

# **EVOLUTION OF SOCIAL MEDIA NETWORKS, AND THEIR MARKETING EFFECTIVENESS**

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## **INTRODUCTION**

Over the past decade, there has been a phenomenal rise of social media as a tool, to effectively increase brand awareness, and to influence the purchasing decision of the consumers. According to Kaplan and Haenlein [15], social media is defined as “a group of Internet based applications that is built on the ideological and technological foundations of Web 2.0, and allow the creation and exchange of user generated content.”

Social media has been evolving from late 1970's. With the advent of Web 2.0 tools, the number of people using social media around the world has increased resulting in increased collaboration, interoperability and interactivity [14]. To stay competitive, companies are increasingly using social media for marketing, at par with the traditional marketing techniques. Marketing teams are currently perplexed in devising the right combination of the traditional and social media marketing.

Social media marketing refers to “techniques primarily focused on social media sites in an effect to create brand awareness, promote products and influence purchasing decisions” [16]. Traditional media refers to the broad category of marketing and advertisement such as direct medium of marketing, print medium, television and newspaper marketing.

The purpose of this paper is to study the evolution of Social Media, and identify some of the important metrics used to gauge the effectiveness social media marketing.

## **EVOLUTION OF SOCIAL MEDIA**

Social media has become an integral part of modern life, and it is hard for many to imagine spending a single day without accessing social media sites such as Facebook. Social media which is currently at the epitome of development, has evolved over the years, and its origin can be traced back to the 1970's. Social media sites provide platforms which facilitate the social networking among users in an effort to connect with peers, gather information, be entertained and execute purchasing decision [15]

Lately, there has been a plethora of social networking tools. Some of them are used globally but concentrated on specific part of the world and some of them with limited presence throughout the world. *SnapChat* and *WhatsApp* are the two widely used chat messages services offering users to exchange message, videos personally and in groups. Instagram is widely used for sharing amateur and professional photos in public or personally. *Tumblr* is a microblogging site allowing users to blog and post multimedia content. *Pinterest* marketed as “catalog of ideas” allows users to share their experience of foods, places and their topic of interest and inspires others to perform the same.

As we can see, in a very short time, Social Media networks have become an essential service and integrated into modern societies.

## SOCIAL MEDIA METRICS

Social media can be used by the company for both awareness/marketing and generating sales. Frank Cespedes [4], in his book “Aligning Strategy and Sales” states that only 7% of the organization understand the “true value at stake from digital marketing. He also quotes from the Gallup survey that of the people who use social media only 38% of the people stated that social media has influenced their purchasing decision and 5% people has stated that social has great influence in their purchasing decision. In this section of the paper, we will discuss some of the metrics used to assess effectiveness of social media

The following are the most commonly used metrics in social media.

*Tweets.* Tweets are posts made in the social media Twitter that includes messages, personal thoughts, marketing slogan or anything that fits in the space designated. Tweets posted by celebrities from movie, music industry, sports and political leaders are widely followed. Brands also have twitter account and post their product information for creating awareness and to promote sales.

*Reviews.* The most common and most used metric in social media. Reviewers provide positive, negative and personal experience of using the products and services. When people want to buy same product or service, they refer the reviews posted by the prior buyers of the product and services.

*Click Through Rates (CTR).* CTR, a prominent metric in internet marketing is now currently used in social media as well. It is aimed at directing the users to the intended website in an attempt to increase the traffic and sales. It is the ratio of users who click on the advertisement placed on the social media site to the total number of users visiting the page.

*Fans/Followers.* It is the total number of users following a brand. In spite of being widely used, it might not serve as a true indicator of sales but more of an awareness number.

*Monthly Active Users.* Monthly active users ( MAU) is predominantly used by Facebook to track the unique number of users visiting the web page. In order to track, the users must be logged into the Facebook application. In order to be counted as an active user, the user might have to carry out some activity in the application such as accepting friends request, accessing the profile tab, posting update or playing video [11].

## SUMMARY AND FUTURE RESEARCH

Social media networks have evolved rapidly over a relatively short period, resulting in very popular sites such as Facebook, SnapChat, LinkedIn, and Pinterest. As the number of regular users grows to well over a billion, marketing managers are finding out that these popular social media sites have a huge potential for branding and eventual sales.

Several metrics to capture the effectiveness of social media in marketing are currently being developed and tested. Some of the important ones like click-thru-rates (CTRs), quality and quantity of user reviews and monthly average users (MAUs) are mentioned in this work.

There are also several factors related to social media use that influence customer purchasing decisions. Social Media, as many organizations are rapidly realizing, is rapidly becoming a significant influencer of purchasing decisions. For example, are consumers who spent more time online, also more likely to be influenced by social media? Are heavy users of Social Media more likely to purchase via ads in Social Media sites?

## REFERENCES

References available upon request from Santosh Venkatraman, svenkatraman@tncstate.edu