Abstract

**Purpose** – the purpose of this research is to identify the impact of the social media marketing techniques on the development of bars and clubs.

**Design/methodology/approach** – In order to implement the aims of the research, quantitative research methodology was applied and cluster development approach was taken. The study was run between the active social network users in Lithuania. Impact of most popular communication channels (Facebook, Google Plus, YouTube) was studied and compared to other “traditional” channels: phone calls, e-mails, face-to-face conversations.

**Findings** – During this research a negative impact of advertising using YouTube was found: students were less likely to go to a bar which was recording their presence at night and uploading the content to YouTube. Also it was identified that one of the key factors for the bar to be preferred is to be located next to other bars. Price sensitive customers were likely to pay extra for a joined ticket to attend several clubs per night.

**Research limitations/implications** – Research was conducted using questioner in Lithuanian language, therefore only those who spoke Lithuanian, could participate in the survey. The research was conducted online, therefore those who have no Internet access, could not participate in the survey.

**Practical implications** – The research represents the position of young generation, which is active in online social networks, on bars and clubs. As this segment is generally the main target group for bars and clubs worldwide, insights of this research can be applied by any marketers around the world.

**Originality/Value** – The research is a fusion between trending topics like social marketing, hashtags and social media, and qualitative approach on problem analysis. At this point most of the research is focused on the potential that social networks. In this paper a merged and joined approached on the impact of social networking as a set of marketing channels was taken and applied in the field of development of the bars and clubs.

**Keywords:** online marketing, social media marketing, search engine marketing, bars and clubs, marketing techniques

**Research type:** research paper

**JEL classification:**
M31 – Marketing,
M37 - Advertising

Introduction

More and more users tend to rely on the opinion of their friends than on the brands that advertise their products. They ask colleagues for advices and tips. This approach greatly developed in recent years due to massive usage of social networks among the Internet users. More and more users tend to share online experience on the goods that they purchased before and their private interactions with the goods or services even after the purchased has been made. This form of communication is usually called “Word of Mouth” and usually refers to a personal communication between information sender and receiver, during which the receiver acquires non-commercial information about the brand, product or service (Ardt,
The key factor is the subjectivity. The receiver is willing to find out user’s personal opinion on the product – this is what makes social media interesting. Research shows that 97 percent of respondents in Lithuania are active Facebook users. Nielsen report shows that if we compared the use of free social media tools between advertisers and agencies, we would notice a significant different between level of involvement between the two. Advertisers are far more active (89 percent) with the usage of social media and there are none of them who do nothing related to social media (in comparison to 6 percent of advertising agencies who tend to ignore the channel).

**Research purpose**

Due to the increase user awareness of social media and the fact that more and more agencies and advertisers start using this channel, more than 60% on social media users feel daily pressure because of too much advertisement and more than half say that they will not purchase the product that is being advertised over aggressively. (The New Consumer, the Craving for Comfort and Connection, Yankelovich Partners, 2004.).

![Figure 1. How advertisers and agencies use social media](source: The Paid Social Media Advertising Report 2013, Nielsen (2003))

Research, presented by Google Inc. Shows that the product purchase has changed dramatically in recent years: conventional approach would state, that the user gets a signal to make a purchase and goes to a shop, where he buys the good – Google calls this the first moment of truth. After the purchase user engages with the product and with some experience he gets to the point of second moment of truth when he makes the decision whether the product satisfied his expectations. Due to increased use of digital devices and social media, today the user tends to seek info about the product in social networks prior to the purchase using his tablet, smartphone or while conducting personal chats with the friends. Only 35 percent of customers in Germany trust traditional form of advertising (Trust in Advertising - a Global Nielsen Consumer Report, 2007). 59 percent less customers state that they have bought the product because of the commercial impact and 49 percent less state that commercials are interesting. (Trusov, Bucklin & Pauvels, 2009). Dietmar Dahmen, one of the key speakers in iLive 2013 conference presented data, that 95 percent of users trust other users. This is because they believe that other users are just as much amateurs as they are and because of that they trust their experience. Because of this personal opinion of friends and relatives are more and more influential on user's decisions.
In order to identify the success factors of Islandia / Vilnius street bars, the use of social media tools the research was conducted with the following tasks:

1. Identify, which electronic Word of Mouth tools are used by the research subjects
2. Identify, which viral marketing tools could be considered a best practice
3. Identify the success factors of Islandia / Vilnius street bars and clubs.

Research problem

While doing literature review, it was noticed that majority of users make their decisions during the Zero Moment of Truth. Question is how the business companies react to this knowledge.

The research was conducted using quantitative and qualitative methods. Quantitative methods were used to identify the user reaction to potential ads running through different channels and their behavior based on which channel was used in order to get the information on the service. Qualitative research was made in order to estimate the success factors that companies presume being the crucial ones for their success. The research data was acquired using Google Forms. The link for the form was distributed among the university students and graduates, who mainly belong to the target group for bars and clubs.

In 2011 approximately 83 percent of Fortune 500 companies used social media tools in order to communicate with the users. Research shows that consumers are more and more willing to trust social media tool in order to get the information on the unknown brands, and the supportive users (even if they just “Liked” your page) has impact on the stage when user evaluates the brand and makes the decision for the purchase. “The Customer Journey to Online Purchase” tool which was recently released by Google show that in case of local businesses most channels work as assist / supportive channels and using those channels to communicate your added value is essential for businesses in order to be considered as a part of the decision making process.

Recommendations and reviews of former customers to help the users avoid the error during the First Moment of Truth. As the amount of information researched online is still increasing, and to most users online is a synonym of Google, YouTube or Facebook, both scientists and marketing professionals are very much interested in viral marketing and social
networks – they are interested in exceptional growth of the users in these channels, their impact on various social groups and marketing campaigns that are adapted for these target groups.

Various users get attacked by 5000 ads on the daily basis. It was researched that 76% of users in USA don’t trust ads like that and tend to avoid advertisements. (Silverman, 2007). According to Nielsen research, out of 26,486 people in 47 different countries 78% of users trust the opinion of other users (Nielsen Company, 2007). According to Dietmar Dahmen (iLive 2013 Digital Marketing Conference) this number has increased by far to 95%. White House consumer relations department research shows that 90% of unsatisfied customers will not by same brand for the second time. Every unsatisfied customer shares his unpleasant experience with at least 9 other people and 13% of these customers share it with 20 other people. On the opposite case, the satisfied customer share their positive experience with 5 other people. (Misner, 1994). 74% of people who got negative review on the product from other users tend to prefer different brands and (Millward Brown, 2005) 76% of their decision criteria are based on recommendations.

**Channel preferences while communicating negative and positive experiences**

In order to identify which channels are used among consumers while sharing positive and negative experience about bars, a quantitative research was conducted with 253 respondents. The participants of the survey had to evaluate the channels which they preferred in order to share positive or negative experiences in the bars or clubs. The evaluation was placed using Likert scale (1 – completely disagree, 7 – completely agree). Among the possible channels of communication the most widespread social networks (Facebook and Google Plus), e-mail, and call on the phone, blog posts and personal face to face communication were included. In case of Facebook or Google Plus channels, a separate option to share the message with just friends or leaving the comment on the bars / clubs page was added. While analyzing research data, it was observed that while shearing negative experience about bars and clubs, individual discussion is a priority channel for most of the respondents (average score – 5,68). Women prioritize this channel more than men (average score for women is 5,76 and for men – 5,48). Second prioritized channel is a Facebook social network (average score – 3,25). Gender based, the situation is similar to the previous case where females prefer this channel more than men. Comments on homepages or blogs are preferred even less (1,76 and 1,56). The least used channels are e-mail and Google Plus social network (1,54 and 1,32).

While interpreting the data, the conclusions were made that despite the potential reach of social networks, largest part of the bar and club visitors prefer sharing negative experiences while having a face-to-face discussion. While using different channels to inform one’s friends about the disliked bars and clubs, there exist statistically significant average strong correlations between sharing negative experience via e-mail and Facebook (R=0,386) and e-mail with Google Plus channel. Though the second one is stronger (R=0,401). Correlation doesn’t point out which activity (e-mail or a message on a social network) happens first, but even 82% respondents pointed out that they would never share negative experience in bars or clubs via e-mail. 75% wouldn’t share positive experience as well. This data shows that e-mail as a communication channel to share experience in clubs and bars is basically an unused activity. On the other hand, social networks, especially Google Plus are also quite rarely used for sharing negative experiences. This can be related to the concept of personal image and the idea that messages on the social networks are public. There exists a strong statistically significant correlation (R=0,496) between point whether users will leave a negative comment on the Google Plus Page of the bar, and whether they will leave a negative comment on their
own blog. It can be concluded, that users engage more often with several channels in order to share information with other people. Correlation between whether the person will leave a negative comment on the Facebook site and whether he will write a comment on his blog is also statistically significant but less stronger (R=0.341). Average usage of Google Plus in Lithuania is far lower than the usage of Facebook, but the users that have Google Plus accounts tend to use more communication channels than Facebook users.

![Figure 3. Average channel preferences while communicating negative experience in bars and clubs](image1)

![Figure 4. Average channel preference while communicating positive experience in bars and clubs](image2)

While choosing channels that the users tend to use in order to share information about the preferred bars and clubs, the priority is given to personal communication (average – 5.66). Females prefer this channel more than men (average Likert scale score is 5.68 for females and 5.59 for men). Second most preferred channel, which is used to share information about the preferred bars – Facebook social network (average score 3.67). According to the research data females prefer this channel more than men (average score – 3.96). For men second priority is a call on the phone (average score 3.37). Females who have participated in the research are less likely to share information about preferred bars or clubs over the phone.
on their websites. The least used channels are e-mail (average score – 1,56) and Google Plus social network (average score is 1,44). These channels are least popular both among men and women. When sharing positive experience there exists a statistically significant average strong positive relation (R=0,388) between whether would share positive information about bars and clubs with their friends and whether they would share negative information about bars.

**Application of cluster approach on developments of bars and clubs**

One of the new theoretic approaches that haven’t been so far very often used in scientific research is the combination of cluster economy and marketing. According to A. Kamarulzaman and N. Mariati (2008), economics researchers Scott (1998), Amin and Thrift (1994), Harrison (1992), Harrison, Kelley, and Grant (1996), Markusen (1998), and Asheim (2000), while discussing cluster phenomena they haven’t clearly defined them as clusters, but rather as “local industry specializations”, “spatial economics agglomerations” and similar. It is also important to note that the units form in industrial neighborhoods and the ideas was to focus more on the new industrial locations, theoretic approaches of production, networking and lifetime learning regions. But the approval of the earlier proposed definitions was slow and at this point the best known and most widely used definition of cluster is proposed by Harvard professor M. Porter (1998) – “geographically concentrated group of companies that are interrelated and performing in a clearly defined field of activities”. Networking is also greatly important, and as noted by A. Stalgiené (2010), organizational synergy is essential for clusters.

In order to identify the relation between the clustering elements in Islandia / Vilnius streets, the survey respondents had to pint out the priorities that matter when making a decision where to party on the weekend. 253 respondents participated in the survey and the survey mostly contained Likert scale questions which had an aim to identify the main factors that help making a decision where to go out. Among the possible answers was the location of the bar, entrance fee, location of the bars in neighborhood, active attendance of peers and foreigners, variety of drinks and option of purchasing a group ticket for more than one bar at a time. While analyzing research data, it was noticed that there is a strong positive statistically significant correlation (R=0,657) between whether the bar is selected based on how often the news are updated online and whether the bar has a Facebook page. In general, it is very important for users that bars and clubs actively post updates – more of half respondents mentioned that this information channel is important while selecting places to go out. In order to estimate how the user preferences will shift towards the active information updaters online based on the increase of Facebook pages among bars and clubs, linear regression function was conducted: Y=bx+a: Y=0,637x+2,102.

There is an average strong positive correlation (R=0,365) between whether the bar is located in the old town and whether the decision is made based on how close other bars are. 60% of respondents pointed out, that while choosing a bar, a decision is made based whether it is in the old town. Research results also showed that with the increased amount of the bars in the old town there is a chance that more of them will prefer the bars which have other bars in the close neighbourhood. This explains the popularity of the Islandia / Vilnius streets which is increasing with every additional bar that opens in the neighbourhood. In order to estimate how the user priorities might shift based on the neighbouring bars and whether the bars should be in the old town, the linear regression function was conducted Y=bx+a: Y=0,350x+2,049.
Correlation between whether the bar is chosen based on the location in the old town and whether there are people queued up next to the bar is statistically significant but weak. Similar correlation is observed between whether the bar is selected based on its location in the old town and whether the person has attended the bar before. This means that there exist a positive correlation between these variables but it is weak. Therefore the tactics used by bars and clubs to limit the entrance to the bars so that it would seem that there are many people queued up outside might work in the short run, but in the long run it has no significant positive impact when customers consider where they should spend the night out.

There is an average strong correlation between whether the bar is chosen based on the entrance fee criteria and based on whether there are other bars in the neighbourhood (R=0.439). A presumption can be made that persons who care about the entrance fee are more likely to spend an evening where they can find more bars or clubs in the neighbourhood. This is an important note for bars and clubs if their target group is consisting of price-sensitive persons – these bars should offer their clients an option to select among several bars after arrival to the neighbourhood. It is quite rare in Lithuania to enter more than one club with a joined-price ticket, but this variable is quite important for the respondents – even 30% respondents would agree to pay additional fee for the possibility to enter more than one club with the same ticket.

Clustering processes of Islandia / Vilnius streets has a positive impact of the positive comments of the prior visitors. While analyzing the research data it was noticed that while choosing the bars to attend, the priority is given to those bars, which were recommended by friends. Other, less significant variables are whether the person has been before in the bar or whether he can choose from large variety of drinks from the menu. Attendance of peers, free entrance and active advertising online are even less significant factors when taking decisions whether one should attend the bar or not. The least important factors that have impact on the attendance are personalized offerings received via e-mail, SMS and whether the bar has uploaded videos to YouTube.

Conventional management states that one of the key success factors for any organization is its ability to exploit own information technology and innovation potential. Use of information technologies in the entertainment business usually stands for use of social network channels or search engine optimization. The main social networks worldwide at this point are considered to be Facebook, Twitter and YouTube. Out of all bars and clubs in Islandia / Vilnius streets none of them has Twitter accounts. Piano Man and Gringo pub bars have their Facebook pages. None of the earlier mentioned bars has its own YouTube channel. Conventional marketing approach would suggest that Gringo and Piano Man should have their Twitter accounts, YouTube channel where users could subscribe, but as daily users anyway get confronted by 5000 commercials on daily basis, (Silverman, 2007), fact that Gringo and Piano Man doesn’t have YouTube channels only pushed the users to create the content online by themselves. Instead of being consumers they turned into so-called “prosumers” who dictate what the image of the brand other users will see. This is risky, especially taken into account that the most widely used online marketing solutions usually are free anyway. During the research it was tried to estimate what is the impact of the social networks and Posts/statements of other prosumers on the social networks.

Impact of social media channels on the choice of bars and clubs

There is no correlation between whether the club or the bar was selected based on if it has previously uploaded a YouTube video and whether the bar was chosen based on the friends recommendations. Overall, according to the research data, videos uploaded online to
YouTube have no impact on the choice made to attend the bar or the club (even 53% of the respondent state that this channel has no impact on their choice). There is a statistically significant positive weak correlation (R=0.260) between the respondents, who make the decision based on whether they can dance in the bar and respondents who would share YouTube the videos where they would find themselves. There is also a statistically significant positive weak correlation (R=0.276) between respondents who care who make the decision based on whether they can dance in the bar and respondents who would share Facebook videos where they would be tagged. In both cases of correlations the users tend to avoid sharing personal videos over YouTube of Facebook and are likely to avoid this mean of communication. There are some minor cases like with Harlem Shake when users intentionally shared personal videos online, but in most of the cases Lithuanians are quite conservative and are willing to separate personal life from public.

The correlation between the respondents who more often attend the bars that post updates online more frequently and those who would prefer the bar which has uploaded some videos to YouTube is positive and statistically significant, but weak.

In theory Internet provides an opportunity for traders to avoid geographical barriers and to trade wherever at any time. Internet market can become more effective than conventional bricks-and-mortarts market (Ghose et al. 2006). On the other hand there exist a theoretical information asymmetry which is quite important in the online market: both seller and buyer side (Dimoka and Pavlou 2008; Ghose 2009). In academic literature the lack of information and trust are considered as main variables (Pavlou et al. 2007), and the variables that are related to the strengthening of salesperson reputation are often dominant (Dellarocas, 2003). Both Piano Man and Gringo bar use social networks, have their Facebook sites, where users can leave positive and negative comments about their experience. This is a great practice which is recommended to be taken over by other bars and clubs. Research shows that even if the user doesn’t discuss about the brands, their passive support on Facebook strengthens the opinion of potential customers about the brands. During an experiment with undergraduate students, they were presented with Harvard Business case on the e-shop selling wallets. Later same students were presented with the company Facebook site which had 2000 “Likes”. If the case study strengthened student’s trust in the brand, the low quantity of “Likes” significantly reduced it. It is crucially important not only to have the accounts of social networks but also to actively create content and motivate the users to return for updates.

When identifying the factors that matter while choosing a bar or club, respondents stated that the main factors that play role are free entrance, whether they can dance in the bar and whether the club was personally recommended by friends. It is also important whether the bar is active in the Internet based social networks.

All these elopements can be achieved if the bars will be actively creating the content online, publishing it and let the users share it. One of the main recommendations on what the bars should be avoiding is sending mass e-mails and undesired short messages (SMS). These marketing strategies are treated greatly negative. There is a statistically significant average strong positive correlation (R=0.607) between respondent reaction towards promotional e-mails and promotional short messages. In both cases users prefer those bars that don’t send promotional short messages or promotional e-mails.

Interesting difference between the users of Facebook and Google Plus social networks comes with statistically significant average strong and strong correlations between the overall channel use while communicating to other persons and complaining about the service quality on the bars sites in these social networks. Correlation between whether the customers will report an unpleasant interaction in the bar over Facebook and will leave a negative post on
the bar’s Facebook site is average strong (R=0.584) and the correlation between the people will report an unpleasant interaction in the bar over Google Plus and will leave a negative post on the bar’s Google Plus page is strong (R=0.788). This difference shows that the users of Google Plus are more engaged in different means to exploit the channel than just communicating with other friends – they also interact with the social profiles of other social groups. On the other hand, despite all the level of interaction of Google Plus users, this channel is used by only 16 percent respondents and Facebook is used by 97 percent of them. The difference is more than four times.

If we returned to the Zero Moment of Truth, which happens while the user seeks information about the product and is seeking for reviews, this mainly happens while using search engines. During the survey university students pointed out that despite their gender 90% of them before purchases of expensive goods have read reviews online and looked for the opinion of the online experts or the users who have purchased the item prior to them. Large part of information was acquired while using search engines. Students were looking not only for the information on the expensive items but also for the info on the places to go at night. Among the search engines the dominant one at this point is Google. Second largest engine is YouTube and Yahoo with Microsoft Bing follow their lead. There exist a strong statistically significant negative correlation (R=-0.512) between the intensity of search online and the types of smartphones that the respondents had. Most active with their search online are the users of Android and iOS smartphones. The least active online searchers are the feature phone owners. Windows and Blackberry OS phone owners seek information online more often than the feature phone owners but less frequently than Android or iOS phone owners.

Correlation between respondents who attend more frequently to those bars and clubs which actively promote information about their events online and those who would prefer the bar or club which would send info about special offers is positive and statistically significant but weak. There's also a statistically significant average strong correlation between respondents who more frequently attend the bars, which actively promote their events online and those who would prefer a bar if their friends would share the special event with them over Facebook. This data lets us make recommendations that bars and clubs should actively create content online, especially on Facebook, as even 97% of respondents were Facebook users. All of the respondents were using Google, Yahoo or Microsoft Bing in order to conduct searches. Zero Moment of Truth concept states that the user starts gathering information on the product far prior to visiting the physical bricks-and-mortar store and during this visit the customer quite often has made up his mind on the product. It would be recommended for the companies to use advertising tools which allow the user to the product right at that time when the search online is conducted (using Google AdWords or Microsoft Bing Ads services). According to the opinion of the research participants, the worst and most annoying online marketing tool is e-mail because due to the filtering system, most of these e-mails get into junk folder and those that don't, create a negative opinion about those who sent this kind of e-mails. Even 75% of respondents would certainly not share their experience about bars and clubs with their friends over e-mail and nearly 50% of them for sure wouldn't chose a bar for weekend which has informed them about it via e-mail.

The most accepted the respondents are towards the information that their friends shared with them online via social networks. Even advertising messages received from the close friends are rated not as bad as informative messages received from the unknown source.
Conclusions

With research conducted it was noted that majority of Vilnius bars and clubs have their personal websites or their own Facebook page. Despite the fact that most of the studied bars don't use neither Google AdWords nor SEO, Islandia / Vilnius Street has become one of the most attractive places for the young generation to spend their nights.

Understanding of viral marketing techniques, clustering principles and the right use of information technologies are considered to be vital. All of this has encouraged informal intergroup communication which also strengthened because of constant Islandia / Vilnius street learning from their clients. Consumers here are considered to be prosumers. Because of constant increase of bars and clubs in the neighborhood the customers have a choice to change the bar to a more preferable one at any time and the bars can't just ignore the customer expectations.

Research showed that at this point the customers tend to choose their bars and clubs based on the following most important factors: entrance fee, variety of the drinks, location of the bar and a possibility to dance. It is also important that the users are indifferent towards whether the bars has uploaded videos online to YouTube and most of them have never recorded videos using their smartphones and afterwards uploaded those videos to Facebook. The percentage of users who conduct search using smartphones is growing and these users care about constant information updates online. Despite the social network user growth, the main channel that users tend to trust stays personal recommendations and the least tolerated mean of channels for the bar and club advertising are e-mails and short messages (SMS) – information received over these channels is usually considered as mass-scam.

Suggestions

Bars and clubs should utilize social media marketing channels but they should understand that customers cherish their privacy and are not willing to sacrifice it for the sake of bar’s promotion.

Word of mouth is still the most used mean of communication while sharing both positive and negative experiences. Bars and clubs should utilize this channel in order to promote their business using the most trusted source at this point available – actual live friends of the potential clients.

Customers are little likely to share negative experiences online. Therefore bars and clubs should ask their customers to fill in the response forms which will be accessible by everyone online.

Price sensitive customers tend to prefer bars and clubs that cluster in the neighborhood, therefore bar and club owners should open their bars closer to the ones that are already open.

Price sensitive customers prefer bars that provide joined ticket to enter more places with extra fee, therefore bars and clubs should consider cooperating with neighbors and provide this service for the customers.

E-mail and SMS messages with offers from bars and clubs are treated as spam and therefore both bars and clubs should avoid using this channel to communicate their proposals. Users accept proposals received over Facebook much more open and are likely to follow them if their friends share the bar and club Facebook events.

References


Aurimas Paulius Girčys is a PhD Candidate at Vilnius University with a Master's degree in Public Policy from KDI School of Public Policy and Management in South Korea. Aurimas is an assistant professor at Mykolas Romeris University, taking interest in the fields of marketing and strategy.