

# The economic values of social media



The Internet during the 1990s or *Web 1.0* is defined as a collection of primitive, static websites which did not leave much in the way of expansion. However, the onset of the twenty-first century brought an explosion of interactive online content often called *Web 2.0*. Social media was important for this “new” Internet’s interactiveness by providing blogging, message boards, and virtual communities that allowed a new form of freedom and opinions (Blank). Social media transformed the landscape of previously held ideas in how social, political, and economic exchanges were to occur, creating a revolution that affected most people. Negatives and positives arose with social media’s increased use, yet social media arguably has had the largest positive impact in the economic sector; it allowed a strength antecedently not held by consumers and allowed a diverse amount of interactions between producers and consumers.

Opinion aggregators namely Yelp and Rotten Tomatoes, social networks, price-comparers, as well as recommendation engines have shaped the power dynamic of companies and their customers toward the consumer. As people began to rely primarily on these user-based sites to develop opinions, who consumers trust shifted away from corporate advertisements. This effect can be seen from customers that now can comprehensively inform themselves on products: “More than a fifth of consumers have used mobile phones to compare prices while in a store.... nearly a third of consumers have penned negative online reviews after disappointing experiences” (Bellin). After the beginning of *Web 2.0*, shoppers had the ability to actively understand the products or services that they wanted to purchase. Using this power translated into a larger audience of consumers who found the better options

for purchasing; this caused companies to focus on bettering their prices or products. Pre-Internet age consumers were only able to gather sanitation information for retail food facilities (RFFs) through newspapers, TV, and RFFs postings; this, however, changed after the creation of sites whose jobs were to compile opinions of past patrons:

Consumers may seek out other sources for information about sanitation at RFFs... Social Media, consumer-generated restaurant review sites such as Yelp... and personal blogs offer a wealth of information about RFFs.

Consumers now seek information regarding prices, food and service quality, ambiance, and even sanitation levels of RFFs by reading other consumers' opinions insocial media(Park).

Yelp opened a new form of discussion in which large food reviewers or TV advertisements were not the only source of information. When looking at this user-generated content, the prices and quality stated is understood to not be fabricated since the consumers are giving opinions without any incentive. Thus, a new age of transparency had begun that has allowed consumers of any type to be more trusting and comprehensive in their spending while forcing producers to pay additional attention to consumers' wants. With this growing power, many companies have adopted a new democratic view for advertisement: " Companies in every consumer-facing industry can... find new ways to advertise their products and brands. Bringing the " voice of the crowd" into marketing efforts can lend a campaign the type of credibility and authenticity that consumers often look for" (Bellin). With companies' cooperation and social media's buying power, better products have come to market for the purpose of maintaining a positive image. Likewise, a positive <https://assignbuster.com/the-economic-values-of-social-media/>

company image and this “word of mouth” communication led to improved sales and customer trust that contest the benefits of a broad network for advertising. Furthermore, these open discussions about products or services have led to positive outcomes for companies. of the company. To illustrate, a hotel company chose to create a prominent social media presents with the logic that “whether we engage or not, the conversation about our brands are happening” (Bellin). The company realized that in order to grow customer happiness an engagement with the customer was necessary. The company’s transparency built trust among patrons that illuminates the influence customers gained with Web 2. 0. On the contrary, when a popular fast-food chain created a hashtag on twitter, their media department had not been properly communicating with their customers. The consequence of this negligence was “a torrent of negative and unflattering responses” instead of “customers [who] shared fond memories of the restaurants” (Bellin). If the fast-food chain had understood the power consumers held and based their actions off of public opinions, their reputation would not have been critically damaged. This ability to stand for consumers rights instead of allowing corporations to control what their buyers could want has led to a revolution in customer happiness and improved products.

Web 2. 0 brought an increase in competitiveness among marketplaces which led to many organizations exploring their options with the use of social media such as wikis, blogs, and online discussion forums. These various tools changed the ways companies functioned with organizations, customers, and co-workers; this led to the reconstruction of communications inwardly and outwardly which is called *Enterprise 2. 0* (Baxter). Social media has allowed

for a deeper interaction with consumers and workers alike. The simpler type of company blog have been “ employee blogs [which] are often associated with staff members’ blogging externally on behalf of their company to maintain a favorable corporate image” (Baxter). Employee blogs changed the relationship between customer and company by allowing an ability for personal interaction; this is unlike conventional advertising methods since past advertisements were broader and did not enable any form of constructive critiques. With these modern communication options, a positive image of service is established with the company and can sway new possible consumers. Other blogs such as “ promotional blogs [which] are used specifically for advertising products” created a similar relationship but focused primarily on different aspects of an organization (Baxter).

Promotional blogs could be comparable to standard advertising, yet they have crucial differences that make blogs more effective than advertising at customer interaction. Dissimilar to routine advertising, promotional blogs allow an audience an option to explore the blog while traditional advertisement shown to viewers whom may be uncaring or unable to participate in what is advertised. Additionally, blogs are often able to cheaply see who visits their site for an understanding of how to create future promotions for customers; this is different to surveys organizations normally gave to customers which are expensive and may be less truthful. While employee and promotional blog indirectly learned about their customers’ preferences, “ executive or CEO blogs are [ran] by company executives to project company ideas and engage with members of the public through feedback” (Baxter). This form of blogging allows corporations to easily receive feedback on incoming ideas for the purpose of establishing a more

successful investment. Executive blogs provide customers a direct interaction with CEO's of companies to give an assessment of their ideas; these enabled customers to receive more tailored products. Facebook also changed the way small and larger companies interacted with one another: "Facebook can be used by individuals to connect with business contacts in addition to assisting individuals in establishing a personalized business profile" (Baxter). A new form of interaction is created using Facebook that allows people to easily grow companies and develop relationships with contacts already established in the business world. These accounts can improve chances for larger businesses to establish connections deals with need services or products from an independent and cheaper source which may not have been able to interact formally. Addedly, according to Patrick Geho, a writer for *The Entrepreneurial Executive* , " Facebook Business Pages allows businesses to create a profile separate from the owner's profile, giving " fans" of the business a legitimate place to interact" (Np). Business pages are like employee blogs from how they allow a way for companies to engage with their customers to improve products and to resolve problems. Nonetheless, Facebook gives a cheaper and more widely available platform, so regardless of size social media has revolutionized the ability of organizations to interact with other groups and their patrons.

Web 2. 0 and the following Enterprise 2. 0 completely changed the economic sector for the better, by giving customers more influence in companies and by changing interactiveness in companies through different forms of blogs. Yelp and other similar sites enabled consumers to review products and services; thus, it made producers to conform to the consumers. Likewise,

these reviews granted shoppers an easy, unbiased source to validate the information the company may have provided. With customers' opinions being more valued, new options for advertisement and interaction were brought forth such as: employee, promotional, and executive blogs. Along with Facebook, these new blogging options gave freedom to large and small organization to interact with their own consumer base. Without the growth of social media, many opportunities for benefited growth would have been unable to come to fruition.

## Work Cited

Baxter, Gavin. " Social Media in Organizations." *The International Encyclopedia of Digital Communication and Society* , edited by Robin Mansell, and Peng Hwa Ang, Wiley, 1st edition, 2015. *Credo Reference* , [https://libproxy.volstate.edu/login?url=https://search.credoreference.com/content/entry/wileydcas/social\\_media\\_in\\_organizations/0?institutionId=3707](https://libproxy.volstate.edu/login?url=https://search.credoreference.com/content/entry/wileydcas/social_media_in_organizations/0?institutionId=3707). Accessed 07 Nov. 2018.

1. This article explains the application of social media in the workplace. Then, It explains what positives this media has in interactions between customers and workers. This can be used to show what types of site benefit large businesses.

Bellin, Joshua, and Paul F. Nunes. " Thriving with the crowd: marketing with (and against) the new influence peddlers." *Ivey Business Journal Reprints* , July 2013. *Academic OneFile* , [http://link.galegroup.com/apps/doc/A345462072/AONE?u=tel\\_a\\_vsc&sid=AONE&d=72af02fb](http://link.galegroup.com/apps/doc/A345462072/AONE?u=tel_a_vsc&sid=AONE&d=72af02fb). Accessed 8 Nov. 2018.

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1. This article directly speaks of the benefits of promoting through social media. The article goes over the different types of uses for social media; then, it gives examples to back their claims. I will use this to give a perspective on large and small business as well as the consumer power social media gives.

Blank, Trevor J. "Social Media." *Encyclopedia of American Studies*, edited by Simon Bronner, Johns Hopkins University Press, 1st edition, 2018. *Credo Reference*, [https://libproxy.volstate.edu/login?url=https://search.credoreference.com/content/entry/jhueas/social\\_media/0?institutionId=3707](https://libproxy.volstate.edu/login?url=https://search.credoreference.com/content/entry/jhueas/social_media/0?institutionId=3707). Accessed 07 Nov. 2018.

1. This source explains what Web 2.0 refers to, and it gives detailed descriptions over different types of social media which have sprung from Web 2.0. The article allowed me to get an idea of what types of media would work with economics. As well, it will give me an introduction to explain what Web 2.0 is.

Geho, Patrick R, and Jennifer Dangelo. "THE EVOLUTION OF SOCIAL MEDIA AS A MARKETING TOOL FOR ENTREPRENEURS." *The Entrepreneurial Executive; Arden*, vol. 17, 2012, pp. 61-68. ProQuest Research Library, [libproxy.volstate.edu/login?url=https://search.proquest.com/docview/1037409443?accountid=14861](https://libproxy.volstate.edu/login?url=https://search.proquest.com/docview/1037409443?accountid=14861). Accessed 7 Nov. 2018.

1. This Article is about the implications of social media and small business. It goes over the way that media site allows small businesses to reach a much larger number of people. I will use this article to show

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how businesses must use social media if they want to grow in this modern time.

Park, Haeik, et al. “Yelp versus inspection reports: is quality correlated with sanitation in retail food facilities?” *Journal of Environmental Health*, vol. 78, no. 10, 2016, p. 8+. *Academic OneFile*, [http://link.galegroup.com/apps/doc/A452290848/AONE?u=tel\\_a\\_vsc&sid=AONE&d=026ac9ff](http://link.galegroup.com/apps/doc/A452290848/AONE?u=tel_a_vsc&sid=AONE&d=026ac9ff).

Accessed 8 Nov. 2018.

1. The article is a scientific study of the implications of Yelp reviews to base sanitation standards on. It finds that score in the overall “health” of the establishment rarely matches up with public reviews. This article is used to show that Yelp quickly became consumers go to information site for opinions on shops. Additionally, it will be used to illustrate how business have to please people as to not receive a lowered review.