



## International Journal of Control Theory and Applications

ISSN : 0974-5572

© International Science Press

Volume 10 • Number 4 • 2017

## Social Media Marketing – An Effective Competitive Intelligence Tool

Deviyani Rohatgi\* and Garima Malik\*\*

\* Research Scholar, Amity Business School, Amity University

\*\* Assistant Professor (Marketing), Amity Business School, Amity University

**Abstract:** Purpose: The purpose of this study is to find the use of social media marketing as an effective competitive intelligence tool.

**Research Methodology:** The present research is descriptive in nature as it does review of literature pertaining to the social media marketing adopted by companies across the world as well as analyze the secondary sources of information for finding out the use of social media marketing as an effective tool for gathering and using intelligence to outsmart competitors.

**Findings:** With thousands of terabytes of data available on open source platforms, it is difficult for companies to constantly monitor other players. However, prudent extraction of information from social media can really help the companies and brands to stay ahead of their competitors. Additionally, reading between the lines can also enable the brands to catch early warning signals at the right time and take necessary action. This study reiterates the use of social media marketing of competitors as an effective weapon to fight against them.

**Originality/Value:** The use of competitive intelligence is in its nascent stage in India. On the other hand the use of social media marketing is all time high. This is a conceptual paper which highlights the integration of both the things that can be used as an important strategic tool for businesses.

### INTRODUCTION

Social media marketing has become an inevitable survival tool for organizations and entrepreneurs in the rapidly changing marketing environment. There is a complete paradigm shift in the business world with budding entrepreneurs and start-ups. The trend is more visible in the metropolitan cities of India such as in Delhi, Mumbai and Bengaluru. Such entrepreneurs and start-ups are entering into almost all domains including eateries, cafes, salons, junk jewelry, apparels, and footwear, among others. In each segment there is huge traffic, and with me-too products/services the need for visibility in the eyes of target consumers is at its peak. This visibility is provided by marketing on social media platforms such as Facebook and WhatsApp.

The formation of Business Page on Facebook and asking for Likes for it on the Facebook as well as formation of Broadcast Group on WhatsApp and sharing catalogue of products with hundreds and thousands of people have become necessary activities. Without such marketing activities, such small players cannot even

think of surviving in this vast ocean of e-commerce and organized retail outlets. This paper is an attempt to primarily highlight the use of social media marketing as an effective tool for competitive intelligence. The intelligence is majorly used by different competitors playing within an industry or outside.

### **ADOPTION OF SOCIAL MEDIA BY COMPANIES GLOBALLY**

Global player Nike used mobile app WeChat in China, where in the Chinese customers had to take snapshots of something that inspired them and the company created a pair of sneakers in customized colors to match the photo. Another notable example is of liquor marketer Diageo which got advice from the company representatives of Facebook to market all their brands such as Guinness Beer and Smirnoff Vodka. Diageo also used unique approach on Facebook for its brand Jeremiah Weed that is targeted mostly at male customers <sup>[1]</sup>.

As per a study, four out of five top retailers of the UK are on Twitter while 72% have presence on the Facebook. It was found that different companies in various sectors such as education, event management and software, use social media primarily for attracting new customers in Kazakhstan <sup>[2]</sup>. In a survey research conducted on 237 companies it was revealed that big companies having better formalized organizational structure tend to adopt social media more than smaller companies without formal organization structure. Additionally, the study suggested that relative advantage and observability of social media were two main factors pertaining to its adoption in organization <sup>[3]</sup>.

### **SOCIAL MEDIA MARKETING TRENDS IN INDIA**

Ernst & Young published a report in 2014 under the title “Social Media Marketing- India Trends Study 2014<sup>[4]</sup>. This report highlighted the trends among major brands in India in terms of their social media behavior between 2013 and 2014. Some of the key points from this research include:

- a) Primary objective of the companies investing in social media marketing is to build brand awareness.
- b) Around 27% of brands have their own in-house social media team for planning and strategy while 11% brands outsource such activities to firms or agencies in India.
- c) While only 14% of brands spend between US\$200,000-US\$300,000 on social media marketing, 23% of brands spend less than US\$32,000 on social media marketing, annually.
- d) Around 50% brands claims their investment on social media marketing to be 10% of their yearly marketing budget.

EY's second annual Social Media Marketing India Trends Study was published in 2015<sup>[5]</sup>. According to this research, around 90% of organizations participated in the study revealed their plans to spend 15% of annual marketing budget on social media exclusively.

As mentioned earlier in the introduction part of this study, there is rapid mushrooming of small start-ups and small online sellers as well as entrepreneurs. Such sellers work on tight budgets and find social media marketing as the most feasible tool for creating visibility in the market space. In order to combat small players, there is an ever increasing need for big and medium players to extensively use social media marketing as well as to collect intelligence about their competitors[21,22].

EY's released social media marketing trends in India for 2016<sup>[6]</sup>. According to their report Facebook remains the top most platforms for both consumers and marketers whereas a very small percentage of consumers are active on Twitter and Pinterest. The study also highlighted that people from all age groups usually spend one to two hours per day on social media. Users prefer to primarily use apps for accessing social media from their mobile phone. This user base is likely to grow for consumers below 25 years of age as well as those who own high-priced devices.

## **COMPETITIVE INTELLIGENCE**

Competitive Intelligence in India is used by every company right from a small start-up to a giant player. The irony is that awareness about this important tool is not as high as its usage amongst the smaller players. That may sound a paradoxical situation as competitive intelligence is still in its nascent stage in the country and has still not received the status which it should have got. Marketers and experts in the field of marketing often confuse marketing strategy(s) with competitive intelligence.

Basically, the collection and use of actionable information about competitors and industry is called competitive intelligence. Organizations have been increasingly using this intelligence around the globe. It was suggested that firms need to take competitor behaviors into account for optimization of their performance <sup>[7]</sup>. Michael Porter concretely articulated the same when he proposed “five forces” model in his famous book on competitive strategy <sup>[8]</sup>. Competitive Intelligence is a facilitator of the strategy formulation process that includes support activities of an organization <sup>[9]</sup>. It was suggested that the concerns of competitive intelligence is to identify opportunities and threats and then initiate the creativity and innovation process <sup>[10]</sup>.

According to a new definition, competitive intelligence is “a process or practice that produces and disseminates actionable intelligence by planning, ethically and legally collecting, processing and analyzing information from and about the internal and external or competitive environment in order to help decision-makers in decision-making and to provide a competitive advantage to the enterprise” <sup>[11]</sup>. In another study conducted in Malaysia, it was revealed that strategic roles of competitive intelligence include supporting the strategic decision making; supporting strategic planning and implementation; identifying early warning for threats as well as identifying blind spots and opportunities <sup>[12]</sup>.

## **USE OF SOCIAL MEDIA MARKETING AS COMPETITIVE INTELLIGENCE TOOL**

In a study it was found that social media competitive analysis is an effective method for extraction of business value from open source social media data. The study discussed about application of text mining for analysis of unstructured text content on Twitter and Facebook sites of three major pizza chains including Pizza Hut, Domino’s Pizza and Papa John’ Pizza<sup>[13]</sup>. Another study revealed the importance of studying social media mentions as well as use of sentiment analysis. The study also proposed need for creation of a social media data application for conducting social media competitive intelligence in real-time <sup>[14]</sup>. The role of competitive intelligence was highlighted in a study through consumer opinion mining of social media data for two different brands of smartphones. Additionally, the study revealed that a business can forecast market sales performance as well as estimate the gap with competitors’ products <sup>[15]</sup>.

Integration of social media with regular intelligence mix acts as a push strategy where the critical information is freely available on the open platform to be rightly used by the organization <sup>[16]</sup>. When so many conversations are going online between customers and their brands, listening to such conversations and picking up the relevant information could become an important tool for outsmarting competition <sup>[17]</sup>.

Social media is a great platform for companies and brands if used wisely for making their strong visible presence. Increased media attention also enables to improve SEO rankings <sup>[18]</sup>. In fact, it is surprising to know that companies, firms or professionals working in their field for more than 25 years are facing lot of difficulties because of their lack of knowledge and competency in making their presence strongly visible on social media. The newbies are chronologically older to them on social media, hence they are finding it difficult to create as strong digital network as their new counterparts are doing.

From the point of view of Porter’s Five Force Model, industry rivalry is one of the important factors. In today’s scenario, digital presence has become a major instrument to measure a brand’s success or failure. Gone are the days when professional excellence was determined only by the number of years in an industry or field.

The industry rivalry or competitiveness is now determined to a major extent by the presence of players in the digital space as well as the novel ways that such players are adopting to get target customers' attention.

With presence on social media, it is easy to know the details of many players in the same field and also about their activities just with the press of a button. This data is available in real time and is very impactful if used wisely. On social media platforms, customers interact directly with the companies and brands about their experiences, feedbacks and complaints. This way, the SWOT analysis can be done effectively as the chances of hiding information are less. Major information actually lies in front of everyone. However, such information extraction needs keen observation skills, where in the role of strategy experts and researchers becomes important.

McKinsey quoted an example of how competitive analysts from one organization used LinkedIn to piece together, virtually, an advanced look at new features a major technology company was planning as part of a product upgrade. Because the company's software developers were publicly sharing information about their work projects, it was possible to produce a surprisingly accurate view of the new product, with significant implications for the R&D and marketing strategies of suppliers within the major player's ecosystem <sup>[19]</sup>.

In year 2015, Maggi, which captured the highest market share in Indian market for instant noodles, was nabbed by its competitors with the help of social media. In addition to the case filed by UP FDA against Maggi, de-marketing of such a prestigious brand was possible as the power of social media was applied in the most impactful manner. There is a famous saying "a lie told often enough becomes the truth". The same happened with this brand as there were negative comments all around internet on Social Media about it. The most loyal customers of Maggi were made to believe that the brand is playing with their health. Though the brand Maggi is back in market with its same untarnished image, for a few months the brand had to suffer a lot in the India market. The de-marketing of Maggi emerged out as a two-pronged strategy for its competitors – Maggi lost its leadership position in the Indian market for instant noodles and the competitors were able to create a soft corner in the target customers' heart by claiming to introduce healthy instant noodles.

## **CONCLUSION**

With thousands of terabytes of data available on open source platforms, it is difficult for companies to constantly monitor other players. However, prudent extraction of information from social media can really help the companies and brands to stay ahead of its competitors. Additionally, reading between the lines can also enable the brands to catch early warning signals at the right time and take necessary action. This study is a small attempt to reiterate the use of social media marketing of competitors as an effective weapon to fight against them.

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