

EXAMINATION OF THE FEATURES OF LATVIAN SOCIAL NETWORKS FOR ENSURING COMPETITIVENESS

**Aleksandrs LARIONOV¹, Sandra MURINSKA²,
Anda ZVAIGZNE³**

¹ Mg.soc.sc., Rezekne Academy of Technologies, Rezekne, Latvia

² Dr.sc.comm., assistant professor, researcher, Rezekne Academy of Technologies, Rezekne, Latvia, e-mail: sandra.murinska@rta.lv, phone: +371 26156880

³ Dr.oec., associated professor, leading researcher, Rezekne Academy of Technologies, Rezekne, Latvia, e-mail: anda.zvaigzne@rta.lv, phone: +371 26307669

Abstract. *In the era of information, the global network has become one of the ways for expanding entrepreneurship and, consequently, various kinds of network services have emerged as well. Social networks provide the spread of information, the positioning of a company and the company's communication with its clients. There is competition among such service providers, their services are diverse and the social networking opportunities offered are increasing; accordingly, the present research analyses opportunities to raise the competitiveness of social network services. The research aim is to perform an examination of the features of social networks in Latvia for ensuring the competitiveness of the social networks.*

The research focused on the social networking features of and the opportunities offered by the following social networks: draugiem.lv, facebook.com, ok.ru, vk.com.

The research employed the following methods: analysis and synthesis, induction and deduction, the monographic method, document analysis, the graphic method and the sociological method – a survey.

The competitiveness of social networks is mainly determined by the functional diversity and innovations of the social networks. Any social network company has to use innovations to outperform its competitors in an oversaturated market by means of providing new networking features.

Keywords: *competitiveness, competitive advantages, social networks.*

JEL code: *M10*

Introduction

The presence of the global network in daily social life is very obvious – studies on the consumption of global network services prove it. In 2016, approximately 80% of the population of Latvia could be found and reached on the global network. The latest studies show that better reachability is observed in small countries in particular, which indicates that the population of Latvia are active Internet supporters and users. In 2016, 1 430 000 active Internet users were reported a month; about 800 000 individuals used the Internet in their computers, while roughly 400 000 used it in their phones and/or tablet PCs. These data are approximate, as part of the population used the Internet both in their computers and in some of their gadgets – phones,

tablets etc.; for this reason, the data overlapped (Biznesa augstskola Turība, 2016).

According to the Harvard Business Review 2015, 80% of the managers of the world's largest corporations were engaged online and had social networking sites (Hyder, 2017). This means that social networks are a popular means of communication not only in the social life among family members, acquaintances and friends but also with entirely unknown individuals as well as an important component of company activities and other processes. Digital marketing specialist Shama Hyder pointed out that a considerable change had occurred since 2010 when only 36% of the managers were "social". However, in the modern world, a strong leader has to learn not only how to follow social environment streams but also to make a difference and develop. The mentioned activity of corporation managers also requires social network owners to act in order to be able to compete in the Internet environment. However, it is also important that social media, especially social networks, are a tool for enhancing the competitiveness of other companies.

The key function of social media and therefore social networks is to provide the flow of information in various ways: "Following, friending, subscribing, sharing, and retweeting are just a few types of practices of engagement with users and content that determine how information flows in social media spaces. Using social media, any individual can subscribe to a wide range of information sources, traditional and others, and can potentially become a source of information for many others. Alternatively, users can also use these social spaces to re-create and reinforce traditional-hierarchical structures by continuing to rely on just a few information sources or by choosing to limit interactions to a select group of similar others. Patterns of connections among users within social media take the form of social networks. The structure of a network is an indicator of its unique patterns of information flow" (Himmelboim, Smith, Rainie, Shneiderman, Espina, 2017).

Even though communication technologies are used in the process of supply of information, the role and participation of an individual is emphasised: "In the traditional model, commercially – produced works such as books, television, and film were the raw materials we socially evaluated, interpreted, and used. In the new model, however, our thoughts, tweets, and inside jokes are themselves the raw materials that become monetized. It's not that Facebook and Twitter finally allow us to be social, but that these new mediums are wholly dependent on our sociability" (Childress, 2012). This means that the individual him/herself has changed the kinds of communication and the individual is the one that shapes the content, while the network performs the function of cooperation – it spreads the

information. For these reasons, competition among social networks is determined by the number of users and their activity.

The research aim is to perform an examination of the features of social networks in Latvia for ensuring the competitiveness of the social networks.

To achieve the aim, the following specific research tasks were set:

- to examine the theoretical aspects of company competitiveness and the ways of enhancing it;
- to identify the most popular social networks in Latvia and to perform an examination and a comparison of their features for ensuring the competitiveness of the social networks.

Research hypothesis: to identify whether the scope of features of the most popular social networks in Latvia is broad enough for ensuring the competitiveness of the social networks.

The research employed the following methods: analysis and synthesis, induction and deduction, the monographic method, document analysis, the graphic method and the sociological method – a survey.

The research used the theoretical findings of foreign scientists, Internet resources and survey data.

Theoretical aspects of company competitiveness and the ways of enhancing it

There are various theoretical models that assist a company in enhancing its competitive advantages. Advantages a company has over other market actors or competitors are called competitive advantages (Kay, 1995).

Research studies on competitiveness refer to K.Ohmae's model that is based on trilateral relations among a firm, a target audience or clients and other firms – competitors. Ohmae's model is called the "3C" model. In the opinion of the author of the model, three key market actors – a buyer, a competitor and a firm – have to be analysed by using a "3C" strategic triangle. This technique assists a firm in developing a business strategy and sustainable competitive advantages (Ohmae, 1982).

J.Kay, an English economist, writes that the specific potential of a company and the use of this potential creates competitive advantages for the company. There are three kinds of specific potential of a company:

- 1) "organisational architecture";
- 2) "reputation";
- 3) "innovations" (Kay, 1995).

It is known that companies being innovative and persistently developing the qualities and quality of their products as well as using the newest technologies gain higher competitive advantages in their industry. Innovations also reduce costs and allow a company to lower prices on its

goods or services without an effect on its profit or even make a higher profit (Ohmae, 1982).

Such authors as V.Cespedes, A.D`Aveni and C.Lavelock point out that nowadays the intensity of competition increases persistently. This could be explained by an increase in market actor professionalism, the application of new global approaches and strategies, technological progress, market deregulation and overall globalisation that contribute to the globalisation of competition as well (Vandermerve, Lovelock, 1994).

One of the prerequisites for increasing the competitiveness of a company is the development of a strategy that is one of the basic functions of management; besides, the term strategy has to be referred to organisational activity and the kinds of management that could be employed to perform organisational tasks and achieve the goal of the company in relation to enhancing its competitiveness. One can distinguish seven forms of strategic management as effective ideas of competitiveness management for a company (Иванова, 2011).

Competitiveness enhancement management in a company is a kind of organisational management that is based on the human potential of highly motivated employees as the foundations of the organisation; it involves comprehensively developing relations with consumers to satisfy their needs through producing goods and services at a level that is close to ideal; it implements elastic regulation and modern changes in the organisation, which are in line with the pressure made by the surrounding environment and allow gaining competitiveness advantages that, in general, allow the organisation to survive and achieve its goals in a long-term. Identifying key success factors is one of the main priorities in designing a management strategy for enhancing the competitiveness of a company. The factors can serve as cornerstones in designing the competitiveness enhancement strategy, even though they could differ from industry to industry. Usually, three or four factors are specific to any industry, while one or two of them are the most important ones, and an analysis of the factors has to highlight them. The key success factors and the elements of the factors are enumerated below. Many of the factors are important for social network companies as well.

- 1) Factors related to technology: competence in relation to scientific research (research-intensive industries in particular); capability to introduce innovations in production processes; capability to introduce innovations in products; experts' role with regard to a specific technology.
- 2) Factors related to production: low production cost (economies of scale, effectiveness of build-up experience); product quality; high capital productivity; production facility locations guaranteeing low

costs; availability of an adequate and qualified labour force; high labour productivity (in labour-intensive industries in particular); low designing cost and technical support; production flexibility in case models and sizes change.

- 3) Factors related to distribution: a strong network of distributors/dealers; an opportunity to get revenue from retail trade; a distribution network of the company itself; fast delivery.
- 4) Factors related to marketing: a well-tested way of selling; convenient and available technical maintenance service; accurate execution of buyer orders; a broad assortment of goods; commercial art; attractive design and packaging; warranty.
- 5) Factors related to qualification: excellent talents: quality control know-how; design specialists; technology specialists; capability to create an accurate and clear advertisement; capability to produce a new product and spread it in the market fast.
- 6) Factors related to the organisation's opportunities: excellent information systems; capability to react to any change in market conditions; a competent management and know-how management.
- 7) Other factors: a favourable, positive image and good reputation; self-awareness as a leader; a convenient location; pleasant and kind service; access to financial capital; patent protection (ИВАНОВА, 2011).

Since social networks provide the flow of information, the content of it has to be referred to as an important factor. People's selectivity in choosing media is increasing. This choice is increasingly context dependent. Only the most appropriate medium for a particular need in a specific context will draw attention and invite to use it (van Dijk, 2006).

In view of all the above-mentioned factors, it is possible to develop an effective competitiveness enhancement strategy that is based on increasing the effects of positive factors and decreasing the effects of negative factors in the organisation's activities. The environment of social networks and communication is characterised by researchers as multifaceted, and it is organised by a number of actors: "The producers of communication networks operate on a market that is characterised by a convergence of formerly independent networks of tele-, data and mass communication that stimulates horizontal concentrations. The distinctive layers of these networks (infrastructure, transport and services) spur attempts of vertical concentrations by general media companies" (van Dijk, 2006).

Since an assessment of product and market opportunities as well as the competition situation for a company is performed at the analytical stage, the most appropriate strategy for enhancing the competitiveness of the company is determined based on all the factors (Šatrevičs, 2016). A number of

conceptual modules (matrixes) that assist companies in formulating market management strategies for enhancing their competitiveness have been developed, provided that the modules are applied adequately.

Any company, including any social network company, chooses its own competitiveness management strategy based on the situation in the industry. For example, sociologists have assessed the role of the social network Facebook in research: “Facebook isn’t just writing on friends’ walls, polking people and posting pictures: social scientists are using it as an innovative research tool. Facebook is a treasure trove of sociological data. Going beyond self-reporting, social scientists can actually observe how networks take shape over time. The social networking site also provides data on many aspects that could influence friendships, like the region of origin, high school, and interests” (H.N., 2011).

After analysing the success factors, the development of a competitiveness enhancement strategy for a company allows identifying the direction and the way how to move towards the goal, while the implementation of the strategy and its correction create conditions for the company to implement its development strategy based on its competitive advantage.

Comparison of the features of the most popular social networks in Latvia

The most popular social network in the world in 2017 was Facebook. The Russian social network VK (“vkontakte”) was in second place, followed by Ozone – the most popular social network in Asian countries. Figure 1 shows a popularity map of social networks as of January 2017.

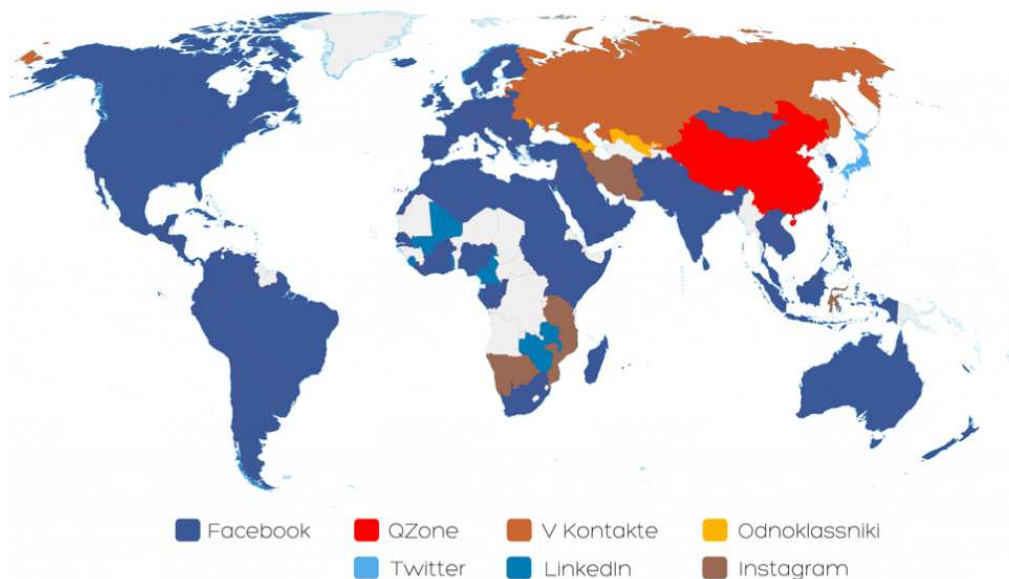


Fig.1 Popularity map of global social networks as of January 2017
(source: *World Map of Social Networks*)

To identify the popularity and competitiveness of social networking service companies as well as the features they provide, 399 randomly selected residents of Latvia were surveyed in the spring of 2017. The survey was conducted using a Google form. Figure 2 presents the percentage distribution of social network accounts of the surveyed Latvian residents.

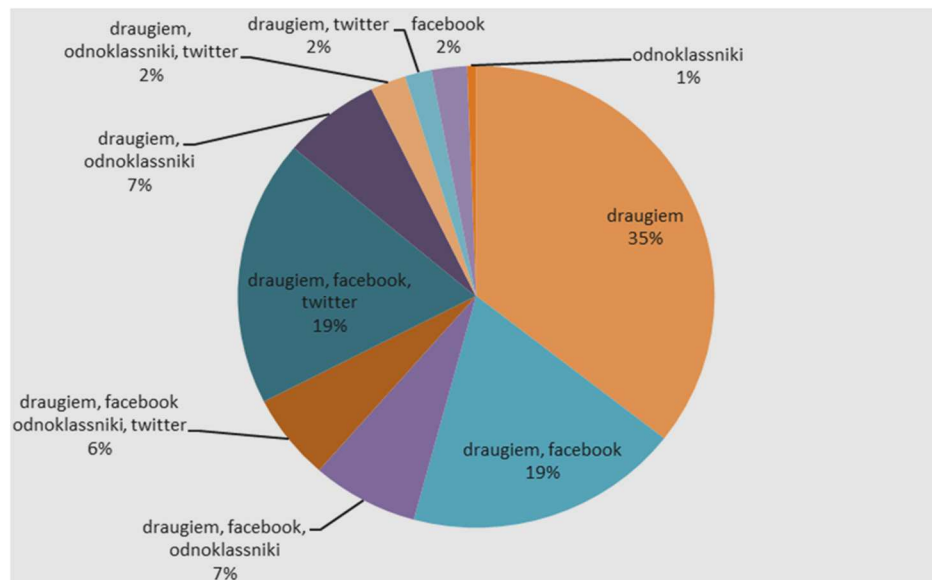


Fig.2 Percentage distribution of social network accounts of the surveyed Latvian residents in 2017 (n=339) (source: Larionovs, 2017)

As shown in Figure 2, 35% of the surveyed residents of Latvia had an account only in the social network Draugiem.lv. Of the surveyed residents, 19% had accounts in Draugiem.lv and Facebook, 19% in Draugiem.lv, Facebook and Twitter, 7% in Draugiem.lv, Facebook and Odnoklassniki, 7% in Draugiem.lv and Odnoklassniki, 6% in Draugiem.lv, Facebook, Odnoklassniki and Twitter, 2% in Draugiem.lv, Odnoklassniki and Twitter, 2% only in Facebook and 1% had an account only in Odnoklassniki.

The survey data allow concluding that only a third of the respondents income earners (employees, working pensioners and working students). Most of the respondents had a computer at home. The surveyed residents were mostly young individuals aged up to 25, had unfinished primary or secondary education as well as finished secondary education (educational attainments could be explained by the age of the respondents). Of the respondents, 84% used a computer every day. Only 10% used a computer one a week, 3% once a month and 3% did not use it at all. Of the respondents, 86% were registered in social networks, and the most popular ones were Facebook and Draugiem.lv. Most of the respondents published several photos in their social networks and had a lot of “friends”. All the surveyed individuals did not pay attention to Internet security and did not change their

password regularly; almost half did not do that at all. This is a problem, as any social network has to be secure, and its users have to be actively engaged in maintaining the security of their profile.

In the present research, an analysis of competitors was based on an examination of various features that provided the popularity and competitiveness of the social networks. Table 1 presents information on the user features of the analysed social networks.

Table 1 Most popular features of social networks for ensuring the competitiveness of the social networks in Latvia in the spring of 2017
(source: Larionovs, 2017; draugiem.lv; facebook.com; ok.ru; vk.com)

Category	Features	Facebook	Draugiem.lv	Odnoklasniki	VK
Profile	Personal settings	Yes	Yes	Yes	Yes
	Animation	Yes	Yes	-	Yes
	Friend groups	Yes	Yes	Yes	Yes
	Following option	Yes	Yes	Yes	Yes
Text	Long text	Yes	Yes	Yes	Yes
	Text formatting	-	-	-	-
Commenting	Commenting	Yes	Yes	Yes	Yes
	Pictures in comments	Yes	Yes	Yes	Yes
	Comment rating	Yes	Yes	Yes	Yes
	Comment notifications	Yes	Yes	Yes	Yes
Media	Pictures	Yes	Yes	Yes	Yes
	Video	Yes	Yes	Yes	Yes
	Full-size photos	Yes	Yes	Yes	Yes
	Photo albums	Yes	Yes	Yes	Yes
	Photo editing	Yes	Yes	No	Yes
	Tagging friends in a photo	Yes	Yes	-	Yes
Post (timeline) features	Sharing	Yes	Yes	Yes	Yes
	Location	Yes	-	Yes	Yes
	Smileys	Yes	Yes	Yes	Yes
	Spell check	Yes	Yes	Yes	Yes
Other features	Advertising opportunities	Yes	Yes	Yes	Yes
	Chat	Yes	Yes	Yes	Yes
	Video chat	Yes	-	-	-
	Interest groups / associations	Yes	Yes	Yes	Yes
	Events	Yes	Yes	-	Yes
	Games	Yes	Yes	Yes	Yes
	Mobile version	Yes	Yes	Yes	Yes

Table 1 continued

	Private / business webpage	Yes	Yes	-	Yes
	Search	Yes	Yes	Yes	Yes
	Paid advertising opportunities	Yes	Yes	-	Yes
	Music albums (play list)	-	-	Yes	Yes
Total features		29	27	23	29

An analysis of the information shown in Table 1 reveals that Facebook and Vkontakte were more multifunctional than Draigiem.lv and Odnoklassniki. Draigiem.lv and Odnoklassniki had fewer features than Facebook and VK, which were competitors to the former ones. For example, Draigiem.lv lacked such features as location in timeline, video chat and messenger as well as music lists with an option to listen to the most favourite music (this feature was available in VK and Odnoklassniki).

Conclusions and suggestions

1. Companies being innovative and persistently developing the qualities and quality of their products as well as using the newest technologies gain higher competitive advantages in their industry.
2. In 2016, approximately 80% of the population of Latvia could be found and reached on the global network. The most popular social network in the world in 2017 was Facebook. The Russian social network VK ("Vkontakte") was in second place, followed by Ozone – the most popular social network in Asian countries.
3. According to the survey data, 86% of the respondents were registered in social networks, and the most popular ones in Latvia were Facebook and Draugiem.lv.
4. In the research, an analysis of competitors was based on an examination of various features that provided the popularity and competitiveness of the social networks. The hypothesis proved to be true, as the scope of features of the most popular social networks in Latvia was broad enough for ensuring the competitiveness of the social networks. The analysis showed that the social networks Facebook and Vkontakte were more multifunctional (with 29 features) than Draugiem.lv (27 features) and Odnoklassniki (23 features).
5. The competitiveness of the social networks of Latvia is mainly determined by the diversity of their features and their innovations. Any social network company has to use innovations to outperform its competitors in an oversaturated market by means of providing new networking features.

References

1. BARNEY, J. B. (1997). *Gaining and sustaining competitive advantage* (pp. 134-175). Reading, MA: Addison-Wesley.
2. Biznesa augstskola Turība (2016). Informācijai: Latvijas iedzīvotāju interneta lietošanas paradumi. db.lv (*Turiba University. For Reference: Internet Use Habits of Latvian Residents*) (in Latvian). Retrieved February 22, 2016 from <http://www.db.lv/tehnologijas/internets/informacijai-latvijas-iedzivotaju-interneta-lietosanas-paradumi-445753>. Accessed: 10.02.2017.
3. CESPEDES, F.V. (1994). *Industrial marketing: managing new requirements*. Sloan Management Review. pp. 45-60.
4. CHILDRESS, C.C.(2012). All Media are Social. *Contexts*, Vol. 11, No. 1, pp. 54-55.
5. D'AVENI, A. (1994). *Hypercompetition*. New York: Free Press.
6. Draugiem.lv <https://www.draugiem.lv/> Accessed: 15.05.2017.
7. Facebook <https://www.facebook.com/> Accessed: 15.05.2017.
8. HIMELBOIM, I., SMITH, M.A., RAINIE, L., SHNEIDERMAN, B., ESPINA, C. (2017). Classifying Twitter Topic-Networks Using Social Network Analysis. *Social Media + Society*, January-March, p. 1-13.
9. H.N. (2011). New and Noteworthy Social Research. *Contexts*, vol. 10, 3: pp. 6-11.
10. HYDER, S. (2017). *The C-Suite's Next Mandate: Social Media Literacy*. Retrieved: <https://www.forbes.com/sites/shamahyder/2017/05/11/the-c-suites-next-mandate-social-media-literacy/#5de1f254e8d6>
11. KAY, J., (1995). *Foundations of corporate success: how business strategies add value*. Oxford: Oxford University Press.
12. LARIONOVŠ, A. (2017) "Sociālo tīklu pakalpojumu konkurētspējas paaugstināšanas iespējas". Maģistra darbs. (*Opportunities to Raise the Competitiveness of Social Network Services. Master's paper*) (in Latvian) Rezekne Academy of Technologies. Rezekne.
13. LOVELOCK, C. (1996). *Service Marketing*. New York: Prentice-Hall.
14. OHMAE, K., (1982). *The mind of the strategist: the art of Japanese business*. New York: McGraw-Hill.
15. OK <https://ok.ru/> Accessed: 15.05.2017.
16. ŠATREVIČS, V. (2016) Stratēģiskās piemērotības novērtēšana ražošanas uzņēmumu attīstības uzlabošanai. Rīga: RTU izdevniecība, (*Assessment of Strategic Appropriateness for Enhancing the Development of Manufacturing Companies. Riga. RTU Publishing House*) (in Latvian) 41 p.
17. VAN DIJK J. (2006). *The Network Society. Social Aspects of New Media*. SAGE Publications: London, New York.
18. VANDERMERVE, S., LOVELOCK, C. (1994). *Strategy and Implementation*. New York: Prentice-Hall.
19. VK <https://vk.com/> Accessed: 15.05.2017.
20. World Map of Social Networks. Retrieved: <http://vincos.it/world-map-of-social-networks/> Accessed: 10.04.2017.
21. ИВАНОВА И. В. (2011). Основные направления повышения конкурентоспособности предприятия [Текст] // Актуальные вопросы экономики и управления: материалы Междунар. науч. конф. (г. Москва, апрель 2011 г.). Т. II. – М.: РИОР, (*Key Directions of Enhancing the Competitiveness of a Company. Topical Issues of Economics and Management: materials of the international scientific conference. Moscow. April 2011*)(in Russian).