

# RESEARCH ON CZECH FIRMS' MARKETING COMMUNICATION BASED ON SOCIAL MEDIA NETWORKS

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## Abstract

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Objective of the research described in this article is to make an analysis of the usage of marketing communication using both traditional Internet communication channels as well as Social Media Networks by the Czech companies. Primary research was made through on-line questionnaire. Companies across the branches and size categories within the Czech economy were addressed. Companies were selected from the [www.firmy.cz](http://www.firmy.cz) portal. Only companies with their own web domain were addressed. The typical respondents were mostly from middle management, especially managers from the marketing or commercial departments. The final number of questionnaire respondents covered in the research is 1009. The main research method was questioning. The questionnaire consisted of three sections with the scale answer questions mainly. Google Refine was used for data processing and Microsoft Excel for statistical processing and graphic outputs of the research. Evaluated results show significant gaps in usage of Internet communication tools in marketing of Czech companies and also deficiency between clear understanding of the respondents how Social Media should be used in marketing communication and real use in the companies. This deficiency was statistically tested and relation between respondents' perception of the importance of Social Media use for bidirectional communication with stakeholders and non-use of Social Media for bidirectional communication with stakeholders by respondents' company was confirmed.

social media, marketing communication, interactive web communication, marketing communication mix, market orientation, e-marketing, digital media marketing

## INTRODUCTION AND RESEARCH OBJECTIVES

Internet marketing has become one of the key communication tools used by companies. Development of Social Media started with technology improvements allowing bidirectional communication between web content publishers and content users, so called web 2.0 (Bednář, 2011). Media that creates internet environment allowing effective content sharing between users are called Social Media (Janouch, 2010). Social Media allow users to keep social contacts with others in the network. So called socializing can be used on the private base but can also be used by companies within their communication with stakeholders

(Shih, 2010). When it comes to the company communication with stakeholders through Social Media, there are two important facts that have to be taken into consideration. Active content sharing and bidirectional communication is essential for Social Media, thus whenever any feedback is received from any stakeholder it has to be processed and communicated back (Shih, 2010). Second fact is that there is no possibility to control the content shared by other users in Social Media (Bednář, 2011).

Besides general literature focused on Social Media, there is quite a high number of published researches focusing on particular subjects related to Social Media Networks and its active application in marketing communication (e.g. Bhanot, 2012

or Lee, 2010). There are also studies available that summarize actual approach to Social Media from the perspective of sellers on one side and buyers on the other.

Global research among marketing managers of 1700 companies out of 64 countries was made by IBM Corporation as Global CMO Study (IBM, 2011). There were 4 major challenges identified out of the research: Social Media usage in marketing, available data explosion, growth of communication channel and device choices and shifting consumer demographics.

CMO Study reports that 82% of marketing managers are going to increase Social Media usage in marketing communication in next three to five years. At present time only 26% of marketing managers are using blogs as information feedback, 42% are reading third party assessments and 48% are using consumer assessments.

Local Czech research on Social Media usage was made by KPMG and Ipsos at the end of 2011 (Trend Marketing, 2012/3). In this research they reported that out of 53% of respondents that have Internet access at their job are 23.5% not using Social Media at all. 7% of respondents reported that Social Media are blocked by their employer.

More than 50% of the respondents that use Social Media at work are using them for communication with friends and 20% are using them to search and collect information (for both work and private purposes).

The research presented in this paper was prepared and executed to find out more complex data and make analysis of Internet and Social Media usage in marketing communication of Czech companies throughout the economy branches. The data were collected by Vítězslav Plšek within his Diploma thesis in 2011 and 2012.

## USED METHODS

Primary research was made through on-line questionnaire. Companies across the branches and size categories within the Czech economy were addressed. Companies were selected from the [www.firmy.cz](http://www.firmy.cz) portal. Only companies with their own web domain were addressed. The typical respondents were mostly from middle management, especially managers from the marketing or commercial departments.

The main research method was questioning. The questionnaire consisted of three sections with the scale answer questions mainly. The first section focuses on the general company and respective respondent information – related to region, branch, size of the company, respondent's position in the company. The second section focuses on the general marketing management structures used by the respective companies, and the final third section focuses on the level of the Internet communication channel and Social Media Networks usage in the

marketing communication mix of the respective company.

The questionnaire was available on-line at Google documents application. This allowed smooth and efficient processing of the received data by Google Refine. The request to fill in the questionnaire was sent by e-mail to the company e-mail addresses registered at the [firmy.cz](http://firmy.cz) portal database.

In order to keep all the sent off e-mails in accordance with anti-SPAM regulations and also to prevent notification e-mail to be identified and reported as SPAM by recipient's server, there was a special script created that generated independent e-mail message to every address and sent the e-mail within certain timing delays. This is a well proven method that complies with European anti-SPAM regulations.

There were addressed approx. 9000 companies, final number of questionnaire respondents is 1023. This means more than 10% response rate. Data were collected within spring 2011. 14 out of received 1023 filled questionnaires had not been included in the research evaluation because the data filled in had no sense – most probably filled by automated replier or by somebody who just tested operation of the online questionnaire. 1009 filled in questionnaires were then included in the evaluation.

## Data processing

Google Refine was used for data processing and Microsoft Excel for statistical processing and graphic outputs of the research.

Identified deficiency between clear understanding of the respondents how Social Media should be used in marketing communication and real use in the companies was statistically tested. The results were arranged in a contingency table. The chi-square test was used to test the independence between variables.

Basic evaluation results were available for respondents online. According to measurements in Google Analytics the results were reviewed by 95 unique visitors.

## Answer corrections

Some of the answers filled in by respondents required corrections. Typical example is company branch. Some respondents did not use prepared list of the branches and filled in text description. Based on that fact it was necessary to assign the described branch to one of the categories. It was also necessary to add additional categories – e.g. Non-profit organizations and social services.

Some of the respondents wrote misleading information that they are not using Social Media networks but in later section they stated that they are using networks like Flickr or YouTube. The reason for that inconsistency is that they do not regard YouTube or Flickr as Social Media networks. These answers were also corrected to keep the evaluation in right order.

### Responding company sorting

There are quite a lot of researches available focusing on usage of Social Media in marketing (e.g. Stelzner, 2012), but there are not any researches available that would sort the results out according to the branches and company size. Thus the very first section of the questionnaire focused on this sort of information and also on general level of marketing capability of the companies.

Basically, there was used CZ-NACE branch code to sort out the companies and following size categories based on number of employees: 1–10, 11–50, 51–250, 251+.

CZ-NACE branch sorting was modified in the following way:

- Manufacturing was divided into Automotive Industry and the rest of manufacturing branches to keep the most important Czech industry separated.
- Administrative and Support Service Activities were divided into Marketing and advertising on one side and all other services (Law, Audit etc.) on the other to keep marketing services oriented companies separated.
- Construction and Real Estate were combined together as one group.
- Information Technology and Communication were combined together as one group.

### RESEARCH RESULTS

Important findings of the research can be summarized as follows:

It can be seen out of the first section of the questionnaire that 4% of the responding companies are not actively making any marketing at all. These companies answered that they do not have any marketing department or dedicated responsible person. At the same time they answered that they

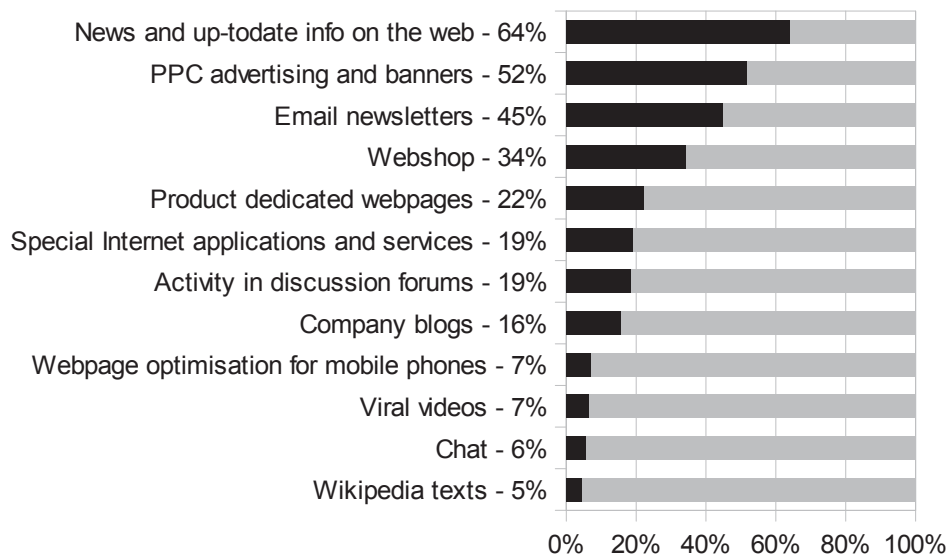
do not have any marketing strategy and they do not actively do any marketing researches. Ratio of 4% is in accordance with experience out of the market and also with previous researches. Surprising are the types of companies in this group. We expected that vast majority would be 1–10 person companies out of the manufacturing group. But the outcomes of our research show that these are 50% of 1–10 person companies and 50% of 11–50 person companies! When it comes to branches, manufacturing companies make as expected the highest portion, but they represent 17% only. Surprisingly all other branches were involved in this group as well.

Active marketing including marketing research and active communication with customers handled by dedicated department or positions within company organization have been observed in 83% of responding companies. It can also be seen out of the responses that the larger the organization is, the higher the marketing capability is. This outcome is also in accordance with typical authors' business experience.

### Internet marketing usage (excluding Social Media)

At least basic Internet presentation is used by almost all respondents including the group that does not make active marketing – these have at least basic company presentations on the web. Only three respondents answered that they are not using Internet for marketing activities at all. The explanation of these respondents was that they are involved in a very specific or unique kind of business which requires very direct communication with all stakeholders and they cannot use the Internet for these purposes at all.

When it comes to typical usage of various Internet marketing activities it can be summarized by the following Fig. 1.



1: Internet Marketing Activities Usage (modified from Plšek, 2012)

Looking into TOP 3 (News and Up-to-date info on the web, PPC advertising and banners and Email newsletters), these are widely used as typical traditional Internet Marketing Communication Mix. All three tools together are used by 20% of responding companies. This is a surprisingly low number compared to the authors' own business experience from western countries, where typically one third of companies throughout the branches are mixing these three tools together. This is different in the Czech Republic according to our research where only companies in the branch of Wholesale and Retail Trade are reaching this level.

Going through the various branches we can see the following:

- all three top rated tools are often used by companies involved in wholesale and retail trade (30% of responding companies in this branch).
- also companies involved in general services and the branch of Construction and Real Estate Activities are using all these tools often (in both groups 20% of responding companies in this branch).
- companies in the Manufacturing branch (excluding Automotive Industry) are not actively using all three tools (only 11% of responding companies in this branch).

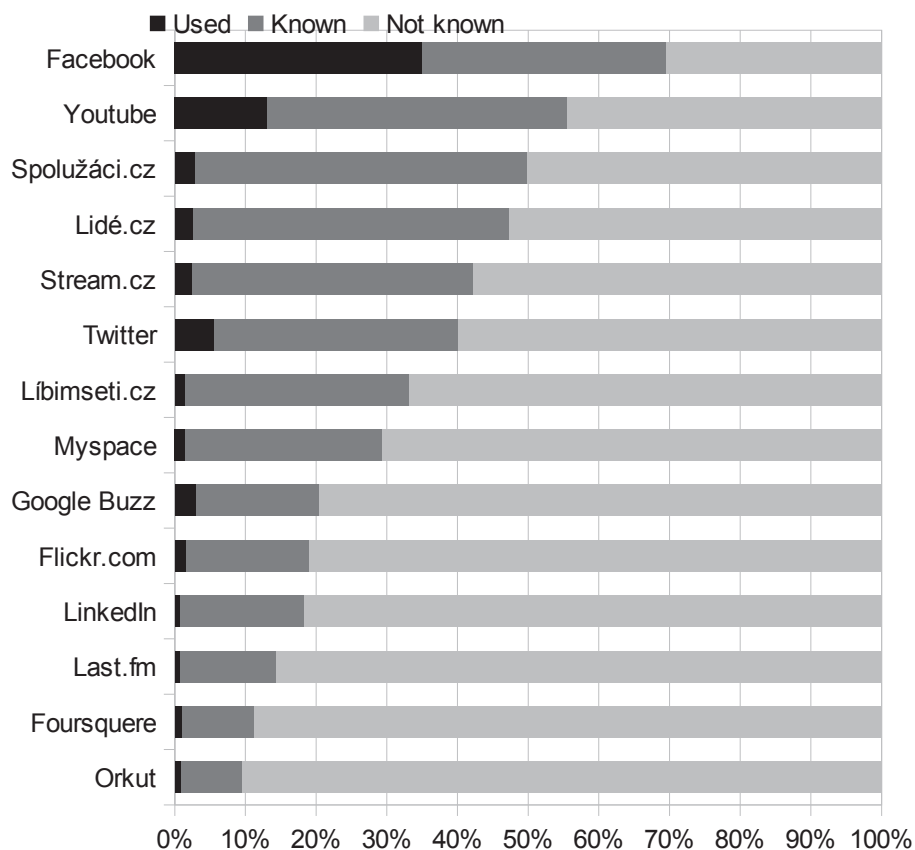
- Automotive Industry shows a little better result when compared to the rest of Manufacturing branch (16% of responding companies in this branch).

### Use of Social Media Networks in Marketing Communication

When it comes to Social Media, first of all questions related to awareness of various Social Media were asked. As expected, the most known Social Media Network is Facebook (known by 70% of respondents). Out of other media only YouTube gained more than 50%. All the others are known by fewer than 50% of respondents. Surprisingly, low awareness has LinkedIn network. This is in contradiction with (Stelzner, 2012) where the reported awareness for LinkedIn is over 50%. We believe that this is due to timing of our research – it was made exactly during the time of LinkedIn growing popularity, so the data have not reflected the actual higher numbers yet.

Awareness numbers are not influenced by various branches or company size of the respondents.

Fig. 2 shows clearly awareness as well as usage of the various Social Media Networks. When it comes to active usage for marketing purposes, only Facebook, YouTube and Twitter are used by more than 5% of the responding companies. Our research also shows that active usage of local Czech Social



2: Awareness and active usage of Social Media in Marketing (modified from Plšek, 2012)

Media Networks like lide.cz, spoluzaci.cz or stream.cz is lower than their global alternatives.

Out of all respondents 53% declare that Social Media Networks are in their organization actively used for marketing communication. Looking again deeper into various branches we can see significant differences in active use of Social Media Networks in marketing communication:

- more than 80% of companies in the branch of Information Technologies and Communication are actively using at least one Social Media Network for marketing purposes.
- Out of other branches only in branch of Marketing, Advertisement, Polygraphics and branch of Accommodation and Food Services 50% of the companies are actively using Social Media networks.
- In all other branches it is 30% (Wholesale and retail trade) and less.
- Again quite a significant difference is between companies in Automotive Industry (25%) and branch of Manufacturing (less than 10%).
- surprisingly high rate of active Social Media Networks usage is in the branch of Public Administration and Defence (20% are responding that Social Media Networks are actively used for communication with their clients).

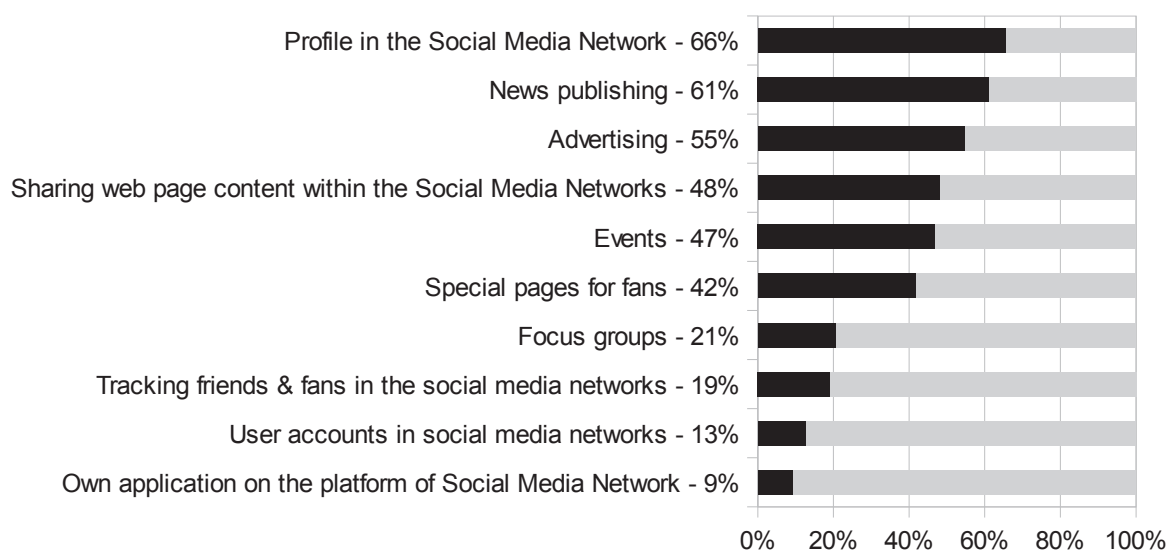
When going into details of TOP 3 used Social Media networks (Facebook, YouTube and Twitter) the research shows that 75–80% companies actively using Social Media in marketing communication are using Facebook – not depending on branch or company size. YouTube is used by 25–30% of these companies. Surprisingly, low rate of YouTube active use is among manufacturing companies – less than 10% compared to more progressive automotive industry where the rate of 28% is in line with other branches. There is again a gap of Czech manufacturing companies compared to

their western counterparts where YouTube is well recognized as a useful communication channel (based on authors' own business experience) to show products in action and general production capability of the company.

Typical ways of active usage of Social Media Networks in the responding companies are shown in the Fig. 3. It can be seen that vast majority of companies are using a registered profile in the network and through the registration they are communicating company news, advertisements and events. They are also sharing web page content through the network. In other words we see that majority of the companies is using Social Media Networks in an old-fashioned way – as a one direction communication channel from the company to customers. Only a minority of the companies is using Social Media to get fast and direct feedback from customers and general public – only 19% of the companies are tracking friends and fans in the network, 13% are allowing user accounts in the networks and only 9% of the companies are using their own application based on the Social Media platform that can ensure very effective and direct communication with the users. This is definitely a gap requiring major mind changes inside the companies and especially their marketing departments.

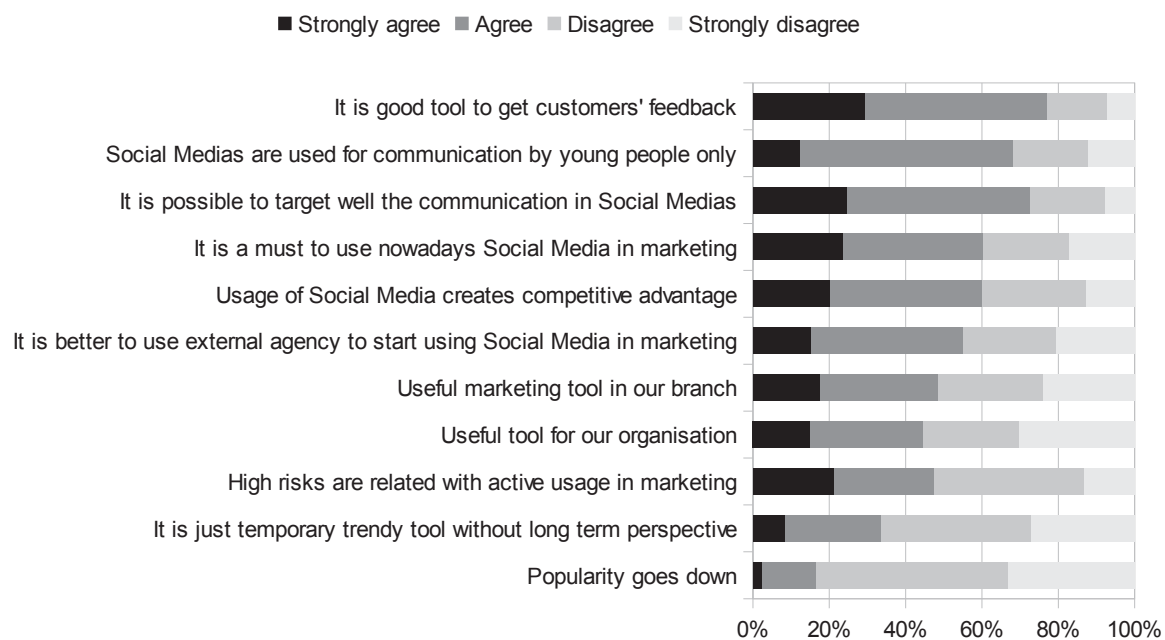
Answers in this section do not depend on the company branch or size.

The last portion of the questions related to Social Media Networks focused on the general image of Social Media as a marketing communication tool. Research results clearly show that respondents are aware of the fact that Social Media Networks are a great tool for bidirectional communication with stakeholders and effective feedback tool – 30% of the respondents strongly agree with this claim and additional almost 50% agree. This outcome is in contradiction with the actual practice of the



3: Typical ways of Social Media active use (modified from Plšek, 2012)





4: Image of the Social Media Networks in relation to their use in marketing (modified from Plšek, 2012)

companies described in the previous paragraph. Respondents also see Social Media as a tool that helps with better and more precise targeting of the communication with company stakeholders. Surprisingly, a low number of respondents agree with the claim that Social Media are just a temporary trendy tool without any long term perspective. Higher number of respondents were also expected to agree with the claim that it is better to use external company/agency to start with active usage of Social Media in marketing. This piece of information reveals that respondents trust in competence and capability of their company marketing departments as well as company management.

Neither in this section the answers depend on the branch or company size – these questions focused on personal subjective positions of the respondents.

Identified deficiency between understanding of the respondents how Social Media should be used in marketing communication and real use in the companies was statistically tested.

The null hypothesis was tested against an alternative hypothesis. Only respondents that indicated active use of Social Media for marketing communication in their organization were included in this test.

In order to confirm or reject the relation between high level of perception of the importance of Social Media use for bidirectional communication with stakeholders on one side and low rate of real use of bidirectional communication with stakeholders on the other side, the null hypothesis was formulated as follows:

$H_0$ : There is no relation between respondents' perception of the importance of Social Media use for bidirectional communication with stakeholders and non-use of Social Media for bidirectional

communication with stakeholders by respondents' company.

$H_1$ : There is a relation between respondents' perception of the importance of Social Media use for bidirectional communication with stakeholders and non-use of Social Media for bidirectional communication with stakeholders by respondents' company.

The results were arranged in a contingency table. The chi-square test was used to test the independence between variables. There are no cells with expected counts less than 5 and there are enough values for this test. Perception of the importance of Social Media use for bidirectional communication with stakeholders is indicated by strong agreement or agreement to the statement "It is a good tool to get customers' feedback" in the questionnaire. Respondent's company is considered to use Social Media for bidirectional communication with stakeholders when use of any of the following activities was indicated in the questionnaire: Special pages for fans, Focus groups, Tracking friends & fans in the Social Media networks, Own application on the platform of Social Media network. Tab. 1 shows the Chi-square test summary and results.

The observed values are listed first in the table. Expected counts (if there is no relation existing) are printed below observed counts and Chi-Square contributions are printed below expected counts.

The p-value is 0.000. We rejected  $H_0$  in favour of  $H_1$ . The conclusion of the test is that there is a relation between respondents' perception of the importance of Social Media use for bidirectional communication with stakeholders and non-use of Social Media for bidirectional communication with stakeholders by respondents' company.

I: *Chi-Square Test for relation between perception of the importance and real use of Social Media for bidirectional communication with stakeholders*

|  |             | Social Media use<br>for bidirectional<br>communication is not<br>important | Social Media use<br>for bidirectional<br>communication is<br>important | Total                  |
|--|-------------|--|--|------------------------|
| <b>Social Media are not<br/>used for bidirectional<br/>communication</b> | value       | 94   | 203  | 297                    |
|  | expected v. | 69   | 228  |                        |
|  | chi-square  | 9.94   | 2.95   |                        |
| <b>Social Media are used<br/>for bidirectional<br/>communication</b>     | value       | 30   | 208  | 238                    |
|  | expected v. | 55   | 183  |                        |
|  | chi-square  | 12.07  | 3.42   |                        |
| <b>Total</b>   |             | 124  | 411  | 535                    |
|  |             | <b>Chi-Sq = 28,67</b>  |  | <b>P-Value = 0.000</b> |

## DISCUSSION

The research introduced in this article shows two major gaps identified in usage of both traditional Internet marketing tools as well as Social Media Networks in the marketing communication of the Czech companies.

The first identified deficiency is in the level of active usage of both traditional Internet marketing tools as well as Social Media Networks in marketing communication by Czech companies compared to their western counterparts. Globally made researches (e.g. Spilker-Attig, 2010 or Stelzner, 2012) show for both traditional Internet Marketing tools as well as Social Media Networks in marketing communication approx. 15% higher rates in active usage of these tools by global companies compared to the findings of our local Czech research. Especially small companies with the size of 1–10 employees in the branch of manufacturing (excluding automotive industry) require significant improvement in order to get closer to typical global level of these tools usage.

The second identified deficiency is between very clear image and good understanding in the minds of respondents how the marketing communication through traditional Internet marketing tools as well as through Social Media Networks should work for their company and the reality how it works at the moment. This is a typical gap between theory on one side and practice on the other. This deficiency between understanding of the respondents how Social Media should be used in marketing communication and real use in the companies was statistically tested and confirmed by Chi-square test.

Majority of respondents realize and sensitively see that usage of Social Media Networks can help to get a highly effective and fast feedback from all the stakeholders as well as to make better communication targeting. They also see good future perspective of Social Media use in marketing. Responses and statistical test show that majority of

the companies are using Social Media Networks in an old-fashioned style – as a one way communication channel from the company to customers. Only a minority of the companies is using Social Media to get fast and direct feedback from their stakeholders and are capable to really use opportunities given by the structure of Social Media Networks.

Both identified weaknesses show that Czech companies should improve their activities in usage of all Internet communication channels to stay competitive in the global markets. As mentioned in (Spilker-Attig, 2010), customers do not prefer pushing styles of Internet marketing communications like pop-ups or banners. They prefer to search needed products and services themselves and make their own received value oriented researches to find and sort out available solutions to their needs. Thus it is of major importance for the companies to establish effective bidirectional and multichannel communication on the Internet. Also SEO optimization can help in order to be easily found by searching customers.

As presented in (IBM, 2011), major global marketing managers are aware of this importance and are going to invest massively into the improvements of all these communication tools usage to keep their company competitive in the global markets.

Since our research shows that Czech companies (especially those in manufacturing branch) lag behind in usage of these tools it is strongly recommended to them to react as soon as possible and invest required efforts in these communication tools to keep their position sustainable not only for today's but also for the future business environment. Czech economy is traditionally based on manufacturing so the competitiveness of Czech manufacturing branch is of major importance for competitiveness of the entire economy and should be supported by servicing branches as well as governmental structures.

## SUMMARY

Objective of the research described in this article is to make an analysis of the usage of marketing communication using both traditional Internet communication channels as well as Social Media Networks by the Czech companies.

Primary research was carried out through an on-line questionnaire and addressed companies across various branches and size categories within the Czech economy. Companies were selected from web portal [www.firmy.cz](http://www.firmy.cz). Only companies with their own registered web domain were addressed. The typical respondents were mostly from middle management, especially managers from the marketing or commercial departments. There were addressed approx. 9000 companies, the final number of questionnaire respondents covered in the research evaluation is 1009. The main research method was questioning. The questionnaire consisted of three sections with the scale answer questions mainly. Google Refine was used for data processing and Microsoft Excel for statistical processing and graphic outputs of the research.

The research evaluated results clearly show two major deficiencies identified in usage of both traditional Internet marketing tools as well as Social Media Networks in the marketing communication of the Czech companies. The first deficiency shows the difference in the level of active usage of both traditional Internet marketing tools as well as Social Media Networks in marketing communication by Czech companies compared to their western counterparts. Especially small companies with the size of 1–10 employees in the branch of manufacturing (excluding automotive industry) require significant improvement in order to get closer to typical level of these tools usage. The second identified deficiency is between perception of the importance and real use of Social Media for bidirectional communication with stakeholders. This deficiency was statistically tested. The results were arranged in a contingency table. The chi-square test was used to test the independence between variables.

Both of the identified discrepancies show that Czech companies should improve their activities in usage of all Internet communication channels to stay competitive in the global markets.

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