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The influence of social networks on consumer relations and the formation of customer habits and choices

Abstract: *The main goal of this research was to examine the connection between the respondents' opinions on the impact of social networks on the formation and improvement of consumer relations and the buying process itself. For statistical data processing, descriptive statistics methods have been applied. The most significant results of the research indicated that almost one half of the total number of respondents believe that social networks are a suitable way*

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to create and maintain the relationship between consumers and organisations. Slightly more than half of the total number of respondents agree that social networks contribute to brand visibility and enable monitoring of new offers. Only one-fifth of the total number of respondents stated that they like to purchase through social networks, while every third respondent stated that social networks do not enable the better and easier purchase of products and services compared to more traditional ways.

Keywords: social networks, social CRM, brand visibility, monitoring of new offers, purchase of products and services.

JEL: M31, M37; D10

Introduction

The authors of this paper define Social Media, based on earlier definitions published in the scientific papers of (McCay-Peet et al., 2017), (Burgess et al., 2017; Hopkins, 2017), as digital platforms and applications built around the convergence of content sharing, public communication and interpersonal connections, which enable individuals, communities and organisations to collaborate, connect and build an e-community.

The common term Social Media refers to various forms of online media such as social networks, blogs, various forums, business networks, photo-sharing platforms, micro-blogs and chat apps, but of late to social gaming (Aichner et al., 2021; Clement, 2019). Authors (Mangold et al., 2009) provided the following division of Social Media, which includes:

- Micro-blogging websites (Twitter, Friendfeed);
- Websites for publishing content with collaborative and creative participation (Wikipedia, WordPress);
- Websites and applications for the exchange of multimedia content (YouTube, Soundcloud, Slideshare, Flickr, Instagram);
- Social networks (Facebook, LinkedIn).

It is also important to emphasise the growing importance of the use of social media for marketing communication between the

organisation and its consumers, according to the results of a recent survey conducted by Pointillist on a sample of 700 marketing professionals and analysts, published in a report titled: "The Definitive Guide to Customer Journey Analytics 2020", of the total number of participants in the survey, as many as 87% responded that positive consumer experience is a "top priority", i.e. that "exceptional customer experience is very or significant to their organisation" (Pointillist, 2020. p.7). The report points out that various tools enable the organisation's offer to be found more efficiently and reach the target audience. Organisations are trying to constantly be up to date with customers and consumers, their activities and desires, and offer them personalised content and experiences (Zunenshine, 2020).

Social media marketing includes a set of marketing activities aimed at creating optimal content, which will positively affect the target group of consumers and encourage them to share their positive experiences about a particular organisation, product or brand, through social media (Ilić et al., 2016; Ilic et al., 2021).

Customer Relationship Management (CRM) is a strategic concept of organisations based on achieving sustainable competitive advantage through gaining, maintaining, and strengthening partnerships with targeted consumers/customers to create and deliver superior value, both for the organisation and the consumers/customers. It is based on initiatives and activities aimed at retaining the existing and attracting new consumers/customers while achieving greater loyalty, and degree of satisfaction, but also profitability that arises from a closer relationship (Ilic et al., 2021; Parvatiyar et al., 2001; Waliet al., 2016). It is based on improving the relationship between the organisation and consumers in fulfilling their expectations, requests, wishes, and complaints (Ilic et al., 2021; Smith et al., 2011).

Social CRM, as an integral part of the traditional CRM concept, is a strategy and business philosophy based on the application of technological platforms and business processes with respect for individual social characteristics, but with a higher degree of consumer participation in creating a transparent business

environment with mutual benefit (Greenberg, 2010; Küpper, 2016; Lokesh et al., 2018; Sophie-Maertens et al., 2015).

Theoretical and literature preview

Research processes and segmentation as the basis of marketing activities (Tasić et al., 2011), and then personalisation in cases where it is possible and cost-effective, have been improved with information from social networks. Social networks have a very positive effect on developing a higher degree of interaction with consumers, moving from weekly, and daily to interacting in real-time, i.e. "minute by minute" (We Are Social & Hootsuite, 2020; We Are Social & Hootsuite, 2021). According to the report (We are Social & Hootsuite, 2021), users (aged 16 to 64 who use the Internet) use Social Media for an average of 2 hours and 24 minutes daily. The respondents said they look for a new product or a brand through the use of social media (26.9%), search engines (31.7%) television advertising (31.3%), reference group recommendations (28.1%), and websites (23.6%), while 26.1% of respondents stated they used social media to find and order certain products. According to the same report, out of the total number of respondents who use social media, as many as 95.7% stated that they had used social networks in the previous month, while 43.4% stated that they use social networks to search and collect information about certain brands. The results were obtained on the question: "How do you typically find out about new brands and products?" during a survey conducted by Global Web Index on 284,929 Internet users aged 16 to 64 and published in the report "Social media trends 2020 report" (Smartinsights.com, 2020), show how social media supports purchasing decisions. The following answers were given in the research: (43%) of the total number of respondents answered that they use social media for online product searches; (27%) discover brands/products by researching through social media ads, while (24%) discover brands/products through social media recommendations (Smartinsights.com, 2020).

According to the latest research, 'We are Social & Hootsuite' (2021), published in 'Digital 2021-Global Digital Overview', the potential number of people who can be effectively reached by using Facebook advertising tools is 2.25 billion, which is (36.7%) of the world population over 13 years of age. Through the social network LinkedIn, it is effectively possible to reach 768.2 million people, which is (14%) of the total world population over 18 years of age.

Their paper (Cai et al., 2016) states that informal communication on social networks is deeply rooted in the human psyche and behaviour. Social networks enable the exchange of various topics and content related to the social network's mission. Due to a lack of control, most people say that social networks are not censorship or restrictions. Therefore, social networks can imitate a democratic form of communication. There are a few rules about the behaviour of participants on social networks. Those rules established in communication on social networks are related to ethical issues, discrimination, protection of participants' privacy and network policy. Personalisation of communication between the business and the individual indicates the undeniable importance of personal and public channels of communication, which then indicates the importance of using and developing "emotional content on public feed", which is necessary to deepen the relationships with consumers (We Are Social & Hootsuite 2020); (We are Social & Hootsuite 2021).

The main benefits that the application of Social CRM brings to the organisation, according to the author (Zunenshine, 2020), include faster customer service; creating new and closer relationships. According to one of the world's leading IT companies, (Salesforce.com, 2020), the main goal of the Social CRM concept is the inclusion and exploitation of social media, especially social networks, together with traditional communication channels, allowing users to communicate with the organisation through their favourite channels. Also, according to (Salesforce.com, 2020), the critical importance of Social CRM is to provide customer support on the online platforms that users use; more efficient problem solving by monitoring complaints on social

media; a more efficient process of finding, motivating and rewarding consumers who promote our brand and our organisation; raising the visibility of the brand and organisation on the most visited social media; improving partnerships and interaction with consumers, customers and clients in real-time.

Social CRM is an integral part of the traditional CRM concept, it is necessary to apply new methodologies, technologies and software that enable a more successful service of "different consumers" in "different ways" (Ilić et al. 2016; Ilic et al. 2021; Krstić and Skorup, 2014; Peppers and Rogers, 2004). The importance of the Social CRM concept in achieving a sustainable competitive advantage is based on managing detailed and valid information about individual consumers, their comprehensive needs, desires, expectations and relationships with a particular brand or product (Ilic et al., 2021; Kotler et al., 2012). Author (Hui et al., 2019) point out that the analysis of sociological and demographic variables, as well as social relations of consumers, are of great importance for the organisation, especially in the direction of the closer determination of current and future preferences of the target consumer group for a particular brand, products and services. That means the tendency to have a clearer view of "competitive intelligence", i.e., competitive strengths and weaknesses. Successfully implemented new business communication models "largely separate organisations that successfully implement the Social CRM concept from organisations that fail to do so." (Ilić et al., 2016, pp. 205-228).

The advantages of social networks are lower communication costs, greater ease of use compared to other media, the informality of content, personalisation of each consumer, interactivity and availability of personally created multimedia content.

On Social networks, when it comes to individuals, one can analyse the number of followers, the frequency of communication with other network members, the number of comments and expressed attitudes, and agreement with attitudes. Many networks favour members who have many followers, and their influence on forming a general attitude or opinion about a phenomenon, product

or brand can be significant. Data are collected on the interest shown by network users searching or participating in the work of social networks. Social CRM aims to achieve greater satisfaction and loyalty of consumers/customers. One part of this information is the result of the purchase process, and the other refers to the information obtained based on the technological parameters of Internet access.

These are data that can be generated automatically without the knowledge of customers, and the data can tell which network user has accessed the network, what products they have bought so far, what paid ads they have seen, and how long they have stayed. Social data analytics is the collection, quantification and analysis of data from social networks performed to make better business decisions.

In addition to communication with customers, companies' goal is to successfully implement the Social CRM concept and apply various "Data Analytics" techniques and tools. This data analysis aims to find a less noticeable pattern of choice and purchase ("hidden patterns") in customers and consumers. The template formed in this way indicates the elements that have the most significant impact on creating added value for the consumer and the organisation (Goncharovs, 2017).

For more advanced phases of unstructured data analysis, machine learning tools (artificial intelligence) based on an algorithm (applications such as Google Analytics, Hootsuite, Brandwatch, Watson) are used, which can better process texts to understand and quantify attitudes about a phenomenon. In a highly competitive global environment, current technologies can contribute and create an advantage, but they can also slow down business if they are not integrated and used in the right way.

Information on customer attitudes should be the basis for making business decisions in companies that apply the data-driven managerial model (data-driven organisation). The consumer perspective can direct companies towards improving existing and creating new products, building a brand, and efficient forms of communication.

Many social networks use just such data for more efficient advertising. Social networks charge for their ads based on ad traffic. To increase the efficiency of advertising and their income, social networks analyse the communication of users online and, based on that, direct users to specific ads.

Materials and methods

Research aims

This research aims to examine the relationship between the respondents' opinions on the impact Social networks can have on forming relationships between them and organisations and the process of product purchase.

Based on the initial research whose results have been already published in an academic article entitled “Application of the CRM concept to improve sustainable competitive advantage through achieving long-term consumer loyalty” in the *International Journal of Economics and Law*, a review of the contemporary literature, on primary data and goal of this research, the following hypotheses were formed.

Research hypotheses

Hypothesis H01. There is a statistically significant difference in the behaviour of respondents when using social networks to find information about a product or service offer, which arises from the diversity of socio-demographic factors.

Hypothesis H02. There is a statistically significant difference between the respondents of different sexes about social networks' impact on forming relationships with the consumers and product purchases.

Hypothesis H03. There is a statistically significant difference in the respondents' agreement, based on age group, with the statement that as consumers, they believe social networks are a

suitable way to maintain constant contact with the providers (goods and services).

Hypothesis H04. There is a positive correlation between two dependent variables representing the respondents' claims: social networks positively affect brand visibility, and those social networks enable better monitoring of new offers of those providers with whom they already have experience.

Sample

The research was realised from the beginning of February to March 2021 on the territory of the Republic of Serbia. A total of 140 respondents participated in the research, 84 respondents were male (60%) and 56 respondents were female (40%). The respondents who participated in this research, observed according to years of age, were divided into the following six groups: (8.6%) of respondents were younger than 20 years of age, (14.3%) were between 20 and 30, (and 11.4%) were between 31 and 40, then in the category between 41 and 50 years of age were (31.4%), between 51 to 65 were (25.7%), while (8.6%) respondents were in the category over 65 years of age. The respondents who participated in this research were observed according to employment status, the sample included (62.9%) employed, (17.1%) unemployed, (5.7%) high school students, college students (5.7%), and (8.6%) retired respondents. Regarding the acquired education, this sample included (5.7%) of respondents with just primary school education, (28.6%) with completed secondary school, (25.7%) respondents with college or university completed, (11.4%) respondents with a master's degree, while (28.6%) completed doctoral studies. Observing the number of household members, the following data were obtained. Of the total number of respondents (5.7%) live independently, (20%) live in a two-member household, (25.7%) in a three-member household, (34.3%) in a four-member household, (8.6%) in a five-member household, while (5.7%) respondents live in a household with more than five members. From the total number of respondents, according to how many members of their

households earn income, in (20%) of households, only one member earns income, in (62.9%) two members, in (14.3%) three members generate income, while in (2.9%) households four members earn income. Then, the respondents were divided into the following categories according to the amount of monthly personal income: (11.4%) respondents do not earn, (11.4%) respondents stated that their income is below average, (40%) have average revenues, (37.1%) of them realise revenues that are above average. Respondents were also asked about monthly household income and are therefore divided into several groups: (11.4%) of respondents live in a household whose total income is below average, (57.1%) have an average income, (and 31,4%) of them live in households with above-average incomes.

Method

This research was implemented through a questionnaire. The first part of the questions in the questionnaire referred to socio-demographic data about the respondent. In the second part, a group of dependent variables was quantified by claims and evaluated on a 1 to 5 Likert Scale. The mentioned statements examined the respondents' opinions on social networks' impact on how companies run their businesses. For data analysis, were used: descriptive statistics methods, Chi-squared test, t-test, one-factor analysis of ANOVA variance and Pearson correlation coefficient. The level of statistical significance was set at $p < 0.05$, and all obtained data were processed in version 23 of the SPSS program.

Independent variables

Independent socio-demographic variables (predictors) in this research were: gender, age, level of education, number of household members, number of household members earning income, monthly personal income and monthly household income.

Dependent variables

Dependent variables were used to examine the respondents' opinions on social networks' impact on business operations. The

attitude survey was conducted using 11 statements, and the respondents assessed the extent to which they agreed with them on a five-point Likert scale.

Table 1. A list of eleven statements according to which the researched attitudes about social networks' influence on business operations were examined.

1	Social networks are a convenient way to maintain constant contact with providers as a consumer.
2	I think that social networks have a positive effect on the visibility of brands.
3	I think that social networks enable better monitoring of new offers of those providers with whom I already have experience.
4	I like to do shopping through social networks.
5	Social networks allow me to make better and easier purchases than the classic shopping done in stores.
6	I believe that digital media Facebook provides the best relationship with providers.
7	I believe that digital media LinkedIn provides the best relationship with providers.
8	I believe that digital media YouTube provides the best relationship with providers.
9	I believe that the digital media WhatsApp provides the best relationship with providers.
10	I believe that digital media Viber provides the best relationship with providers.
11	I believe that digital media Instagram provides the best relationship with providers.

Source. Authors.

Results and discussion

Table 2. Opinions of the respondents according to eleven statements that explored respondents' attitudes about the impact of social networks on business operations.

		1	2	3	4	5	No response
1.	Social networks are a convenient	8.6%	17.1 %	25.7 %	37.1 %	11.4 %	/

	way to maintain constant contact with providers as a consumer.						
2	I think that social networks have a positive effect on the visibility of brands.	5.7%	8.6%	28.6 %	42.9 %	14.3 %	/
3	I think that social networks enable better monitoring of new offers of those providers with whom I already have experience .	5.7%	5.7%	28.6 %	40.0 %	17.1 %	2.9%
4	I like to do shopping through social networks.	17.1 %	31.4 %	28.6 %	14.3 %	5.7%	2.9%
5	Social networks allow me to make better and easier purchases than the classic shopping	5.7%	28.6 %	37.1 %	17.1 %	8.6%	2.9%

	done in stores.						
6	I believe that digital media Facebook provides the best relationship with providers.	8.6%	22.9%	40.0%	20.0%	5.7%	2.9%
7	I believe that digital media LinkedIn provides the best relationship with providers.	2.9%	20.0%	62.9%	8.6%	2.9%	2.9%
8	I believe that digital media YouTube provides the best relationship with providers.	2.9%	20.0%	57.1%	14.3%	2.9%	2.9%
9	I believe that the digital media WhatsApp provides the best relationship with providers.	8.6%	17.1%	60.0%	11.4%	0.0%	2.9%
10	I believe that digital media Viber provides the best relationship with providers.	11.4%	17.1%	54.3%	14.3%	0.0%	2.9%

11	I believe that digital media Instagram provides the best relationship with providers.	2.9%	11.4 %	57.1 %	20.0 %	5.7%	2.9%
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Source. Authors.

Almost half of the total number of respondents (48.5%) believe that social networks are a suitable way to maintain constant contact with providers, and (57.2%) believe that social networks positively affect brand visibility. More than half of the total number of respondents (57.1%) believe that social networks enable better monitoring of new offers from those providers with whom the respondents already have experience. Slightly less than half (48.5%) do not like to shop through social networks, and (37.1%) are not sure that social networks allow them to buy better and are more accessible than the traditional way of shopping, while (34.3%) think that social networks do not allow better and easier shopping than the classic one. Almost a third of respondents (31.5%) do not think that Facebook provides the best relationship with providers, while most (40%) are undecided on this issue. More than half of the total number of respondents (62.9%) are not sure whether digital media LinkedIn provides the best relationship with providers, (22.9%) disagree, while only (11.5%) believe that LinkedIn provides the above mentioned. The majority is undecided (57.1%) regarding digital media. YouTube (22.9%) believes that the mentioned network does not provide the best relationship with providers, while (17.2%) believe it does. Uncertainty about providing the best relationship with providers also dominates when it comes to WhatsApp (60%), Viber (54.3%) and Instagram (57.1%).

The respondents mostly agree with the statement that social networks enable better monitoring of new offers of those providers with whom they already have experience (3.59), followed by the statement, that social networks have a positive impact on brand

visibility (3.56), while the statement the respondents agree the least with is that they like to shop through social networks (2.59). The respondents stated that digital media Instagram provides the best relationship with providers (3.15), followed by YouTube (2.94) and Facebook (2.91), LinkedIn (2.88), WhatsApp (2.76) and finally Viber (2.74).

Chi-squared test

The Chi-squared test revealed a statistically significant difference (at the level of 0.05) in the use of social networks for gaining information about the providers of goods and services. The difference was revealed with regard to the sex of the respondents $\chi^2(4, 132) = 14,823$, the age of the respondents $\chi^2(20, 132) = 102,869$, the employment status $\chi^2(16, 132) = 121,101$, the level of education $\chi^2(16, 132) = 124,229$, the number of household members $\chi^2(20, 132) = 64,394$, the number of household members earning $\chi^2(12, 132) = 44,212$, monthly personal income $\chi^2(12, 132) = 69,544$ and monthly household income $\chi^2(8, 132) = 17,907$.

Hypothesis H01 that there is a statistically significant difference in the behaviour of respondents when using social networks to find information about a product or service offer, which arises from the diversity of socio-demographic factors, has been confirmed.

T-test

T-test examined whether there was a difference between the respondents of different sexes in the answers to all dependent variables, within which the respondents' opinion on the impact that social networks can have on business operations was assessed.

T-test shows that the respondents differ in terms of agreement with the statement. I believe that digital medium Viber provides the best relationship with providers $t(117,191) = -2,52$, $p < .05$. The results show that women (2.93) agree more with the mentioned than men (2.60).

Sex-related differences were also found in the statement "I believe that the digital medium Instagram provides the best relationship with providers" $t(134) = -2.58, p < 0.05$. The results show that women (3.36) agree with the mentioned statement significantly more excellent than men (3.00). Between the sexes were obtained, no statistically significant differences to assess other dependent variables.

Hypothesis H02, which states a statistically significant difference between the respondents of different sexes and their opinion on the impact social networks can have on forming relationships with consumers and purchasing products, has been partially confirmed.

ANOVA

One-factor analysis of variance (ANOVA) investigated the impact of age on the respondents' opinions on social networks' impact on business operations. According to age, subjects were divided into six groups (up to 20 years, 20 to 30 years, 31 to 40 years, 41 to 50 years, 51 to 65 years and over 65 years).

There are differences between respondents in agreeing with the statement as a consumer, that social networks are a suitable way to maintain constant contact with providers $F(5,134) = 9.06, p < 0.01$, and it turns out that the respondents aged between 41 and 50 agree with this statement more than any other age group (3.82).

Hypothesis H03 states that there are statistically significant differences in respondents' agreement, according to the age groups of the respondents, with the claim that as consumers, they believe that social networks are a suitable way to maintain constant contact with providers has been confirmed.

Correlation

Using the Pearson coefficient of linear correlation, the interrelationship between the dependent variables was examined, which we used to examine the respondents' opinions on the impact that social networks can have on the company's operations.

Table 3. Using the Pearson test, the table shows the interrelationship of the dependent variables.

	1	2	3	4	5	6	7	8	9	10	11
1	1	.774* *	.636* *	.308* *	.422* *	.281* *	.188*	.328* *	.386* *	.204*	.405* *
2		1	.902* *	.205*	.373* *	.193*	.132	.463* *	.284* *	.207*	.260* *
3			1	.236* *	.421* *	.275* *	.173*	.416* *	.211*	.177*	.284* *
4				1	.801* *	.281* *	.307* *	.248* *	.161	-.146	.361* *
5					1	.448* *	.310* *	.370* *	.317* *	-.018	.400* *
6						1	.553* *	.298* *	.314* *	.041	.304* *
7							1	.416* *	.269* *	.142	.587* *
8								1	.726* *	.428* *	.537* *
9									1	.489* *	.434* *
10										1	.270* *
11											1

Source. Authors.

Note: *p< .05; **p< .01

The obtained correlation matrix results, given in Table 2, show that the highest degree of dependence was found between the statements. *I believe that social networks have a positive effect on brand visibility*, and *I think that social networks enable better*

monitoring of new offers of those providers with whom I already have experience ($r=+0,902$, $p < .01$), which means that with the growth of agreement with one statement, agreement with another grows and vice versa.

Hypothesis H04 There is a positive correlation between the two dependent variables that represent the respondents' claims that social networks positively affect brand visibility and that social networks enable better monitoring of new offers of those providers with whom they already have experience, which has been confirmed.

Conclusion

Social networks offer personalised communication in both directions. Social networks offer the exchange of large amounts of data, much like other mass media, and much private information about the customers themselves. Based on the customers' information, habits, and choices, it is possible to define and predict their shopping habits. That has created new challenges in using these individual pieces of information without compromising customer privacy. Artificial intelligence processes this kind of data, which is why visitors get ads about the products, searched for as banners on search engines. That is a targeted advertisement for products that customers have expressed interest in on the Internet. Owners of social networks and sites can have accurate information about the access and search of users on the site. Various internet tools process information about user visits. The information can tell us who accessed the site, how much time they spent there, and what they watched. By accessing the network, the users of social networks provide information about themselves and their needs, even though they are not aware of it. This kind of information is used for other targeted advertising. That connects mass advertising and customers' demands, which no mass media has achieved so far.

Through Social CRM, the traditional concept of CRM has been raised to a higher level thanks to personal (personalised)

interactive communication between buyers and sellers. In Data-Driven Organizations, marketing strategies will be based on higher levels of business analytics that will be the basis for the decision support system. Artificial intelligence processes such information and can make a personalised marketing offer for the network user following what the customer has shown interest in. Customer service in CRM is becoming increasingly automated in communicating with customers. There is a trend showing that communication is becoming automated with the help of artificial intelligence. It is estimated that thanks to the development of artificial intelligence, the human factor will be less and less important in marketing strategy formation.

A small research sample can be cited as a research shortcoming. When forming the sample, care was taken to meet the different demographic characteristics of the respondents.

The results of the research, show that the respondents mostly agree that social networks enable better monitoring of new offers of those providers with whom they already have experience (3.59). There are differences in attitudes according to all demographic characteristics of respondents. With the statement that social networks positively affect brand visibility, (3.56) of the respondents agree, while the respondents least agree that they like to shop through social networks (2.59), which indicates that the respondents use other ways of shopping. When it comes to social media, according to the respondents, the best basis for developing relationships with providers and brands is Instagram (3.15), followed by YouTube (2.94) and Facebook (2.91), LinkedIn (2.88), WhatsApp (2.76) and finally Viber (2.74). According to the cited sources, the social network Facebook is first in the number of users, which differs from the respondents' answers.

Based on the obtained results, it can be concluded that this linear combination of predictors proves to be essential for predicting almost all dependent variables with which we examined the respondents' opinions on the impact that social networks may have on business revenues. According to respondents' responses,

tracking new offers from well-known bidders and brand visibility is in positive correlation

The research results indicate that social networks are a suitable medium for applying the Social CRM concept, and the predictions by reference sources are that their importance will only grow with traditional ways of communication. That is why the growth of advertising costs on social networks is predicted. Social networks use user data to improve the effectiveness of advertising because it is directly related to their income. That opens new questions about the ethics of using personal data for commercial use without the approval of network users.

Given the importance of feedback on the degree of customer satisfaction with communication with providers and delivered products in the Social CRM concept, this area may be the subject of further research. Research can be related to communication and how much customers influence providers' work. The development of new technologies will provide space for more significant interaction between users and providers and a greater possibility of misuse of personal data, which may also be the subject of further research. Future research may explore which of the many types of multimedia content has the most significant effects on communication.

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