

How the integration of social networks into business information systems impacts on efficiency, productivity and profitability

1. Introduction

The incoming of the second media age and multiple digital platforms has created new societal trends and business opportunities through the multimedia business model, which has challenged pre-existing methods of information dissemination. On one side of the spectrum this has led to increasing commercialisation of the customer, which is further reflected by changing consumer habits and multi-chain retail strategy. On the other side of the spectrum, the digital era has redefined how the people interact with each other, thereby marking a shift in societal relationships and trends, which in turn informs cultural norms and enables innovation in building consumer/business relationships.

Appurtenant to the digital revolution has been the radicalisation of communication modes, with the inception of chat rooms, email, instant messaging and blogs; which have reshaped social interaction in the contemporary social framework within the continuous movement towards global homogenous cultural paradigms and international business networks. A prime example is the immediacy of the social network Twitter, which enables instantaneous connectivity with consumers. As such, Comm et al highlight that “businesses can harness the immediacy of Twitter to innovate and build relationships like never before” (2009, p.xiv).

The potential of Twitter as a business tool is facilitated by the globalisation phenomenon, which encompasses integration of political and cultural and social economic aspects of regional and local territories via contemporary global methods of information exchange (Croucher, 2004). Indeed, Croucher posits that globalisation is fuelled by the interrelationship between various central trigger factors including economic, technological, socio-cultural, political and biological factors (Croucher, 2004: 10).

Moreover, the use of internet for social communication in conjunction with the Web 2.0 application has facilitated the development of social networking platforms for online interaction; business networking and user generated content sites. In particular, the online social network model has resulted in the phenomenon of leading social networks such as MySpace, Bebo, Facebook and Twitter. In general terms, these leading social networks enable individuals to share information about themselves, hobbies and interests and additionally have redefined business strategy and traditional social interaction modes. As such, it is submitted in this paper that the social network phenomenon exemplifies the interrelationship between business networking, social communication, cultural norm shifts and the shaping of self identity within the globalisation paradigm.

Furthermore, whilst MySpace and Facebook are arguably the most popular social networking platforms; it is evident that in the last three years social networking models have continued to change and appear to moving towards a more instantaneous and tailored approach with the proliferation of bespoke social networks such as Twitter, Ning, CollectiveX and KickApps. These networks enable signed up users to set up their own networks according to personal interests and immediate connectivity through continuous updates.

Therefore whilst the sheer vast numbers of social networking and intrinsically innovative nature of this phenomenon renders it difficult to predict the future trends in social networking; the immediate future would suggest that social networking is becoming increasingly bespoke and tailored to individual interests with the public increasingly autonomous in their choices. As such, online marketing initiatives are imperative for building businesses particularly in the retail sector.

However, whilst Facebook and MySpace have been obvious points of recourse for such online marketing strategy, the value of Twitter has been less obvious. In contrast to MySpace and Facebook, Twitter is restrictive in terms of user generated media content and not intrinsically commercial in nature.

Nevertheless, it is submitted in this paper that the key feature of Twitter beneficial to business growth is the ability to find and develop personal relationships with new

customers, which is imperative in light of the increasing autonomy of consumers in the online marketplace. This proposition is further supported by Comm et al's personal account of Twitter's utility: "it's helped me to build deeper relationships with my partners, my clients..... it's extended the reach of my brand, making the name of my business known to people who might never otherwise have heard of it" (Comm et al, 2009, p.xvi).

This paper critically evaluates the interrelationship of complex factors raised by social networking from both a sociological and business perspective, with a particular focus towards the concomitant impact on novel business models as a result of the Twitter phenomenon. Moreover, this paper considers the interrelationship between potential future models for social networking and the development of Twitter as a tool for business development in particular. To this end, this paper further evaluates the trends within pre-existing social networks to predict future trends in social networking and potential new models for online social networks. Furthermore, this paper evaluates the development of social networks and the future of social network models, which is imperative to the consideration of what strategies to use in making the Twitter network a viable business networking tool.

2. Social Networking and Transformation of Business Models

The proliferation of the Internet and online growth has facilitated novel societal trends and business opportunities through the piecemeal evolution of electronic commerce, thereby creating a new social and business model accommodating the contemporary market and thereby redefining youth culture. The creation of multi-faceted digital space has seen a significant uptake by individuals on a global scale, thereby perpetuating a domino effect on culture, sub-cultures (particularly youth culture) and social behaviour through the "commercialisation of customers" on the one side to changing communication trends with social networking sites such as Facebook and MySpace and Twitter on the other (Cross, 2004, p.3).

Moreover, the digital business model has led to market segmentation and a changing consumer market, forcing retailers to adopt a multi-retailer strategy geared towards an increasingly autonomous and savvy customer (Levy & Weitz, 2008: 27). This is

further evidenced recent trends social networking, which suggest that new models attempt to apply innovation to forecast individual user needs, which is arguably fundamental to the continued development and growth of social networking platforms.

Therefore, if considered in light of the growing popularity of individual bespoke social networks within the Ning, KickApps and CollectiveX; Ning for example has over 3,000 gaming networks. This clearly points to future social networking moving towards fusion of popular online trends such as gaming in innovating new online social network models. Moreover, Bennett posits that the extension of brand awareness into social networking offers the most effective means of targeting a mass demographic, which in turn has important implications for business strategy within the contemporary organisational framework (Bennett, 2008:33).

If we consider this contextually with regard to Twitter; whilst this social network is essentially a communication tool, it has also followed suit and implemented add on applications. However, the Twitter network additionally enables individuals to infuse the personal relationship element into business growth. Within this contextual backdrop, Twitter arguably is an extremely viable option for contemporary customer relationship management strategy as “people always prefer to do business with people they know; and they get to know them by talking to them and swapping ideas with them” (Comm et al, 2009, p.xix). Therefore, Twitter not only enables this on the Internet, the Twitter model also exemplifies the interrelationship between an increasing media influence on the public and exploitation of potential business opportunities.

This in turn correlates to Benkler’s argument that the manner in which information is produced and exchanged in society is fundamental to interaction and how societies see the world (2006). To this end, Benkler highlights the point that:

“In the past decade and a half, we have begun to see a radical change in the organisation of information production. Enabled by technological change, we are beginning to see a series of economic, social and cultural adaptations that make

possible a radical transformation of how we make the information environment we occupy as autonomous individuals” (Benkler, 2006, p.1).

With regard to the internet revolution, Benkler posits that it is structural as it “goes to the very foundations of how liberal markets and liberal democracies have coevolved for almost two centuries” (2006, p.1). Moreover, Benkler highlights the point that technological change, economic growth and social practices are inherently intertwined in facilitating novel opportunities in business (Benkler, 2006, p.3). Additionally, the crux of Benkler’s argument would suggest that modes of information exchange and cultural norms intrinsically dictate business growth particularly in the retail market.

For example, Benkler opines that the renovation of information exchange in the digital era have impacted non-market and non-proprietary production, resulting in increasing business success being attributable to the fostering of effective customer relationship management (Benkler, 2006, p.4). To this end, Benkler postulates that “This freedom enables democratic participation as a medium to foster a more critical and self reflective culture, and human development” (Benkler, 2006, p.2).

Moreover, Benkler argues that the networked public sphere and social networking model has moved traditional controlled media model into the increasingly autonomous public; thereby opening up the markets ripe for business exploitation (2006, p.146). However, this has fuelled debate as to the appropriate method of using social networking for exploiting business opportunities. For example, whilst Twitter is a free network and enables contact with a massive demographic through the bypassing of exorbitant marketing costs; the question remains as to how can businesses use social networking in a manner that actually converts social contact and online relationships into profitable sales.

This complicated issue is further compounded by the inherent complexities of social networking use with the creation of “lifestyle enclaves, social networks formed by people who share some feature of private life and who express their identity through shared patterns of appearance, consumption and leisure activities, which often serve to differentiate them sharply from those with other lifestyles” (Bellah et al, 1998: 335 in Andersson, 2002:104). This in turn has a concomitant impact on the future of social

networking through Andersson's proposition of "psychographic segmentation" (2002:104); which is inherently dependent on tailoring consumer predilections for a sense of identity as evidenced by the bespoke nature of white label social networks such as Ning, KickApps and CollectiveX.

Additionally, the growth of social networking and individual participation in user generated networking and interest oriented networking through Twitter, Ning and KickApps suggests the increasing power of the masses in the online arena through their individual "digital republics"; which is clearly shaping the development of future models for social networking and business exploitation of this business tool.

Accordingly, it is submitted that consideration of social behaviour is arguably at the crux of how social network entrepreneurs innovate novel online social networks and indeed how businesses in general can tap into this phenomenon, particularly through Twitter. This proposition is further supported by the fact that the creation of personal spaces online and the continuous changes in the social networking interrelationship with recent usage trends towards creation of private cultural spaces and user generated content, clearly points to the complex multifarious uses of online social networking.

This in turn reinforces the importance of acknowledging increased individual autonomy in using social network such as Twitter as part of business strategy and correlates to Benkler's argument that autonomy "underlies the efficiency and sustainability of non-proprietary production in the networked information economy" (2006, p.356). Accordingly, it is submitted that this increased autonomy has redefine the social concepts of self-identity in the networked environment. Therefore, the efficacy of Twitter as a business tool is not only dependent on approaching Twitter as a part of customer relationship management strategy but also to recognise the redefined concepts of self-identity of individuals targeted through Twitter as potential customers.

3. Social Networking, Trends & Future Developments

It is submitted that an understanding of the development of social networking and the trends pertaining to future development of the model is important in considering how

to maximise the value of social networks such as Twitter for business strategy. For example, Livermore & Setzekom highlight how social networking models have significantly developed through exploitation of popular trends such as MySpace, Facebook and Twitter, which used the circle of friend's social networking technique to create pages regarding hobbies, interests through an interactive medium (2008, p.72).

These sites enabled information sharing on music, films and books and enabled user generated content through video clips and music file capabilities in the case of MySpace and Facebook. Additionally, sites such as LinkedIn and Flickr enable business and employment social networking. As a result, Livermore & Setzekom posit that the diversification of nice networks has meant that "social networking communities are quickly being subsumed into corporate structures" (2008, p.72).

Additionally, the combination of targeted niche social networks fuelled by technological innovations in applications has increased the versatility of social networking sites to address popular online trends and the reality of increased online usage. Moreover, Shih's research indicates that the growth of bespoke networking sites such as Ning whilst increasing in popularity have failed to make sufficient inroads into Facebook's marketplace, which suggests an interesting gap in social networking retaining certain users, ripe for exploitation in a future online social networking model (Shih, 2009).

Indeed, Comm et al's focused study on Twitter would suggest that the restrictive applications available on Twitter and its central role as an instant communicator is arguably its biggest strength (Comm et al, 2009, p.1). For example, Twitter's application as a communication mode enables the social network to remain focused in its purpose as a social network and thereby arguably provides the viable medium to exploit the current gap in the market for social networking indicated by Shih (2009).

This argument is further supported by the uptake rate of Twitter, which continues to grow in popularity (Weber, 2009, p.9). For example, Weber suggests that from a marketing perspective, social networking models such as Twitter can increase a response rate of up to 80 per cent (2009, p.9).

However, in maximising the use of Twitter and indeed any social networking as part of business growth strategy; businesses need to be aware of the continuously evolving model of social networking to ensure a multi-layered strategy in social networking marketing. For example, whilst research into social networking tends to focus on social networking through the circle of friends' model; this ignores the continuing impact of user generated content sites, which are growing exponentially (Dovey et al, 2009:152). Indeed, Dovey et al (2009).

Indeed, it is submitted that a focus on user-generated content sites is instrumental in future development of social networking. For example, Dovey et al posit that understanding user generated content provides valuable insights into user behaviour that can be utilised to develop niche social networks that add value and further exploit business opportunities in the online marketplace. To this end, Dovey et al opine that the importance of user generated content to social networks is the point that this correlates to potential creation of data that individuals will pay to access and that:

“users add value”, we will enhance the service through the traces of ourselves that we leave behind when we add data to the service.... This reflects the general understanding of user generated content and particular participatory culture in media by arguing that ease of use and “remixability” actually increases market share” (2009, p.205).

These arguments are further supported by the research of Sankar et al (2009), who posit that social networking removes barriers to market entry and influences product development and business growth strategy (2009:91). For example, if we consider trends in social networking, the recent move appears to be an increased popularity of white label social networking. Indeed, if we further consider Ning as part of the future social networking model, Ning is a generic social housing platform and began in 2008 with around 300,000-400,000 sites and now they have 20 million users in a million social networks and are adding approximately 2 million users per month (Sankar et al, 2009:108). Communities on Ning range from filmmakers to supernatural believers and to Fort Worth public library staff to animated to independent filmmakers and Sankar et al comment that:

“the value proposition of Ning is that it enables users to set up and manage a social networking community with capability to manage members, events and groups, add real time activity streams and manage members, events and groups, add real time activity streams and manage discussion boards” (2009:107).

As such, whilst Ning may not be as popular as the networking giants such as MySpace and Facebook, its popularity nevertheless provides an interesting insight into the future of social networking and the increasing use of private domains. This is further delineated by Sankar et al’s assertion that:

“It is worth making clearer that Ning is an interesting and different breed of act. Unlike the others.....There are only branded sites of users. The only Ning identification is a small credit at the bottom of the site.....The interesting question here is whether social networking becomes about competing sites for social networking or independent choices” (2009:107).

Therefore in going forward, the development of Ning suggests further diversification of niche marketing at the crux of social network development in moving towards a dichotomy between critical mass networking through Facebook and MySpace circle of friends’ paradigm and the generic “build your own brand” social network models facilitated by sites such as Ning, KickApps and CollectiveX (Sankar et al, 2009:107).

For example, another recent social network model is www.jive.com, which is an enterprise platform, creating social software for internal organisational communication and external organisational communication. Another new network is Socialtext, which is a hosted enterprise collaboration tool, incorporating “all the basic social media capabilities, such as social networking, personal home pages, wikis, and blogs. It has a couple of innovative ideas such as distributed spreadsheets and social messaging” (Sankar et al, 2009:108).

Additionally, Xu et al apply Porter’s five forces business model to Ning and comment that “in summary, revenues generated from online ads and subscription to premium

services form the basis of the revenue model of Ning. This is true of most online networking” (2007:885).

If we consider Ning in contrast with other alternative social network such as KickApps, CollectiveX, whilst KickApps also offers private social networks and has arguably superior technological platforms to Ning; KickApps focuses on the technological aspect of creating private networks through embedded widgets. However, the increased popularity and success of Ning is arguably a result of the simpler to use interface and ability to tap into people’s specific interests.

Therefore on the other hand, whilst Twitter’s advantage is its personal contact with followers in securing conversion rates; as a business tool the recent trends in social networking arguably highlight Twitter’s weaknesses due to the limited applications. Alternatively, Weber posits that notwithstanding the future trends in social networking, the Twitter platform enables users to link the tweets to other social networking sites automatically. Therefore use of Twitter enables all the benefits of Twitter whilst mutually exploiting the benefits of other social networks, which is imperative to online marketing strategy in Benkler’s model of the networked global society.

Within this framework, Weber posits that the significant business advantages of Twitter are the reinforcement of brand, promotion, finding collaborative partners, business expansion and directing converted traffic to other online business destinations (2009, p.11). This is particularly important if we consider the shifting trends in consumer habits impacting multi retail strategy.

Moreover, a literature review regarding consumer channel the multifarious reasons as to why consumers may decide to use or avoid specific channels in specific in certain circumstances, however there is a lack of consensus as to why consumers combine the use of several channels for different purposes during the consumption process (Schoenbachler & Gordon, 2002: 43).

Accordingly, within this framework, the use of Twitter is imperative as cost effective marketing tool. Indeed, Makice highlights the point that whilst the perennial question

remains as to how Twitter makes money as a network; from a user's perspective Twitter is clearly an important tool to help businesses make money. To this end, Makice comments that "business have formed around selling advertising space on Twitter member's profile pages, twittad sponsorship of moments during live tweeted events and even selling tweets" (2009, p.67). For example, Twitter provides information on what a tweet is worth and how valuable a tweet is to the twitter community (Makice, 2009, p.67).

Moreover, Comm et al highlight the crux of Twitter's utility as an online marketing tool to help grow businesses and opine that:

"it was pretty clear when Facebook and MySpace came along that they were going to be both powerful and useful. The ability to renew old friendships and maintain current ones with very little effort and for no cost was always going to attract large numbers of people. And the ease with which entrepreneurs could use these sites to build networks and keep their markets interested meant that an understanding of social media has become important (2009, p.xv).

Nevertheless, as highlighted above, whilst Twitter is clearly useful as an online marketing tool in building business; the development and success of any business will inherently be dependent on an interrelationship of complex background factors. Therefore any use of social networking will inherently operate within this backdrop.

With regard to the online marketplace, the proliferation of novel communication modes and online networking has resulted in multiple distribution streams, challenging pre-existing methods of information dissemination. In particular, the growth of social networking, development of user generated content, correlates to Rutledge's argument that:

"to create a social networking campaign that really generates results, you have to understand what makes social networking work in terms of human interaction.....the growing popularity of user generated content ... is the foundation of social networking today. Social networking sites are built on a business model that emphasises user generated content. In other words you don't visit MySpace to see

what staffers of these companies have to say, or to read the words of professional writers. You visit these sites to connect with other people and collaborate on ideas” (2008:92).

This suggests therefore that it is the heightened individual control that is the key to success of social networking models going forward.

4. Conclusion

The above analysis demonstrates that whilst social networks are used to interact with other online users, reasons for use of social networking and preference of certain networks over others are inherently complex. Nevertheless, the literature clearly demonstrates that social networking has altered social behaviour and the contemporary approach to framing identity in line with Benkler’s model of the networked social environment.

Moreover, the above analysis highlights that the range of issues covered by the title “online social networks” is intrinsically wide and complex. In line with Benkler’s early extrapolations, the digital era is clearly converging towards the global village paradigm. Directly correlated to this is the increasing relevance of social networking in business particularly as a result of increasing individual autonomy and changing consumer behaviour. To this end, it is submitted that Twitter’s utility as a customer relationship management tool is arguably instrumental to contemporary business marketing strategy particularly as a result of increasing relevance of e-commerce to the retail sector.

Furthermore, on the other side of the spectrum, the development and rapid uptake of new white label social networking mediums such as Ning and KickApps suggest a shift for future innovation in social networking with a increased move towards the create your own network model. The potential opportunities for internet entrepreneurs are clearly multifarious as the sheer number of networks within the Ning model highlights the continued diversification of niche subject areas ripe for exploitation by future social network models.

This further demonstrates the increasing power of individuals in shaping innovation in online social networks and reinforces the importance of social networking addressing macroeconomic realities in order to remain useful as a business tool. For example, it is submitted that the Ning example exemplifies the crucial factor in future development of successful online social networks; namely, the importance of marrying popular online trends, user preferences and user generated content that is targeted to user preferences.

Therefore, whilst the circle of friends' approach of Twitter remains relevant towards fostering personal relationships important to the contemporary consumer; the continued efficacy of Twitter as a tool to build business must account for the evolving future social network model. At present, the central defining feature of Twitter's popularity is the intimacy of personal communication, which can be utilised to expand brand awareness and secure customer conversion rates.

This is further bolstered by the facility to link to other social networking platforms simultaneously, which is imperative in the current online environment. Nevertheless, the developments in social networking trends highlights that point that Twitter must continue to adapt to continuing trends in social networking and the simultaneous impact of macroeconomic factors to sustain its continued importance as a tool to build business growth.

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