

Case study cyworld creating and capturing value in social network

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Question 1: Why do people use social network?

Answer: Peoples generally use the social networks for the purpose of managing their social lives, also it includes to satisfy the need of socialization of each individual which is required to be satisfied and the social networks are the most commonly used medium now a days in order to satisfy such need.

Comparing it to the other mediums such as emailing, messaging or calling the reason for the preference of the social networking sites is because that the audience in the social network is large enough also it gives the opportunity to socialize with other peoples around the globe and making new friends and connections and getting to know peoples, cultures and values around the globe

Question 2: How can you segment Cyworld user? Which segment should Cyworld target? How it can create value for users in this segment?

Answer: The segmentation of user of Cyworld are the teens and the generation in early twenties as the largest user group of Cyworld is the users comprised of the these two age segmentation. The reasons for these segmentation to be attracted towards Cyworld is that there is no membership fee and the generation is neither able to pay huge membership or reactivation fees

Cyworld should target the youth as they are most interested generation segment in socialization and who are well aware of using such sites and medium to communicate, contact and maintain their relationships with others and also seek to communicate with peoples around the globe in other

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regions For creating value for its users, Cyworld initiated with the tactics of introducing the idea of creating and managing minihompys by way of buying the virtual items and decorating the minihompys but later Cyworld observed that the users are getting bored of this activity and realized that the Cyworld will not be able to capture justified value on providing such services.

After surveying all the factors the Cyworld decided to launch Home2 which is in fact the upgraded version of minihompys but this have the option of sharing photos and many other things. This created more value for the users of the Cyworld and shortly around 80, 000 users of the Cyworld migrated to the Home2 as it is something new as it was a blend of blogging and minihompys.

Question 3: Which is most valuable for Cyworld - An active user, a user who spends a lot of money with Cyworld or a user with a lot of connection?

Answer: The most valuable for Cyworld includes the one who are an active user of the site as they are the potential customer of the organization. Considering the fact of generating revenues, the most revenue generation activity for Cyworld was the Paid Items which concludes the 72% of all the revenue generated by the organization but as a matter of fact the organization can only attain such revenue when item are being sold and the people will only buy if they can show that to others on the site as the items are not tangible neither moveable rather they are all virtual so the only value for the customers is the status regime they show by means of placing it on their own minihompys.

The users with a lot of connection is considerably valuable for the company because these are not only permanent users of the site as they won't leave the site because this will cause them to leave the connections they have and this makes them not only the potential customer but also they can attract others to join the site and can increase the users of Cyworld

Question 4: How is Cyworld different from Facebook or Myspace? How these social networking sites are different from other larger websites such as Amazon, Yahoo and Youtube?

Answer: Cyworld is different from Facebook or Myspace as on these social sites it is assumed that we are talking to a public at large (for example writing on a friend's wall) but the reality is we are still communicating with a specific group of people (i. e. only the friends or connections of that person can see what we posted on his wall). The other reason is Cyworld came with the idea of minihomphys where Facebook and Myspace lacks such availability of option.

The websites such as Amazon, Yahoo or Youtube are specific functioned sites like Amazon is used for online shopping, yahoo is a general purpose site which includes features from offering sale purchase to news reading material and many other areas and Youtube is specifically used for watching videos or sharing it, in comparison to Cyworld, Cyworld offers the sharing of ideas, minihomphys, videos, photos, music and many other things and this variety of option differentiate Cyworld from the sites such as Facebook, Myspace, Amazon, Yahoo and Youtube

Question 5: What should be Cyworld business model - paid items, mobile networking or advertising? Should Cyworld explore any other area of opportunity?

Answer: Cyworld started generation of revenue from the services of offering paid items and it constitute 72% of the revenues generated by the company but forecasting the future and analyzing the user behavior and trend Cyworld came to the conclusion that the people in future will not be much interested in purchasing virtual items for real money which can give them not much of value and satisfaction and the company realizes that the revenues will drop if the company sticks to the model of Paid Items. After considering all the facts the company came to the conclusion that the company should migrate from paid items model to the advertising models as followed by Facebook and many other sites. Its hard for Cyworld to make its own position in the market where the websites such as Facebook and Myspace are handling the maximum market share