

# Social Media and Business Practices

**Ashish Kumar Rathore**

*Indian Institute of Technology Delhi, India*

**P. Vigneswara Ilavarasan**

*Indian Institute of Technology Delhi, India*

Rathore, A. K., & Ilavarasan, P. V. (2018). Social Media and Business Practices. In *Encyclopedia of Information Science and Technology, Fourth Edition* (pp. 7126-7139). IGI Global.

## INTRODUCTION

In today's competitive environment, businesses are continuously exploring ways by which customers can be better engaged to sustain long-term growth (Aral, Dellarocas, & Godes, 2013). Because of the unpredictable and wide dispersion of social media (SM) platforms, businesses today face many challenges that did not exist a few years ago (Dong & Wu, 2015). SM platforms are economical and user-friendly and facilitate the consumption, generation, and sharing of user-generated content by the consumers (Sigala & Marinidis, 2009). As most of their targeted customers are present on various SM platforms, businesses are aligning their strategies and tactics to incorporate these platforms at all levels. This shift toward SM platforms can be determined by several factors including declining response rates vis-a-vis traditional customer engagement methods, technology development through customer participation, open communication of customer preferences, low cost of information dissemination, and the demographic shifts toward use of new technologies (Gillin, 2007).

SM platforms offer an easier and more cost-effective way for businesses to reach customers, and consequently strengthen brand awareness through numerous applications and tools (Rodriguez-Donaire, 2012). Using SM platforms, businesses can define or re-define relationships with both new and old users, respectively, and develop communities that interactively collaborate to identify issues and solutions for both themselves and businesses (Meredith & O'Donnell, 2011). Businesses appear to believe that such SM initiatives are justified

because of their potential to generate profits, for instance, through advertising (Aral et al., 2013). Businesses can improve branding and direct more traffic to its web site utilizing SM advertising.

Furthermore, customers can add value by generating their own content to influence the purchase decisions of others through peer-to-peer communications. SM platforms enhance the communication power of individuals by providing different avenues without demanding much effort of the users (Curran & Lennon, 2011). Apart from creating and sharing knowledge, users can create or join various communities with other like-minded individuals based on their similarities of interest and purpose. Also referred to as virtual communities, they help users create personal relationships in an enabling environment through emotion-laden discussions (Rheingold, 2000). These communities have resulted in new opportunities for businesses (Brodie, Hollebeck, Juri, & Ili, 2011). Some of the activities undertaken by businesses include sharing of content, interaction with customers, gathering customer feedback, provision of customer services, and effective collaboration with employees or business partners, and so on. (Bowden, 2009). Furthermore, SM has not only strengthened the existing relationship between businesses and users but also resulted in innovative changes in traditional communication methods, thereby enhancing the capability of businesses to better interact and dialog with users.

In light of above, this chapter attempts to explain SM in greater detail and as delineated by various business practices. This understanding of the use of SM by businesses is preceded by

DOI: 10.4018/978-1-5225-2255-3.ch619

a discussion on the definition of SM platforms, their different types, and the associated business models.

## BACKGROUND

### Social Media

The definition of SM has been evolving over a period of time. According to Terry (2009), it refers to “digital technologies emphasizing user-generated content or interaction” (p. 508). User-generated content supported through SM is “a mixture of fact and opinion, impression and sentiment, founded and unfounded tidbits, experiences, and even rumor” (Blackshaw & Nazzaro, 2006: 4). The content available on these SM platforms consists of various pieces of online information which are generated and shared by users about brands, products, and services. Often SM is referred to by its channel characteristics, either identifying directionality of messages (Kent, 2013) or using particular tools such as Facebook or Twitter for engagement and communication (Howard & Parks, 2012).

Although there is a lack of a formal and concise definition, SM is often defined as Internet-based applications that transmit user-generated content. Some definitions are simply based on the nature of communication in SM. For instance, Russo, Watkins, Kelly, and Chan (2008: 22) explain SM as “those that facilitate online communication, networking, and/or collaboration.” Kaplan and Haenlein (2010: 61) offer a similarly definition of SM as “a group of Internet based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content.” In the same manner, Lewis (2009: 2) noted that SM simply serves as a “label for digital technologies that allow people to connect, interact, produce, and share content.”

In addition, Aula (2010: 43) defines SM as a place where customers can communicate directly

with their favorite organizations and gather more information about the organizations’ products instead of simply providing a platform for individuals to stay in touch with their family and friends.

These definitions could easily be applied to other communication technologies, such as e-mail, thereby missing the unique technological character that distinguishes SM.

Furthermore, a more extended and complex definition of SM is as follows:

*(a) the information infrastructure and tools used to produce and distribute content; (b) the content that takes the digital form of personal messages, news, ideas, and cultural products; and (c) the people, organizations, and industries that produce and consume digital content (Howard and Parks, 2012: 362).*

Kent (2010: 645) broadly defined SM as

*any interactive communication channel that allows for two-way interaction and feedback, further by their potential for real-time interaction, reduced anonymity, a sense of propinquity, short response times, and the ability to “time shift,” or engage the social network whenever it suits each particular member.*

The definitions become broader by combining SM and social network sites (SNSs). Boyd and Ellison (2007: 211) seminally defined SNSs as

*web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system.*

The social network is “one of the most typical features of social media in addition to the content aspect” (Enders, Hungenberg, Denker, & Mauch, 2008: 200).

SM allows individuals to meet strangers, but rather they enable users to articulate and make visible their social networks. It also allows users to “enhance their profiles by adding multimedia content or modifying the look and feel of their profiles” (Hanna, Rohm, & Crittenden, 2011: 266).

As discussed, definitions in earlier literature, SM have been defined by specific features, minimizing their unique communicative properties. To sum up all definitions, a new definition of SM given by Carr and Hayes (2015: 50) is as follows:

*SM are Internet-based channels that allow users to opportunistically interact and selectively self-present, either in real-time or asynchronously, with both broad and narrow audiences who derive value from user-generated content and the perception of interaction with others.*

As observed above, the definitions are diverse and continuously evolving. This chapter will use SM platform as an inclusive term and in an operational sense.

## **SM Platforms**

SM platforms can be differentiated on the basis of technology, content, and functions. They represent different online sources: review website, blogs, discussion boards, chat rooms, and social networking sites, for creating and sharing of information and knowledge about businesses and their products/services (Blackshaw & Nazzaro, 2006). Kietzmann, Hermkens, McCarthy, and Silvestre (2011) identify seven fundamental building blocks in understanding SM in what has come to be known as the honeycomb model: *identity*—the extent to which customers choose to reveal their identities; *presence*—the extent to which customers know whether others are available; *relationships*—the extent to which customers relate to each other; *conversations*—the extent to which customers communicate with each other; *groups*—the extent to which customers are ordered or form communi-

ties; *reputations*—the extent to which customers know the social standing and content of others; and *sharing*—the extent to which customers exchange, distribute, and receive content. Irrespective of the name of the SM platforms, one can differentiate them on the basis of these functional blocks.

SM platforms can be categorized into the following types (Lietsala & Sirkkunen, 2008): SNSs (LinkedIn, Facebook, MySpace), collaborative productions (Wikipedia), content creation and publishing (blogs, v-blogs, podcasts), content sharing (Flickr, YouTube), virtual worlds (FarmVille, Second Life), add-ons (Slide, Friends for Sale), and social commerce (Tripadvisor, Groupon, and Facebook Connect).

The number of SM platforms’ users, worldwide, is continuously increasing at a phenomenal rate. It is predicted that in 2016 there will be around 2.13 billion SM users around the globe, up from 1.79 billion in 2014. Almost two-thirds (64%) of these users use or will use such SM platforms at least once a day through their computers. However, users are now increasingly using their smart phones to access SM platforms (Nielsen, 2014). Almost 47% of smart phone owners visit SM platforms every day. Furthermore, they are logging their presence with their profiles and connecting on to multiple SM platforms. While Facebook remains the largest SM platform, users are now taking to other social platforms such as LinkedIn, Pinterest, and Instagram.

## **REVENUE MODELS OF SM**

SM platforms were thriving primarily on user-generated content and did not focus much on revenue generation in the early phases of their growth. With the increase in the number of SM platforms with hyper-specialized focus, the modes of revenue generation are also evolving. In literature, the most discussed revenue models are advertising models and subscription models (Enders et al., 2008; Vukanovic, 2011; Wang, Ye,

Zhang, & Nguyen, 2005). The other models are: licensing of content and technology to third parties, selling goods and services to the community, and voluntary donations (Canzer, 2006; Lietsala & Sirkkunen, 2008; Zeng & Reinartz, 2003).

### Advertising-Based Models

Advertising in SM platforms is now an approach that is as commonly adopted by businesses as advertising in traditional media such as newspapers and magazines. SM platforms have begun to incorporate brand pages, ad videos, and additional user-generated content for revenue. In addition, users and businesses can create their own profiles or brand sites using SM platform to advertise their particular products or services. On SM platforms, two types of advertising can be observed: affiliate models and banner advertising. In banner advertising, fees are charged by the platforms in exchange for the display of advertisements on their websites (Canzer, 2006). Facebook and YouTube are well-known examples of banner advertising. In affiliate models, SM platforms direct traffic to an “affiliate” website and, in turn, might get a percentage of revenues from the resulting sales. The popular Japanese social networking site Mixi allows users to rate and review books, games, and other items and connects users directly to Amazon Japan with one click to facilitate the purchase of those items or to listen to music which can later be bought from the iTunes store. Facebook, for example, offers businesses the option to construct individual groups in return for a sponsorship. For SM platforms relying on an advertising model, it is essential that the intended audience be large and highly differentiated to increase revenues. Thus, the key revenue driver for this model is the number of users.

### Subscription-Based Model

Some SM platforms charge users for accessing content which is generated on their site. This

model requires users to subscribe by paying a specified amount for accessing content (Enders et al., 2008) on the platform. In some practices, this is referred to as the Freemium model, in which users have two choices, either to subscribe to a basic free account package which guarantees a limited amount of content/services or a pro account, at an additional cost, that provides enhanced features. For example, LinkedIn initially offers free subscription only for limited features, but for advanced features a subscription fee is charged. Sometimes users are not willing to pay a subscription fee for a service just because of a lack of trust. A certain degree of user trust is needed because users need to be convinced for them to be willing to pay for a service (Wang et al., 2005). For that, SM platforms provide free trials for users to comprehend the service offering. A good example of a subscription-based model is The Auteurs, an SM platform built around classic films. Users need to subscribe for accessing movies. The crucial driver in subscription-based models is the creation of high levels of unique customer value, which then determines their willingness to pay for a service. The attractiveness of content becomes a significant factor when companies want to charge their customers for what is essentially free content.

Another model similar to subscription model is Pay-per-item model where users need to pay SM platforms for accessing particular content of interest to them. For example, iStockphoto offers audio, video, and photos from its user stock and charges a fixed amount for each. Such SM platforms could recommend or sell user-generated content as part of their own stock on a pay-per-item terms. YouTube, another example, sells videos as per a pay-per-item model. Users need to pay a particular amount mentioned in the video itself.

The platforms either serve as a host wherein users upload their content as in YouTube and Flickr or provide additional features for the additional fees as in LinkedIn. In both the cases, user-generated content is key.

## **Licensing of Content and Technology to Third Parties**

Licensing content to third parties may also be a source of revenue because of the tremendous growth in user-generated content on SM. An SM platform can be licensed to other businesses who want to employ similar features or services for their individual use. Twitter, for example, gains more than 15% of its sales, that is, around \$47.5 million through such arrangements. It is generated by the licensing of its massive quantity of data to analytics businesses. Although this model is not as popular and profitable as advertising and subscription, it has the potential to grow into a huge revenue stream for Twitter. Sometimes it contains provision for the licensing of content on a revenue sharing basis between itself and content generators. YouTube, for example, primarily compensates the content creators through a program called Content License Agreement, and through revenue sharing arrangement a certain amount of money is made from some videos by both YouTube and the content creator.

## **Voluntary Donations**

In this type of model, SM platforms can use the freely available user-generated content, like that of small girl singing on the street or musician performing, for donation from others. For this, a significant number of SM platforms such as blogs, wikis, online video, and online music users ask for donations using a donate-button available on these platforms for various purposes including content access, platform maintenance, and web hosting (Goh, Heng, & Lin, 2013). This facilitates web development such as open source and user-driven innovations. For example, Wikipedia gets moneys from donations from users and other individuals. Every year, there are banners asking users to donate some money to the Wikimedia Foundation, the non-profit organization which runs Wikipedia. A common feature of such SM platforms is that they run their operations with

limited funding (often thanks to pro-bono time invested by volunteers and users).

## **Selling Goods and Services to Community**

SM platforms have large audiences because of their networking and community mobilization capabilities and this creates an opportunity for businesses to promote and sell products or services directly to these users. SM platforms incorporate gaming techniques on their networks, driven by the monetary opportunities that they present. The sale of virtual goods will remain the primary source of revenue for these platforms. Some SM platforms, for example, allow the sale of online virtual games and virtual accessories to their users. For instance, the Mypurchase service of MySpace offers a platform to creators to sell their music, taking a portion of sales revenues in exchange.

To summarize, these revenue/business models used by SM are very new approaches, and more empirical research is required to optimize these model for better returns. Many SM platforms are now trying to integrate various revenue models to maximize revenues. For example, SoundCloud, an audio sharing platform, uses a combination of subscriptions, selling goods, and revenue sharing models. Furthermore, businesses are trying to integrate SM platforms into their activities. In the next section, use of SM platforms for various business functions is described.

## **SM PLATFORMS IN BUSINESSES**

Many businesses use SM platforms as an advertising channel only because they are accessed by the public at large. Hence, the most evident application of SM platforms in business is to use them for different kinds of online promotional activities (Mangold & Faulds, 2009). Mangold and Faulds (2009) stated that SM platforms are an opportunity to construct brands, exhibit leadership behaviors, enlarge resources, achieve new audiences, and

find new sources of ideas. Direction (2011) proposed a collective benchmark for businesses by classifying whether they can gain benefits from SM platforms or not after incorporating them into their business functions. An essential set of related questions is how businesses should engage and communicate with customers through SM platforms (Jussila, Karkkainen, & Leino, 2011). Andriole et al. (2010) enumerated six latent factors that are influenced using SM platforms, and that ultimately affect business performance: (1) collaboration and communication: capacity to coordinate discussions, to audit communication streams, and to reach more people faster; (2) rapid application development: capacity to engage experts, customers, suppliers, and company employees to modify and to develop applications easier and faster; (3) customer relationship management: solving customer service issues, using forums, wikis, and others, mine customer data effectively, ask for customer feedback, reach more customers, and communicate effectively with customers; (4) innovation: exchange of ideas between experts, fuelled by user-generated content and mass co-creation, capability to improve success rates, to produce efficiently; and (v) knowledge management: capabilities to share, retrieve, organize, and leverage knowledge. Some researches (Bruhn, Schoenmueller, & Scheafer, 2012; Hoffman & Fodor, 2010) show that businesses have already employed SM platforms for value proposition by incorporating it into their various business activities including marketing, recruiting, product innovation, and customer service. Needless to say, SM platforms will not become effective until they are used creatively, with a systematic approach and day-to-day effort toward building confidence in the brand and a loyal user community.

### Customer Engagement

Brodie et al. (2011) defined *customer engagement* as “a psychological state that occurs by virtue of interactive, co-creative customer experiences with a business.” Because of these inherent interactive

characteristics, SM platforms may connect customers and businesses by facilitating conversation and providing user-generated content, thus fostering customer engagement. In addition to this, customers who actively participate in online activities on SM platforms are regarded as highly valuable for a business. This provides benefits in terms of customer commitment, trust, customers’ emotional connect, and loyalty (Brodie, Ilic, Juric, & Hollebeek, 2013). SM enables customers as well as non-customers to contribute in marketing mix decisions and value adding (Sashi, 2012). User-generated content from SM platforms can significantly improve customer loyalty and satisfaction, particularly as customer requirements transform over a period of time (Lorenzo-Romero, Constantinides, & Brünink, 2014).

Max Bupa<sup>1</sup>, India’s premier health insurance company, uses its engagement platform, Get Help, on Facebook to provide services to customers daily. This innovative platform enables customers to buy a health policy using their Facebook account, interact and share their experience with Max Bupa, and also get instant customer service at their convenience, anywhere, anytime. This has resulted in an increase in positive conversations with complaints decreasing by more than 60%. The turnaround time has consequently decreased by 50%.

### Brand Awareness

The brand is a symbol, feature, or any other observable mark of a product or company that differentiates it from others. They are markers of recognition and composite social phenomena (Schau, Muñiz, & Arnould, 2009). Nowadays, branding is considered as an ongoing social process (Fueller, Schroll, Dennhardt, & Hutter, 2012). The social character of brands and the significance of engagement in co-creating brand value (Fueller et al., 2012) reinforce the role of SM platform as a brand awareness channel. The participatory potential of SM enables the users to affect brands in multiple ways. The recent

researches might not focus on brand reputation but on related concepts such as customer trust, emotional appeal, and brand attitude and they are showing positive effects overall (Van Noort & Willemsen, 2011). Brand reputation is a measure of how users feel about, talk about, and act toward an organization's brand (Tsimonis & Dimitriadis, 2014). Users are more likely to choose businesses with a positive brand reputation and are willing to pay more for their products. Applying SM strategies for branding can definitely help businesses. To attract more consumers, businesses are constructing their presence on SM platforms after receiving in-depth information on where and how they or their brands are positioned on SM platforms (Hutton & Fosdick, 2011). Furthermore, it is found that users' online purchasing decision is dependent on the brand perception while using the SM (Chen & Xie, 2008). The online reviews serve as critical approach in measuring brand sentiment (Stelzner, 2012).

For example, India International Jewellery Week (IIJW), an initiative to showcase India's finest jewellery, has built awareness through SM platforms as the biggest international jewellery festival in India. Various communication strategies are adopted to create brand awareness for IIJW on SM platforms. IIJW-related images and coverage of live events are uploaded on Facebook. The use of hashtags like #IIJW and tagging the celebrities are also used for promoting the event. As a result, 1166 people saw IIJW live online and its Twitter followers increased by 50% in a span of 5 days. In addition to this, #IIJW was used by 581 users and about 6,98,920 people were reached through Twitter which accounts for 1,454,957 impressions.

## **Marketing**

Marketing is defined as an effort to find the requirements of specific communities and delivering the desired service/product to them. Earlier businesses used various conventional marketing approaches to identify such communities and assess their requirements. Today, exclusive dependency on

traditional media for marketing is inadequate for businesses to survive. In addition to creating online presence, businesses need to know how to interact with their customers online. SM platforms provide opportunities to expand relationships between users and businesses (Hlavinka & Sullivan, 2011; Lipsman, Mudd, Rich, & Bruich, 2012; Mangold & Faulds, 2009). Chi (2011: 46) defines SM marketing as a "connection between brands and consumers, offering a personal channel and currency for user centred networking and social interaction." Many studies define SM platforms as a new marketing tool (Berinato & Clark, 2010; Paquette, 2013) and appropriate for awareness building, influence, and the attainment of marketing objectives that help improve marketing communication effectiveness and make for better marketing impact (Lipsman et al., 2012). Kumar, Bhaskaran, Mirchandani, and Shah (2013) hailed SM marketing as a customer-loyalty-building and promotional tool. As supported by available literature, if SM platforms are used effectively, brand advocates can be controlled and exploited which would result in both strategic and operational benefits (Chan & Guillet, 2011).

For example, Fork You Too, a casual dining cafe in Delhi NCR, decided to go to SM platforms for restaurant marketing campaigns. They created a campaign around Bollywood movie posters with a Fork You Too-style twist on Facebook, Twitter, and Instagram. The content was strictly aligned toward food, drinks, cuisine, and events with a quirky and fun factor. As a result, Fork You Too has a fan base of more than 25,000 which increased their fan base 12 times on Facebook. They have 200 plus followers on Twitter and 250 plus followers on Instagram.

## **Product Design and Development**

Product design and development is defined as a process which starts with identifying customer requirements and ends with converting these into a product. Customers often share their thoughts and feeling on product or event through SM platforms.

Hence, SM platforms have empowered customers to circulate their creations and opinions and thus add new content. It has also become a new method for businesses to collect people's opinions and understand their preference. User-generated content may embed customers' experiences of a product, with information on product engagement (e.g., product features) and other related information (e.g., shopping experiences; Chua & Banerjee, 2013). The strategic use of SM platforms for developing product features and form user-generated content is a comparatively new area that connects marketing and product design and is a fine example of how two formerly distinct business functions are brought together by the advent of SM (Ng, 2013).

Starbucks, a coffee house, has demonstrated its versatility in engaging customers through various SM platforms, such as MyStarbucksIdea, Facebook, Twitter, and Foursquare (Gallaughier & Ransbotham, 2010). Starbucks closely followed the principle of "design with customers" in defining the role of customers, allowing them to play the role of creators and evaluators of ideas. As a result, Starbucks received more than 120,000 product ideas, 41,000 experience ideas, and 24,000 involvement ideas all posted on MyStarbucksIdea. Starbucks has more than 36 million likes on the Starbucks corporate page and has more than 180,000 users talking about it. Seventeen million users have visited this page on Facebook. It has 18,7000 tweets on its corporate blog with 5.95 million followers following and focusing on the Starbucks' brand on Twitter, and more than 40 million followers on Foursquare.

## Sales

From the sales/business function perspective, previous studies have shown that direct communication between customers and suppliers is essential in capturing the expectations with regard to a product or service and the desired requirements (Moncrief, Marshall, & Rudd, 2015). Marshall, Moncrief, Rudd, and Lee (2012) argue that the

SM platforms provide the required information to customers and share strong evidence to support the positive linkages between use of SM platforms and business success. Furthermore, it is evident that online reviews on SM platforms positively influence product sales. The prevailing positive and negative sentiments emerging out of online conversations have a significant impact on sales (Sonnier, McAlister, & Rutz, 2011; Tirunillai & Tellis, 2012). Businesses need to embrace SM platforms and related technology strategies in sales for gaining a competitive advantage (Stockdale, Ahmed, & Scheepers, 2012).

LuLu Mall, one of the most happening malls in the state of Kerala, India, launched an NRI Shopping Festival to attract NRIs, tourists, and the general public to the mall during its promotion period. The main tool used for this purpose was SM platforms to create a buzz around the events and to reach out to potential shoppers. The Facebook page and Twitter handle were updated with these promotional posts on a daily basis. The promotional content was posted on Facebook page of LuLu hypermarket, Dubai. This page had more than 40,247 fans from the Indian subcontinent including Kerala. As a result, LuLu mall increased its sales by 29%. There was also a growth in the number of Facebook likes and fans: 1,51,164 likes to 1,77,268, an increase of 26,104, with reach among fans of 53,99,573 and an impression of 86,83,222.

## Promotion

A promotional approach often refers to direct marketing, advertising, and interactive marketing to encourage their products/services (Thackeray, Neiger, Hanson, & McKenzie, 2008). With the arrival of advanced technologies on SM platforms, there is an enhanced potential for promotion by businesses (O'Reilly, 2005). In the case of social promotion, this information is about product-related behaviors, ideas, and services (Thackeray et al., 2008). Mayzlin (2006) examined user-generated content which is a combination of

business promotions and user recommendations using analytical models and found that it can still be influential despite the obvious promotional aim by businesses in such online settings.

MindShift Interactive, a leading digital marketing and research firm, completed a comprehensive SM campaign for HomeShop18's new "Shopping Makes Me Happy" jingle. The promotional campaign was built on Twitter revolving around happiness and excitement among key opinion leaders with influencers exchanging tweets with reasons/people that made them happy. As a result of this, HomeShop18 surprised people with vouchers to increase the happiness quotient. This garnered an overall outreach of 23 million users across SM, trending for more than 24 hours across India.

## **FUTURE RESEARCH DIRECTIONS**

Aral et al (2013) highlighted four major areas of research: design and features, strategy and tactics, management and organization, and measurement and value from the perspective of three levels of analysis—users and society, platforms and intermediaries, and firms and industries. Although some of the above-identified gaps are being explored, the area of research-related SM platforms is still largely unexplored. There is also a need for research in terms of differences between information-rich and information-poor countries. Many businesses are located in the developing world and are targeting customers from both domestic and foreign markets and whose use of SM platforms is different. There is a need for research specifically focusing on businesses' adoption of SM platforms in the information-poor contexts of the developing world.

SM platforms are also breeding ground for negative sentiments vis-a-vis products. An impulsive customer can damage the brand despite it being his or her own mistake. Given the dynamic nature of SM platforms, the risk mitigation strategies need to be robust and implementable. The

other challenges involved include the lack of control over the content on the platforms owned by others and the control over users in terms of access and nature of content to be viewed. There is a need for research in the creation of risk mitigation frameworks based on empirical data available.

Further research is also required for developing methodological solutions to deal with the representativeness of the SM data. As the user-generated content is limited only to the users on the SM platforms, this might not be identical to the overall population. Because not all the SM platforms share the background information about the users, generalized validation of SM data for the populations needs to be strengthened.

## **CONCLUSION**

SM is increasingly becoming an important component that is impacting different business functions. Despite the larger number of users, most SM platforms are primarily generating revenue from advertisements and through affiliate relationships. Businesses can use SM platforms for customer engagement, brand awareness building, marketing, product design and development, sales, and promotion. For each of these areas of business, extant literature was presented along with the examples. Future research in this domain should look at at least four areas design, strategy, management, and measurement from the perspective of users, platforms, and firms. A focus on the developing world as the context will enrich the field by showcasing the differential adoption strategies adopted by or available to businesses. The development of risk mitigation frameworks will be helpful to businesses in dealing with the negative sentiments and other risks associated with the emotional outburst of users. The representativeness of SM data is still an open question and further work to strengthen the methodological rigor will benefit the field greatly.

## ACKNOWLEDGMENT

The authors are thankful to Ms. Nalini Srinivasan for wonderful copyediting.

## REFERENCES

- Andriole, G. L., Bostwick, D. G., Brawley, O. W., Gomella, L. G., Marberger, M., Montorsi, F., & Rittmaster, R. S. et al. (2010). Effect of dutasteride on the risk of prostate cancer. *The New England Journal of Medicine*, *362*(13), 1192–1202. doi:10.1056/NEJMoa0908127 PMID:20357281
- Aral, S., Dellarocas, C., & Godes, D. (2013). Introduction to the special issue-social media and business transformation: A framework for research. *Information Systems Research*, *24*(1), 3–13. doi:10.1287/isre.1120.0470
- Aral, S., & Walker, D. (2011). Creating social contagion through viral product design: A randomized trial of peer influence in networks. *Management Science*, *57*(9), 1623–1639. doi:10.1287/mnsc.1110.1421
- Aula, P. (2010). Social media, reputation risk and ambient publicity management. *Strategy and Leadership*, *38*(6), 43–49. doi:10.1108/10878571011088069
- Berinato, S., & Clark, J. (2010). Six ways to find value in Twitter's noise. *Harvard Business Review*, *88*(6), 34–35.
- Blackshaw, P., & Nazzaro, M. (2006). *Consumer-generated media (CGM) 101: Word-of-mouth in the age of the web-fortified consumer*. New York: Nielsen BuzzMetrics.
- Bowden, J. L.-H. (2009). The process of customer engagement: A conceptual framework. *Journal of Marketing Theory and Practice*, *17*(1), 63–74. doi:10.2753/MTP1069-6679170105
- Boyd, D., & Ellison, N. B. (2007). Social network sites: Definition, history, and scholarship. *Journal of Computer-Mediated Communication*, *13*(1), 210–230. doi:10.1111/j.1083-6101.2007.00393.x
- Brodie, R. J., Hollebeek, L. D., Juri, C. B., & Ili, C. A. (2011). Customer engagement: Conceptual domain, fundamental propositions, and implications for research. *Journal of Service Research*, *14*(3), 252–271. doi:10.1177/1094670511411703
- Brodie, R. J., Ilic, A., Juric, B., & Hollebeek, L. (2013). Consumer engagement in a virtual brand community: An exploratory analysis. *Journal of Business Research*, *66*(1), 105–114. doi:10.1016/j.jbusres.2011.07.029
- Bruhn, M., Schoenmueller, V., & Scheafer, D. B. (2012). Are social media replacing traditional media in terms of brand equity creation? *Management Research Review*, *35*(9), 770–790. doi:10.1108/01409171211255948
- Canzer, B. (2006). *E-business: Strategic thinking and practice*. Boston, MA: Cengage Learning.
- Carr, C. T., & Hayes, R. A. (2015). Social Media: Defining, Developing, and Divining. *Atlantic Journal of Communication*, *23*(1), 46–65. doi:10.1080/15456870.2015.972282
- Chan, N. L., & Guillet, B. D. (2011). Investigation of social media marketing: How does the hotel industry in Hong Kong perform in marketing on social media websites? *Journal of Travel & Tourism Marketing*, *28*(4), 345–368. doi:10.1080/10548408.2011.571571
- Chen, Y., & Xie, J. (2008). Online consumer review: Word-of-mouth as a new element of marketing communication mix. *Management Science*, *54*(3), 477–491. doi:10.1287/mnsc.1070.0810
- Chi, H. H. (2011). Interactive digital advertising vs. virtual brand community: Exploratory study of user motivation and social media marketing responses in Taiwan. *Journal of Interactive Advertising*, *12*(1), 44–61. doi:10.1080/15252019.2011.10722190

- Chua, A. Y., & Banerjee, S. (2013). Customer knowledge management via social media: The case of Starbucks. *Journal of Knowledge Management*, 17(2), 237–249. doi:10.1108/13673271311315196
- Curran, J., & Lennon, R. (2011). Participating in the conversation: Exploring adoption of online social media. *Academy of Marketing Studies Journal*, 15(1), 21–38.
- Direction, S. (2011). Friends in online places: Business and social media. *Strategic Direction*, 27(10), 19–22. doi:10.1108/02580541111171229
- Dong, J. Q., & Wu, W. (2015). Business value of social media technologies: Evidence from online user innovation communities. *The Journal of Strategic Information Systems*, 24(2), 113–127. doi:10.1016/j.jsis.2015.04.003
- Enders, A., Hungenberg, H., Denker, H. P., & Mauch, S. (2008). The long tail of social networking. Revenue models of social networking sites. *European Management Journal*, 26(3), 199–211. doi:10.1016/j.emj.2008.02.002
- Fueller, J., Schroll, R., Dennhardt, S., & Hutter, K. (2012, January). Social brand value and the value enhancing role of social media relationships for brands. In *System Science (HICSS), 2012 45th Hawaii International Conference on* (pp. 3218–3227). IEEE. doi:10.1109/HICSS.2012.533
- Gallaugh, J., & Ransbotham, S. (2010). Social media and customer dialog management at Starbucks. *MIS Quarterly Executive*, 9(4), 197–212.
- Gillin, P. (2007). *The new influencers: A marketer's guide to the new social media*. Sanger, CA: Quill Driver Books.
- Goh, K. Y., Heng, C. S., & Lin, Z. (2013). Social media brand community and consumer behavior: Quantifying the relative impact of user-and marketer-generated content. *Information Systems Research*, 24(1), 88–107. doi:10.1287/isre.1120.0469
- Hanna, R., Rohm, A., & Crittenden, V. L. (2011). Were all connected: The power of the social media ecosystem. *Business Horizons*, 54(3), 265–273. doi:10.1016/j.bushor.2011.01.007
- Hlavinka, K., & Sullivan, J. (2011). *Urban Legends: Word-of-Mouth Myths, Madvocates and Champions Debunking Myths About Brand Conversations and Word-of-Mouth in Social Media*. Colloquy.
- Hoffman, D. L., & Fodor, M. (2010). Can You Measure the ROI of Your Social Media Marketing. *MIT Sloan Management Review*, 52(1), 41–49.
- Howard, P. N., & Parks, M. R. (2012). Social media and political change: Capacity, constraint, and consequence. *Journal of Communication*, 62(2), 359–362. doi:10.1111/j.1460-2466.2012.01626.x
- Hutton, G., & Fosdick, M. (2011). The Globalization of Social Media: Consumer Relationships with Brands Evolve in the Digital Space. *Journal of Advertising Research*, 51(4), 564–570. doi:10.2501/JAR-51-4-564-570
- Jussila, J. J., Karkkainen, H., & Leino, M. (2011, September). Benefits of social media in business-to-business customer interface in innovation. In *Proceedings of the 15th International Academic MindTrek Conference: Envisioning Future Media Environments* (pp. 167–174). ACM. doi:10.1145/2181037.2181065
- Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of social media. *Business Horizons*, 53(1), 59–68. doi:10.1016/j.bushor.2009.09.003
- Kent, M. L. (2010). Directions in social media for professionals and scholars. In R. L. Heath (Ed.), *Handbook of Public Relations* (pp. 643–656). Thousand Oaks, CA: Sage.
- Kent, M. L. (2013). Using social media dialogically: Public relations role in reviving democracy. *Public Relations Review*, 39(4), 337–345. doi:10.1016/j.pubrev.2013.07.024

- Kietzmann, J. H., Hermkens, K., McCarthy, I. P., & Silvestre, B. S. (2011). Social media? get serious! Understanding the functional building blocks of social media. *Business Horizons*, 54(3), 241–251. doi:10.1016/j.bushor.2011.01.005
- Kumar, V., Bhaskaran, V., Mirchandani, R., & Shah, M. (2013). Practice prize winner-creating a measurable social media marketing strategy: Increasing the value and ROI of intangibles and tangibles for hokey pokey. *Marketing Science*, 32(2), 194–212. doi:10.1287/mksc.1120.0768
- Lewis, B. K. (2009). *Social media and strategic communications: Attitudes and perceptions among college students* (Doctoral dissertation). Oklahoma State University, OK, USA.
- Lietsala, K., & Sirkkunen, E. (2008). *Social Media: Introduction to the tools and processes of participatory economy*. Tampere University Press.
- Lipsman, A., Mudd, G., Rich, M., & Bruich, S. (2012). The power of "like": How brands reach (and influence) fans through social-media marketing. *Journal of Advertising Research*, 52(1), 40–52. doi:10.2501/JAR-52-1-040-052
- Lorenzo-Romero, C., Constantinides, E., & Brünink, L. A. (2014). Co-creation: Customer Integration in Social Media Based Product and Service Development. *Procedia: Social and Behavioral Sciences*, 148, 383–396. doi:10.1016/j.sbspro.2014.07.057
- Mangold, G., & Faulds, D. (2009). Social media: The new hybrid element of the promotion mix. *Business Horizons*, 52(4), 357–365. doi:10.1016/j.bushor.2009.03.002
- Marshall, G. W., Moncrief, W. C., Rudd, J. M., & Lee, N. (2012). Revolution in sales: The impact of social media and related technology on the selling environment. *Journal of Personal Selling & Sales Management*, 32(3), 349–363. doi:10.2753/PSS0885-3134320305
- Mayzlin, D. (2006). Promotional chat on the Internet. *Marketing Science*, 25(2), 155–163. doi:10.1287/mksc.1050.0137
- Meredith, R., & O'Donnell, P. (2011). A framework for understanding the role of social media in business intelligence systems. *Journal of Decision Systems*, 20(3), 263–282. doi:10.3166/jds.20.263-282
- Moncrief, W. C., Marshall, G. W., & Rudd, J. M. (2015). Social media and related technology: Drivers of change in managing the contemporary sales force. *Business Horizons*, 58(1), 45–55. doi:10.1016/j.bushor.2014.09.009
- Ng, C. S. P. (2013, June). Factors affecting the business performance of firms utilizing social media. Paper presented at the 17th Pacific Asia Conference on Information Systems (PACIS), Jeju Islands, Korea..
- Nielsen. (2014). *The Digital Consumer Report*. Retrieved March 24, 2015, from <http://www.nielsen.com/us/en/insights/reports/2014/the-us-digital-consumer-report.html>
- O'Reilly, T. (2005). *Web 2.0: compact definition*. Message posted to [http://radar.oreilly.com/archives/2005/10/web\\_20\\_compact\\_definition.html](http://radar.oreilly.com/archives/2005/10/web_20_compact_definition.html)
- Paquette, H. (2013). *Social Media as a Marketing Tool: A Literature Review*. Available at [http://digitalcommons.uri.edu/cgi/viewcontent.cgi?article=1001&context=tmd\\_major\\_papers](http://digitalcommons.uri.edu/cgi/viewcontent.cgi?article=1001&context=tmd_major_papers)
- Rheingold, H. (2000). *The virtual community* (Revised edition). Reading: Addison-Wesley Publishing Company.
- Rodriguez-Donaire, S. (2012, June). Changing business model dynamics by means of social media. In *Management of Innovation and Technology (ICMIT), 2012 IEEE International Conference on* (pp. 370-377). IEEE. doi:10.1109/ICMIT.2012.6225834

- Russo, A., Watkins, J., Kelly, L., & Chan, S. (2008). Participatory communication with social media. *Curator: The Museum Journal*, 51(1), 21–31. doi:10.1111/j.2151-6952.2008.tb00292.x
- Sashi, C. M. (2012). Customer engagement, buyer-seller relationships, and social media. *Management Decision*, 50(2), 253–272. doi:10.1108/00251741211203551
- Schau, H. J., Muñiz, A. M. Jr, & Arnould, E. J. (2009). How brand community practices create value. *Journal of Marketing*, 73(5), 30–51. doi:10.1509/jmkg.73.5.30
- Sigala, M., & Marinidis, D. (2009). Exploring the transformation of tourism firms' operations and business models through the use of web map services. In *European and Mediterranean Conference on Information Systems* (pp. 1–13). London, UK: Academic Press.
- Sonnier, G. P., McAlister, L., & Rutz, O. J. (2011). A dynamic model of the effect of online communications on firm sales. *Marketing Science*, 30(4), 702–716. doi:10.1287/mksc.1110.0642
- Stelzner, M. (2012). *2012 Social media marketing industry report*. Retrieved April 13, 2015 from <http://www.socialmediaexaminer.com/SocialMediaMarketingIndustryReport2012.pdf>
- Stockdale, R., Ahmed, A., & Scheepers, H. (2012, September). Identifying business value from the use of social media: An SME perspective. In Pacific Asia Conference on Information Systems (PACIS) proceedings (p. 169).
- Terry, M. (2009). Twittering healthcare: Social media and medicine. *Telemedicine Journal and e-Health*, 15(6), 507–510. doi:10.1089/tmj.2009.9955 PMID:19659410
- Thackeray, R., Neiger, B. L., Hanson, C. L., & McKenzie, J. F. (2008). Enhancing promotional strategies within social marketing programs: Use of Web 2.0 social media. *Health Promotion Practice*, 9(4), 338–343. doi:10.1177/1524839908325335 PMID:18936268
- Tirunillai, S., & Tellis, G. J. (2012). Does chatter really matter? Dynamics of user-generated content and stock performance. *Marketing Science*, 31(2), 198–215. doi:10.1287/mksc.1110.0682
- Tsimonis, G., & Dimitriadis, S. (2014). Brand strategies in social media. *Marketing Intelligence & Planning*, 32(3), 328–344. doi:10.1108/MIP-04-2013-0056
- Van Noort, G., & Willemsen, L. M. (2011). Online damage control: The effects of proactive versus reactive webcare interventions in consumer-generated and brand-generated platforms. *Journal of Interactive Marketing*, 26(3), 131–140. doi:10.1016/j.intmar.2011.07.001
- Vukanovic, Z. (2011). New media business models in social and web media. *Journal of Media Business Studies*, 8(3), 51–67. doi:10.1080/16522354.2011.11073526
- Wang, C. L., Ye, L. R., Zhang, Y., & Nguyen, D. D. (2005). Subscription to fee-based online services: What makes consumer pay for online content. *Journal of Electronic Commerce Research*, 6(4), 304–311.
- Zeng, M., & Reinartz, W. (2003). Beyond online search: The road to profitability. *California Management Review*, 45(2), 107–130. doi:10.2307/41166168

## **ADDITIONAL READING**

- Blanchard, O. (2011). *Social media ROI: Managing and measuring social media efforts in your organization*. New Delhi: Pearson Education.
- Casalo, L. V., Flavian, C., & Guinaliu, M. (2008). Promoting consumers participation in virtual brand communities: A new paradigm in branding strategy. *Journal of Marketing Communications*, 14(1), 19–36. doi:10.1080/13527260701535236

Culnan, M. J., McHugh, P. J., & Zubillaga, J. I. (2010). How large US companies can use Twitter and other social media to gain business value. *MIS Quarterly Executive*, 9(4), 243–259.

Jussila, J. J., Karkkainen, H., & Aramo-Immonen, H. (2014). Social media utilization in business-to-business relationships of technology industry firms. *Computers in Human Behavior*, 30, 606–613. doi:10.1016/j.chb.2013.07.047

Lovett, J. (2011). *Social media metrics secrets*. Indianapolis, IN: Wiley Publishing, Inc.

Ngai, E. W., Moon, K. L. K., Lam, S. S., Chin, E. S., & Tao, S. S. (2015). Social media models, technologies, and applications: An academic review and case study. *Industrial Management & Data Systems*, 115(5), 769–802. doi:10.1108/IMDS-03-2015-0075

Rodriguez, M., Peterson, R. M., & Krishnan, V. (2012). Social medias influence on business-to-business sales performance. *Journal of Personal Selling & Sales Management*, 32(3), 365–378. doi:10.2753/PSS0885-3134320306

Siricharoen, W. V. (2012). Social Media for Supporting Businesses Innovatively in Digital World. *International Journal of Engineering Research and Development*, 3(8), 01-08.

Sterne, J. (2010). *Social media metrics: How to measure and optimize your marketing investment*. Hoboken, NJ: John Wiley.

Tuten, T. L., & Solomon, M. R. (2013). *Social Media Marketing*. Boston, MA: Pearson.

## KEY TERMS AND DEFINITIONS

**Advertising Model:** A revenue model for SM platforms in which brand pages and ad videos

containing product/service information are created on the platform.

**Brand Awareness:** It is a measure of how identifiable the brand is for target customers.

**Brand Community:** It is a structured composite of social relationships among the admirers of a brand.

**Brand Reputation:** It is defined as a measure of how customers react to brand (what they think about the brand, how they talk about it and how their inclination towards the brand).

**Customer Engagement:** Defines the behaviours evoked in a customer by a specific brand that are over and above a basic connect.

**Online Product Review:** It is an account on SM of a customer's personal experience vis-a-vis a product.

**Revenue Sharing:** It means that the revenue made from user generated content, SM platform share some part of it to content creator.

**Social Media Marketing:** It is a term which describes the actual activities involved in using SM platforms for marketing purposes.

**Social Media:** Online platforms in which users can create and share the content.

**Social Promotion:** It can be defined as direct marketing, advertising, and interactive marketing using SM platforms to encourage the sale of products/services.

**Subscription Model:** In this revenue model, the subscription fees charged for accessing content or services available on SM platform constitute the revenue source.

## ENDNOTE

<sup>1</sup> All examples for this chapter are sourced from [www.socialsamosa.com](http://www.socialsamosa.com).