help make work easier with documentation, management, and integration. Everything from profiles and information to reports and events and recordings of these events to research findings can be stored in social media programs. In addition, some of the advantages of social media include the following: creation of organizational blogs; integration of various divisions within a company; distribution of relevant materials according to the target community; and efficiency of organizational operations.

### 3. Means of Planning, Strategy, and Management

Social media is useful because it can be used for strategic and operational planning and management. Experts in management and marketing can use social media as a strategic tool to help launch new initiatives. Promotional activities, client retention, market research, public education, and public opinion polls are examples of when survey data may be useful.



#### 4. Means of Control, Evaluation, and Measurement

Last but not least, social media can be used as a tool for planning, strategy and management, which is another advantage of all three. Social media can be a planning and strategic tool when used by management and marketing professionals. To run promotions, persuade customers to repeat purchases (repeat orders), research markets, inform populations, or get feedback from clients or the general public.

### CONCLUSION

Advances in internet technology play an important role in changing consumer behavior where internet users are inseparable from the use of social media. Utilization of social media is an effort made by business owners as a strategy to improve their business performance through digital marketing. Digital marketing can help businesses to increase visibility, reach the right target market, increase engagement with consumers, increase conversions from prospects to customers, and measure campaign results accurately and gain useful data to improve future campaigns. Based on the results of this study, technological factors are the main reason business owners use social media to achieve their strategic goals. Therefore, the use of social media for digital marketing is very important for business success in today's digital era. This is in line with Cao's research [11] which states that companies will take advantage of the effects of social media technology with the expected benefits of being able to build corporate identity (brand ) and increasing sales and establishing better relationships with consumers and stakeholders. Overall, leveraging social media for digital marketing is an important part of any modern business strategy. This allows businesses to reach more people, target specific audiences, and measure the success of their campaigns in real time. Although there are advantages and disadvantages to using social media, the use of social media has more positive implications. This is in line with previous research which states that social media has a positive impact in terms of reducing the costs of marketing activities and customer service, improving relationships with consumers, and accessing information for better product development [12].

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