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The economic effects of social media in online sales

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Introduction

- Social networks are an extremely simple and efficient source of communication, which brings financial benefits to the companies.
- Social media has an extremely high global impact, managing to change political, economic, or cultural perceptions.
- Social media has the role of strengthening the relations between people, of increasing the economy, but also of affecting it.

The evolution of social media

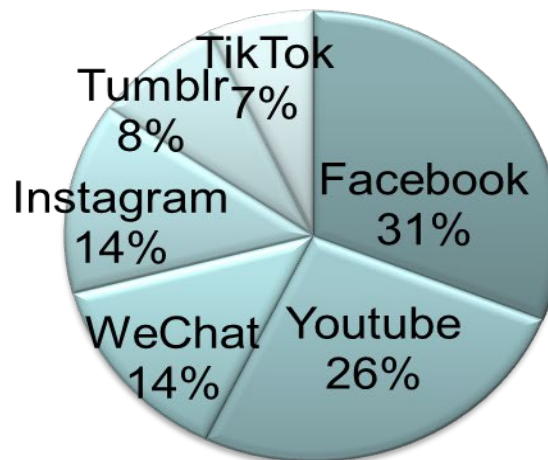
- In 1792, the telegraph was invented for sending and receiving messages over long distances.
- In the late 1800s, test lines were discovered for telephone companies, which had the ability to host the first podcasts and blogs, by entering unused voicemails.
- In the 2000s, social media has taken shape because many sites appeared, thus increasing social interaction for those who had a common interest in music, movies, education.
- Wikipedia appeared in 2000, and LinkedIn, MySpace or Hi5 appeared in 2003. In 2004 Facebook was launched, and in 2005 YouTube and Yahoo! 360.

Current trends in economic development from a social perspective

- Social media, through Facebook, Instagram, LinkedIn, Twitter allows consumers to recommend the products they use to their friends in turn, recommend them to others. In this sense, people buy goods from a cultural economy, gather information about them through Google search engines, which perform dozens of searches in a single day.
- Current trends in the development of economic relations are characterized by increased interaction, digitization of the economy, and globalization.

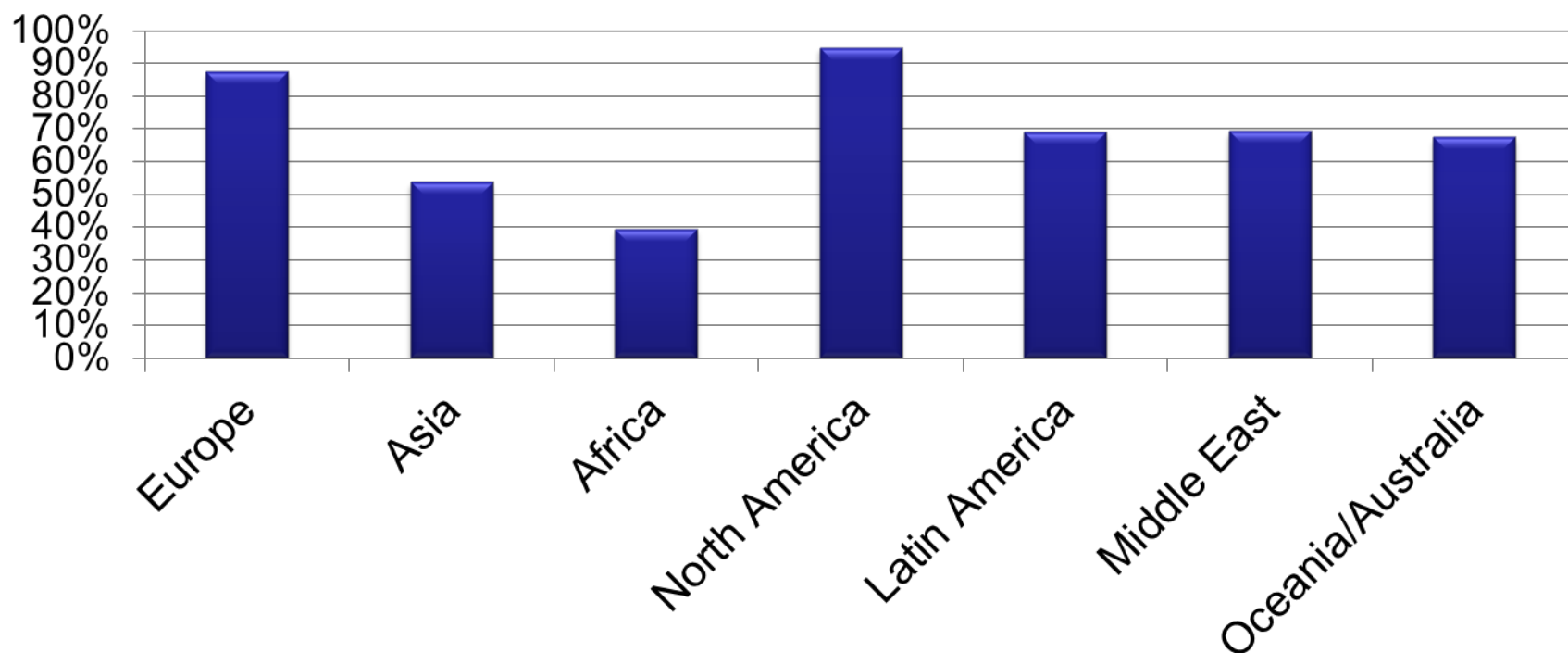
Social media users in 2019 (%)

- For a decade, Facebook has been a leader in the social media market, still holding 2.3 billion users, but over time, five other new platforms have made their presence felt in the online environment, with active over one billion users: Instagram, Youtube, WeChat. At the same time, however, over half a billion people also own TikTok and Tumblr applications.



Source: *ourworldindata.org*

World Internet Users (december 2019 - march 2020)



Online sales are growing, year by year

- Internet sales globally also increased from year to year, so in 2019, consumers spent about \$ 3.46 billion online, which is a significant increase compared to 2018, when they were spent online \$ 2.93 billion.
- Online sales have the fastest growth in the market, estimating that by the end of 2020, online commerce will reach up to 3.5 billion euros.

Comparison between online shopping before coronavirus and during the pandemy

- In the US, online food sales increased due to the pandemy generated by Coronavirus, by 233% in March 2020, compared to August 2019, and online traffic on both websites and social networks increased by about 300%. Also, the traffic in physical stores, it decreased by about 45%.
- In Europe, sales increased in the same period from March 22 to April 4 in the online environment by 44%. Online sales increased in Sweden during the Covid-19 period by 37%, in Germany by 45%, in France with 24%, while in Italy sales also increased by 43%.

The sales of medical supplies have increased

- Sales of subscriptions to digital content on Netflix or Now TV increased with 12.4%. The medical products were the most sought after in the Covid-19 period, so the medical masks were sold with over 300%, and the disinfectant and cleaning products were sold with over 200%.

Online consumer sales (2019)

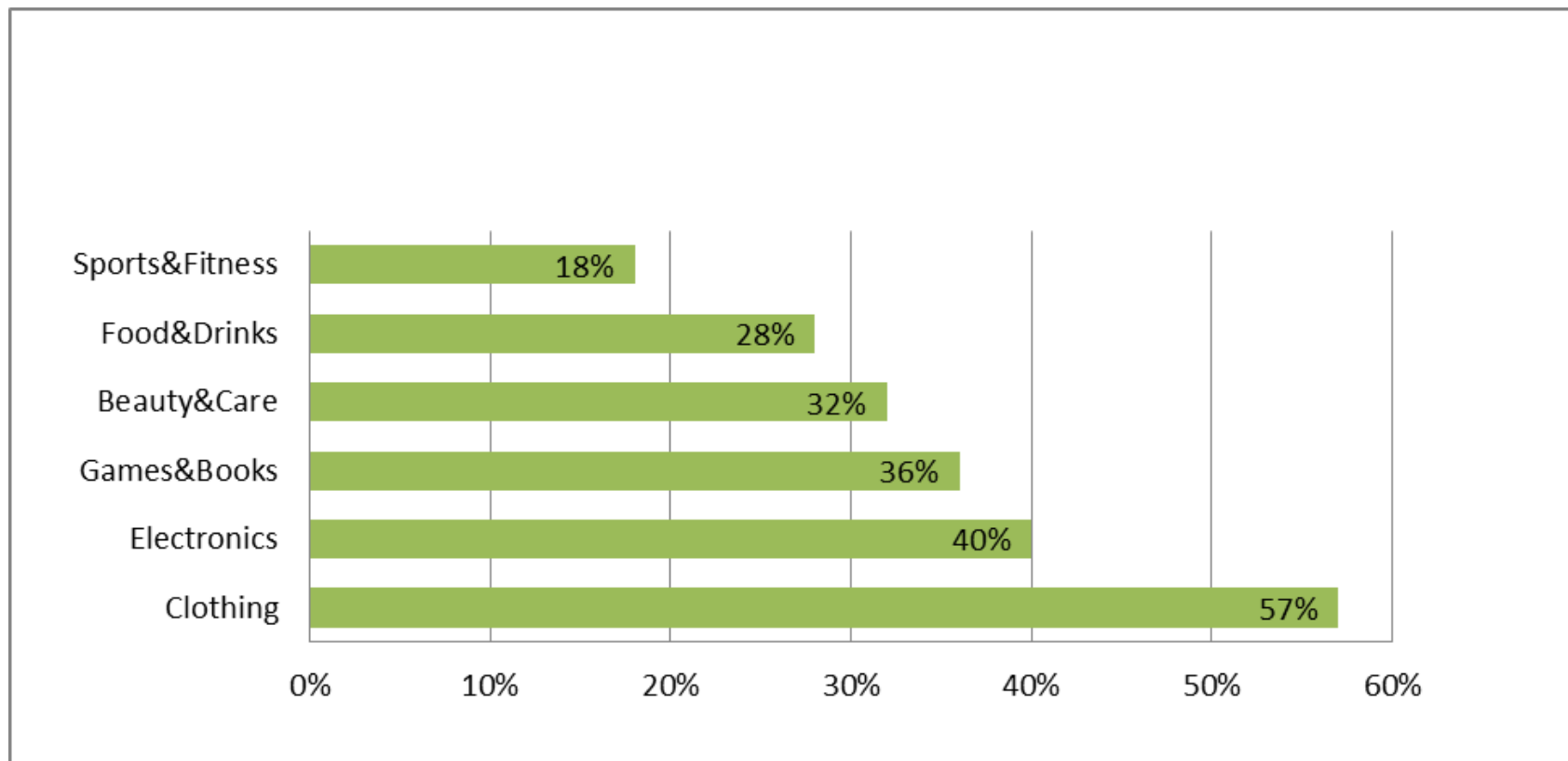


Figure no.3 Online consumer sales (2019)

Online consumer sales (Covid-19)

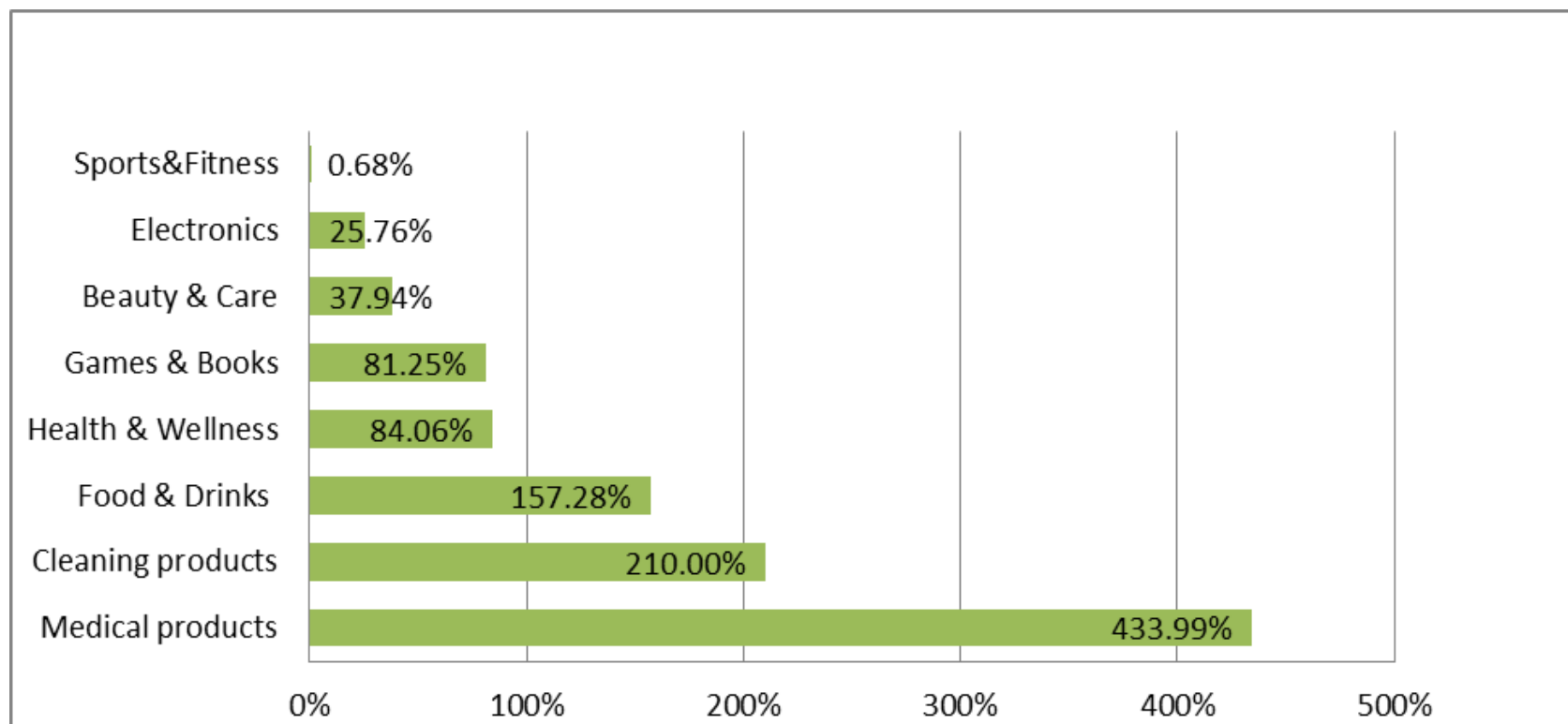


Figure no.4 Online consumer sales (Covid-19)

Online sales in Romania

- In Romania, according to the Romanian Association of Online Stores, the e-commerce sector, at the end of 2019 had exceeded 4.3 million euros. Online sales increased significantly from year to year, and in 2019, they were 22% higher than in 2018.
- After the coronavirus pandemic, it is estimated that in Romania will be an increase of 22% for online shopping.

Conclusions

- The impact of Covid-19 on the economy is quite strong, with adverse consequences on the one hand, but on the other hand, in the online environment, sales have become large enough to avoid congestion in physical stores.
- The shopping applications, websites and internet subscriptions increased quite a bit during the Covid-19 period.
- The 2020 online shopper focuses on purchasing health, medicine, and environmental products, while the online buyer, a few years ago had completely different priorities. In other words, online retailers must constantly adapt to changing industry and trends to satisfy and attract customers.

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Thank you for your attention!