



SOCIAL MEDIA AS A MARKETING TOOL: A REVIEW AND RESEARCH AGENDA

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Abstract

Social media is assuming prominence as an element of marketing at a time when organizations are seeking greater value in the way marketing budgets are spent. Social media has enabled marketers to reach a global audience with limited resources. The aim of the study is to review and understand social media, explore how social media has empowered consumers and influenced purchase decisions. The review of literature conducted indicates that the consumers are empowered by social media and that it plays a key role in purchase decisions.

Keywords: Social Media, Consumers, Empowerment, Purchase Decision.

1. INTRODUCTION

Against a backdrop of relentless growth, the internet has continuously changed and evolved over the past few decades. Throughout this process of constant change, the fundamental nature of the internet has remained constant. This development has spurred enormous innovation and increased user engagement in a virtuous circle of growth. Fundamentally, the internet is a 'network of networks' whose protocols are designed to allow networks to interoperate. [Internet Society Global internet report 2014].

The idea of a web 2.0 set out the principles and practices of a new web platform, which led to numerous applications such as social media networks. Web 2.0 basically allows the generation of web content by users and, in the process, transfers control to the user. The consumer participates and is actively engaged in the communication process (O' Reilly 2005). The growing importance of web-based technologies is due to its role in supporting the operations of the business entities. One of the new web based technology that has emerged recently is social media. Social media has become the modus operandi of the 21st century. Building on the foundation of web 2.0, social media applications have facilitated unprecedented growth in human interaction in modern times. (Wendy & Statia, 2012).

The objectives of this study are manifold. The first; to gain insight into social media, second; to understand how social media has empowered consumers and third to understand the influence of social media on purchase decisions.

The review of literature in this paper is structured as follows:

Section 1 gives an introduction about growth of internet, Section 2 is a guide to understand social media, Section 3 deals with the classification of social media, Section 4 describes how social media empowers consumers and Section 5 helps us understand the impact of Social media on purchase decisions. A conclusion of this paper is found in Section 6.

2. UNDERSTANDING SOCIAL MEDIA

Social media is defined as "a group of internet-based applications that build on the ideological and technological foundations of web 2.0, which allows the creation and exchange for user generated content". (Kaplan and Haenlin, 2010). According to Mangold & Faulds, (2009) "Social media encompasses a wide range of online, word of mouth forums including blogs, company sponsored discussion boards and chat rooms, consumer-to-consumer e-mail, consumer product or service ratings websites and forums, internet discussion boards and forums, moblogs (sites containing digital audio, images, movies, or photographs), and social networking websites, to name a few". Boyd and Ellison (2008) define social networking as "web based services that allow individuals to; construct a public or semipublic profile within a bounded system; articulate a list of connections and those made by others within the system". Daugherty, Eastin and Bright (2008) refer to social media as "user-generated content created or produced by the general public rather than by paid professionals and primarily distributed on the internet."

Safko and Brake (2009) consider social media as "activities, practices and behaviors among communities of people who gather online to share information, knowledge and opinions using conversational media. Conversational media are web-based applications that make possible for one to create and easily transmit content in the form of words, pictures, videos and audios". To summarize, social media is an online platform which enables customers to create and share content, communicate with one another, and build relationships with other customers (Hennig-Thurau, 2010).

3. CLASSIFICATION OF SOCIAL MEDIA

To create a classification scheme in a systematic manner, Kaplan and Haenlein (2010) rely on a set of theories in the field of media research (social presence, media richness) and social processes (self-presentation, self-disclosure) the two key elements of social media, represented in Table 1.

- **Social Presence:** is defined as the acoustic, visual and physical contact that can be achieved – they allow to emerge between two communication partners. [Short, Williams & Christie 1976, as quoted in Kaplan & Haenlein (2010)]. The higher the social presence, the larger the social influence that the communication partners have on each other's behavior.
- **Media richness:** is based on the assumption that the goal of any communication is the resolution of ambiguity and the reduction of uncertainty. [Daft & Lengel, 1986, as quoted in Kaplan & Haenlein (2010)]. The higher the degree of richness, greater the amount of information they allow to be transmitted in a given interval of time.
- **Self-Presentation:** The concept states that in any type of social interaction people have the desire to control the impressions other people form of them. [Goffman, 1959 as quoted in Kaplan & Haenlein (2010)]. This is done with the objective of influencing others to gain rewards. It is also driven by a wish to create an image that is consistent with ones' personal identity.
- **Self-Disclosure:** Refers to the conscious or unconscious revelation of personal information that is consistent with the image one would like to give. This can also occur between complete strangers.

Table 1: Classification of Social Media by social presence/media richness and self-presentation / self-disclosure

		Social presence / Media richness		
		Low	Medium	High
Self-presentations / Self-disclosure	High	Blogs	Social networking sites (e.g. Facebook)	Virtual Social Worlds (e.g. Second life)
	Low	Collaborative Projects (e.g., Wikipedia)	Content communities (e.g. YouTube)	Virtual game worlds (e.g. World of Warcraft)

Mangold & Faulds (2009) have presented the following types of social media on the basis of their characteristics:

Table 2: Types of social media

Type	Characteristics	Example
Social networking sites	They attract Internet users, allowing for contact, entertainment and information sharing, and focus around the topics and events of their interest (also around companies and brands)	Facebook, MySpace
Content communities (services enabling multimedia sharing)	They enable publication of videos, photos and presentations as well as their comments and evaluation by other users.	YouTube, Vimeo, iTunes, Flickr, Slide Share
Personal blogs	Diaries written by individuals, often in a particular subject (e.g. fashion, cooking, cultural, political). The author of the blog presents their views, opinions, recommendations enabling comment.	Make life easier (blog by Polish Prime Minister's daughter)
Company-sponsored blogs (corporate blogs)	Online diary run by the enterprise on subjects related to business. It describes the events in the life of the organization; it may also refer to topics related to the industry in which the enterprise operates.	Google Blog, PlayStation Blog
Microblogs	Enable publishing short messages in real time that are visible to people watching user's profile.	Twitter
Forums (Internet Discussion Forum)	Discussion groups on the Internet. They are used to exchange information, opinions and ideas among Internet users. They may be on a general or specialized subject	Cycling Forum, Audi Club Poland Forum

	(related to the industry or interests).	
Business networking sites	Gather community oriented on professional development and the exchange of experiences within a specific profession or interests.	LinkedIn
Collaborative websites	Wikis are collaborative Web sites which can be set up to be edited by anyone or by designated users only.	Wikipedia
Virtual worlds and game	Internet games reflecting reality or fantasy world. It is required to create an avatar, namely a virtual alter ego the player.	Second Life, World of Warcraft
Social book marketing sites	Allow the evaluation and recommendation of content found on the Internet	Digg
Open source software communities	Gather communities jointly creating products (software)	Linux
Crowd sourcing sites	Allow for the exchange of information between the enterprise and the community of customers, including customers reporting product or process innovations and giving opinions on the enterprise's projects.	My Starbucks Idea
Social shopping sites	Allow for the assessment and recommendations of products and enterprises.	Wanelo, Kaboodle

4. SOCIAL MEDIA AND CONSUMER EMPOWERMENT

Empowerment is an enabling process, which implies “Creating conditions for heightening motivation for task accomplishment through the development of a strong sense of personal efficacy”. (Conger & Kanungo, 1998).It can be defined as a process by which people can gain control over their destiny as well as participation with others to achieve goals.(Perkins & Zimmerman,1995) .There is currently a growing interest in digital interactivity especially in consumer activity in social media. As the price of IT has dropped, people across the world, including in developing countries, have gained access to its power. The ubiquity of social media technologies grants customers increased bargaining power by providing them forums for organizing and sharing information (Porter 1980).

We have witnessed the evolution of consumers into ‘Prosumers’. The key difference between the consumer and prosumer is that the prosumer is highly knowledgeable about products and services and can play a key role in improving these products and services. Further, these prosumers will be more wary of companies and accepting of exploitation only where they perceive that the exploiter provides a service and value add in return (Clarke, 2008).

Some of the UGC activities that people are using on the web include; reading or writing blogs, reading or writing customer reviews, taking part in social networking sites, listening to podcasts and setting up RSS feeds. The new internet trend is empowering the users to create, edit and view information unlike the early days of internet when the websites only broad casted one-way information (Carrera .et.al 2008).

Information technology is empowering consumers, and their role is shifting from being passive recipients of information to becoming active generators of information (Stewart and Pavlou, 2002). With the emergence of the internet, researchers began predicting a shift in power from the marketer to the consumers suggesting a new form of consumer firm relationship. (Kozinets, 1999).

Lauren.et.al (2013) have investigated the consumer empowerment phenomenon and identified an evolution across four sources of consumer power, starting with two individual-based power sources (demand and information based power) and progressing to two network-based power sources (network and crowd-based power). Consumers feel empowered accessing information and taking independent voluntary action in their own behalf (Freedman, 2007).According to Berman & Phillips (2001, p. 183) “the informational aspect of empowerment concerns the extent to which information contributes to enabling people, as citizens, to develop their full potential.”

The diffusion of internet technologies and their associated characteristics influence the emergence and evolution of consumer empowerment (Kozinets et.al.2010). The rise of internet commerce removed geographic and time constraints, empowering consumers through expanded assortments, increased retail options and new service features (Day, 2011). Consequently, processes involving empowerment are influencing the decisions that affect peoples’ lives (Zimmerman, 1995).



5. IMPACT OF SOCIAL MEDIA ON PURCHASE BEHAVIOR

The new marketing communication reality presents new challenges and opportunities for companies as purchase decisions are increasingly influenced by social media interactions. People rely more than ever on their social networks when making those decisions (Hinz et al. 2011). Consumers are mostly consuming the content on social media while a few are contributors or producers of user created services. User created services play an important role in conveying experiences and peer-to-peer support. By sharing experiences and knowledge, consumers are creating new forms of guiding and directing decision making. (Kristina Heinonen, 2011).

Informational social influence is explained by Lee et al. (2011). This type of social influence involves accepting information or advice from a person who may or may not have previously been known as a friend or colleague. Informational social influence is especially relevant in the context of social media, in which user-generated content is an important type of information. An example of this type of social influence in social media could be a change in purchasing behavior as a consequence of online customer reviews of a product. These reviews change the attitudes and beliefs of consumers and thereby influence behavior.

Social media has fundamentally changed the consumer decision process and in the last decade a more nuanced view of how consumers engage with brands has emerged. Instead of the traditional purchase funnel, consumers reach products and services during an extended evaluation stage and after purchase, they often enter into an open ended relationship with the brand, sharing their experience using social media. In particular, social media is making the “evaluate” and “advocate” stages of the decision journey more relevant to marketers. (Hudson et al., 2013).

Before purchasing a product online consumers usually inform themselves from forums, company’s websites, facebook accounts or peer reviews. Social networks have a role in influencing the behavior of consumers in the virtual environment, particularly when the degree of exposure of messages and the relation created between the variety of information given and the consumer who is about to make a purchase. (Elisabeta Ionas & Ivona Stoica, 2014).

Social media has influenced consumer behavior from information acquisition to post purchase behavior such as dissatisfaction statements or behaviors (Mangold & Faulds, 2009). By facilitating the communications between firm and customer, understanding and meeting of consumers’ expectations would be easier. Due to the increased use of social communication, occurrence of consumption related behavior in these areas is unavoidable. (Durukan et al. 2012). The two platform categories that are considered most effective for influencing purchase decisions are blogs (information quality) and social networks (connectivity) (Simon .G Fauser et al 2011).

6. CONCLUSION

Social media must be regarded as a core element of the marketing mix of a firm. Web 2.0 social media is a powerful medium for identifying key consumer influencers, engaging them and encouraging brand advocates. Access to information and opinions has become readily available due to the proliferation of online resources. The widespread adoption of mobile technologies will continue to influence & increase the impact of social media networks on different increasing aspects of society. Social media marketer can influence a brand community and potentially influence consumer behavior by tapping into or creating their own online social networks. It has become imperative for Marketers to create brand communities, listen to them carefully and tailor special programs and tools that will empower potential and existing community members.

Although we have focused primarily on the role of social media in empowering consumers and the impact of social media on consumer behavior, they clearly affect business in various ways that we do not address in this paper. This study will be valuable to web researchers and practitioners interested in (designing & managing their websites) adopting and managing their social media campaigns. Advertising effectiveness in the rapidly digitalizing world of television (and other audio & visual media) will be improved through the adoption of synergistic paradigms of multiple niche co-creation. From the above articles the principal idea is that social media has empowered consumers and has emerged as an important tool for influencing consumer behavior. The overall goal of this research endeavor is better understanding of social media, so that it can be used as an effective marketing tool.

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