

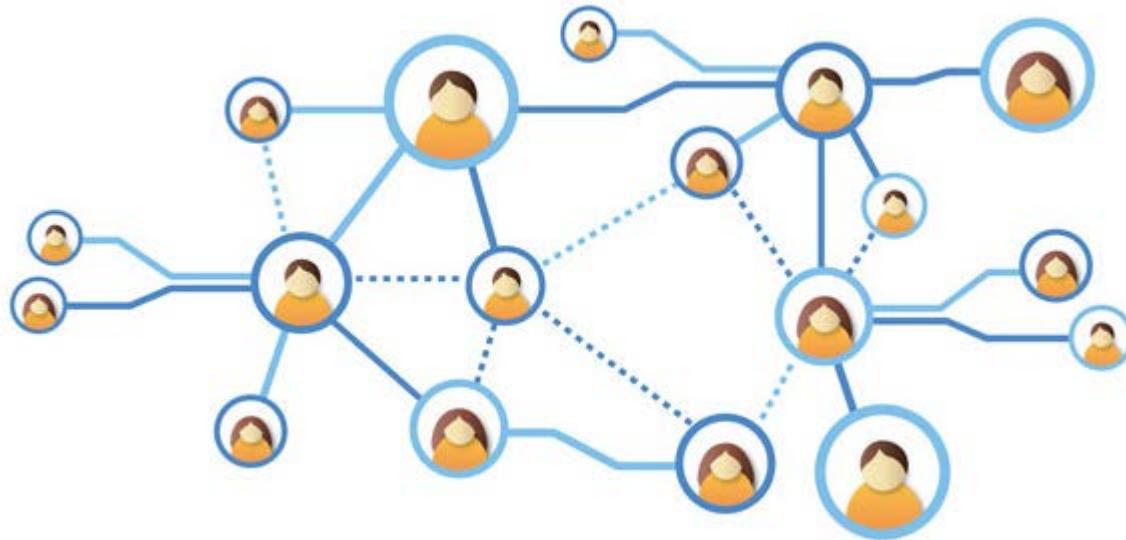
MIB605- Lecture 7

Social Media and Industry Evolution

Prof. Cui

Social Media

- Social media are the online means of communication, conveyance, collaboration, and cultivation among interconnected and interdependent networks of people, communities, and organizations enhanced by technological capabilities and mobility.



- Communication Process:
Who share what to whom.

Media Options to reach audience

- ▶ **Paid Media** (you pay to get space for delivering messages or ads)
 - ▶ Bought media where there is investment to pay for visitors, reach or conversation through search, display ads networks or affiliate marketing.
- ▶ **Earned Media** (content generated or shared by consumers)
 - ▶ The results of word-of-mouth that can be viral online, including conversations in social networks, blogs, and other communities.
- ▶ **Owned Media** (channels controlled by the firm)
 - ▶ A company's own website, blogs, email list, mobile apps or their social presence on Facebook, LinkedIn or Twitter.

Question: Which of the three types of media is most powerful today? Why?

Social Media Explained (purpose and focus)



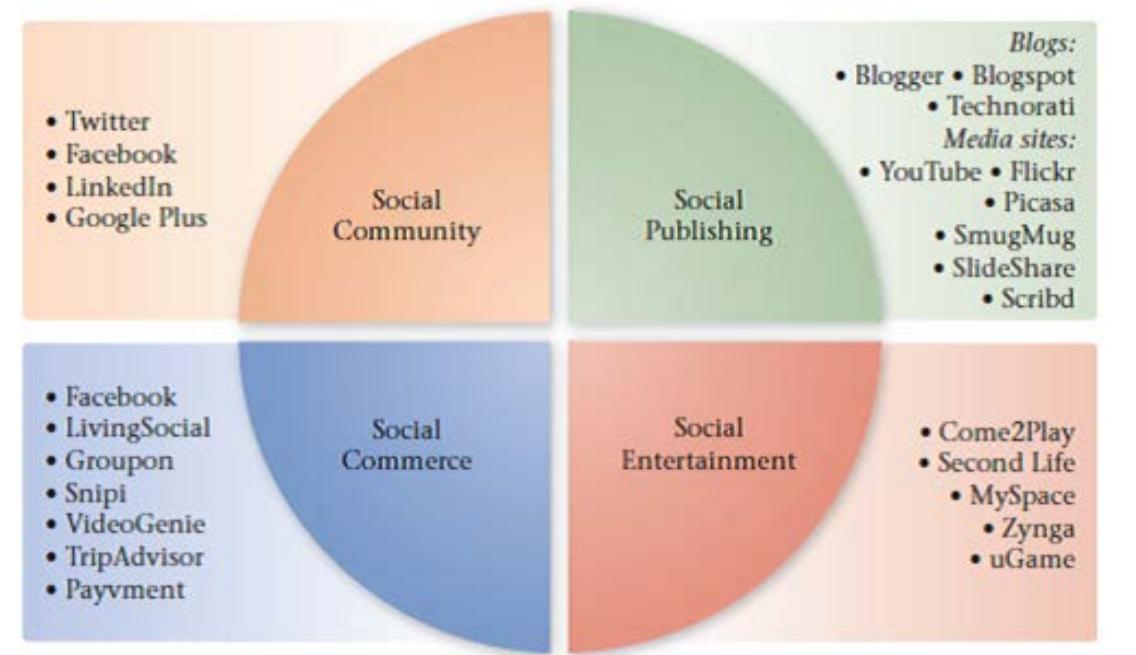
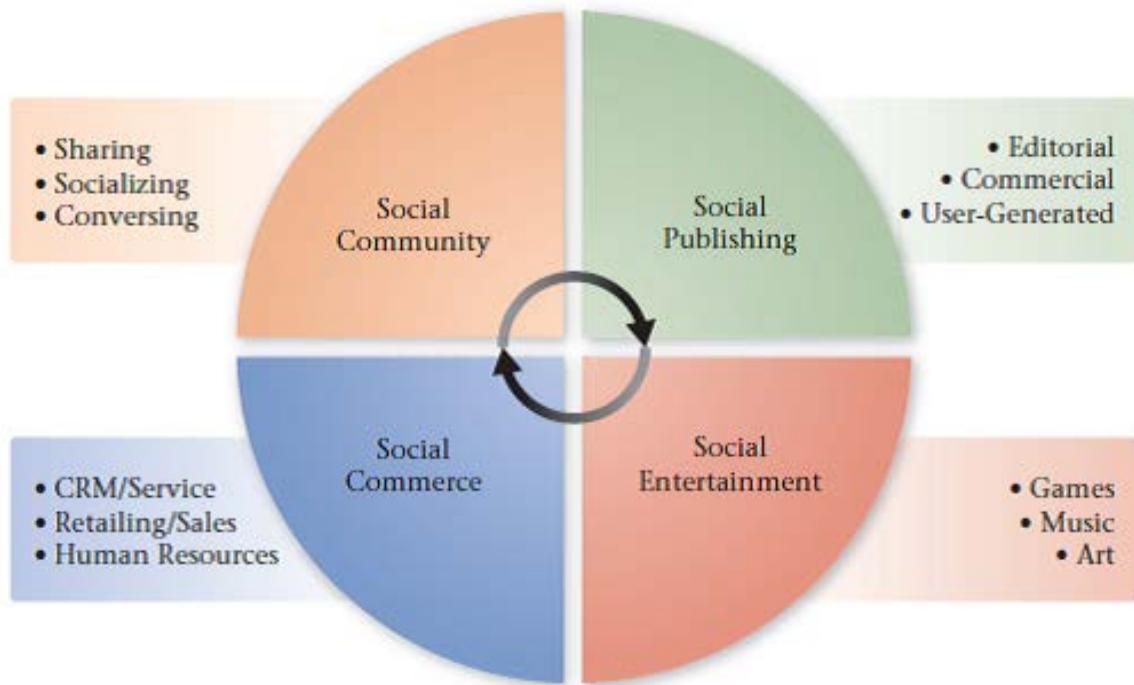
Social Media Marketing

- ▶ Key for social media marketing: participation (interaction, involvement, engagement).
- ▶ How to get your customers (fans) engage in online participation?
 - ▶ Like your post
 - ▶ Leave a comment
 - ▶ Share your content
 - ▶ *All above behavior then be “re-shared” or ”go viral” on the Internet.*
- ▶ Required knowledge:
 - ▶ How communication process works.
 - ▶ Motivation of participation.
 - ▶ Content that is likely to be shared.
 - ▶ Monitor and manage social website
 - ▶ Develop a social media marketing strategy.

Social Media Marketing in a Company

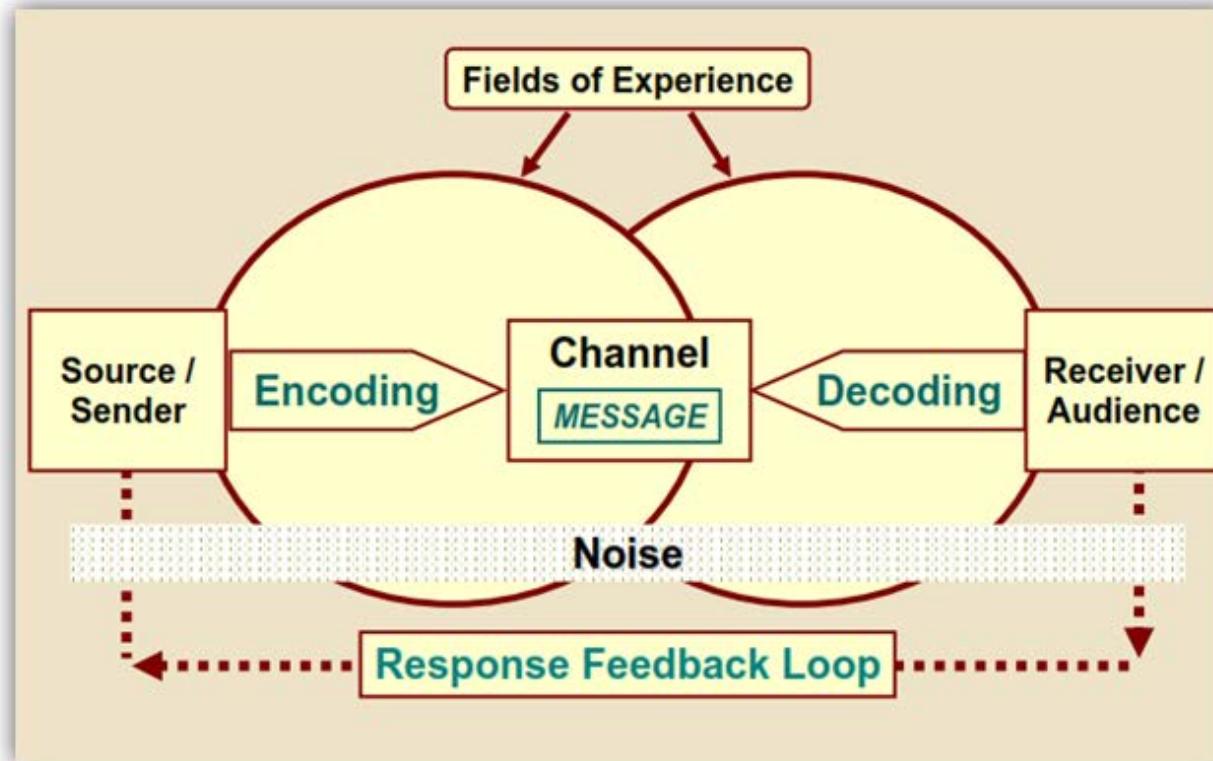
- ▶ Goal: To utilize social media technologies, channels, and software to create, communicate, deliver, and exchange offerings that have value for an organization's stakeholders.
- ▶ What's your social media objective? What's your situational analysis results (SWOT)?
- ▶ The integration of four zones of social media
 - ▶ Social community
 - ▶ Social commerce
 - ▶ Social publishing
 - ▶ Social entertainment

Scope of Social Media (purpose and apps)



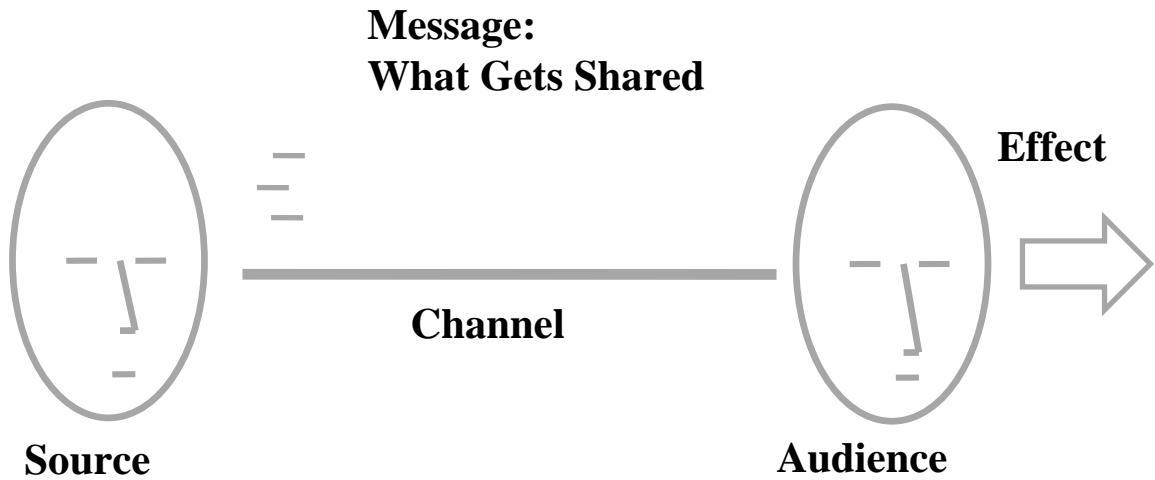
The presence of **Social Profile** makes people's behavior to reflect their real and desired identities. => engage in impression management activities

Communication Process: 6 Elements



1. Sender
2. Audience
3. Channel
4. Message
5. Encode
6. Decode

Who says what to whom in what channel with what effect?



1. Source, or communication sender
2. Message, or thing that is being communicated
3. Audience, or person that is receiving the message
4. Channel, or medium through which the message is being shared
5. Effect, or consequence of the communication.

Which combination of communication element is most likely to have the greatest impact?

Jay Chou (周杰倫)
Jeremy Lin (林書豪)
Li Na (李娜)

announces via

Facebook
Apple Daily (蘋果日報)
A Press Conference

that s(he) will

Retire
Undergo a surgery
Invest \$1million in a training school

in 2015.

Depending on the objectives

Activities on Social Media

- ▶ Status update;
- ▶ Write a blog;
- ▶ Coordinate a book club meeting and negotiate a group discount on the book's purchase price;
- ▶ Instant message or voice chat with others;
- ▶ Make your own video and share it;
- ▶ Keep a travel diary with photos, videos, journal entries, and destination ratings;
- ▶ Find and connect with your friends;
- ▶ Entertain yourself and your friends with social games.
- ▶ Reply, like, or share messages, photos, news posted by others.

Group Discussion:

Why are social media powerful?

Why do firms/company consider it as an important tool?

How to improve the financial return on SMM?

Similar questions on the final exam

Social Media Industry Evolution

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Objectives

- ▶ What do social media marketers know?
- ▶ What do social media marketers want to know?
- ▶ How do social media marketers operate their sites?
- ▶ Future direction for social media marketing

Report Summary

- This study surveyed more than 5,700 marketers with the goal of understanding how they're using social media to grow and promote their businesses.
 - The top social media questions marketers want answered: We reveal the big questions marketing pros want answered about social media.
 - Facebook marketing: We explore how effective Facebook marketing has been for marketers.
 - The **time commitment**: We examine the weekly hours marketers invest in their social media efforts. This analysis will be helpful for marketers just getting started or those seeking support staff.
 - The **benefits of social media marketing**: This section of our study reveals all of the major advantages marketers are achieving with their social media efforts. We also look at how weekly time invested and years of experience affect the results.
 - **Most-used social media platforms**: Discover which platforms marketers are using and how their usage will change this year. We also examine which platforms experienced marketers are using.
 - **Social posting frequency**: In this section, we explore how often marketers are posting to major social platforms and how they plan to change their strategies.
 - Other analyses: We also examine the role of content and live video in social media marketing, as well as paid social media. In addition, we take a look at how business-to-business (B2B) companies differ from business-to-consumer (B2C) companies. We also highlight significant changes since our 2016 study.

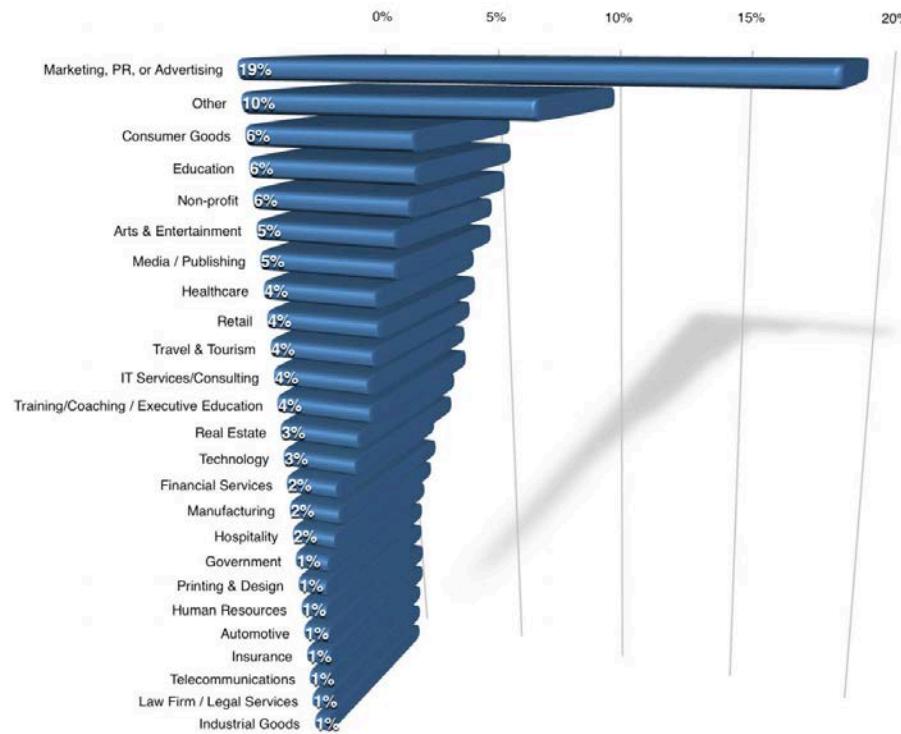
Major Findings & related communication elements

- ▶ Visuals have become essential: A significant 85% of marketers use visuals in their marketing and 73% plan on increasing their use of visuals (**pictures and videos**).
- ▶ Live video is hot: A significant 61% of marketers plan on using live video services such as Facebook Live and Periscope, and 69% want to learn more about live video.
- ▶ Instagram is on a growth trajectory: Currently, 54% of marketers are using Instagram, yet 63% plan on increasing their Instagram activities and 71% of marketers want to learn more about Instagram.
- ▶ Facebook is the most important social network for marketers by a long shot: When asked to select their most important platform, 62% of marketers chose Facebook, followed by LinkedIn at 16%.
- ▶ Many marketers are unsure about their Facebook marketing: A significant 40% of marketers don't know if their Facebook marketing is working and 53% have seen declines in their Facebook News Feed exposure.
- ▶ Facebook ads dominate: A surprising 93% of social marketers regularly use Facebook ads and 64% plan on increasing their Facebook ads activities (**also with some limitations**).
- ▶ Tactics and engagement are top areas marketers want to master: At least 91% of marketers want to know the most effective social tactics and the best ways to engage their audience with social media.

Survey Participant Demographics

- The survey was conducted at January 2017 by emailing a list of 550,000 marketers and asking them to take the survey. After 5 days, we closed the survey with 5,710 participants..

Below are the different industries of survey participants.

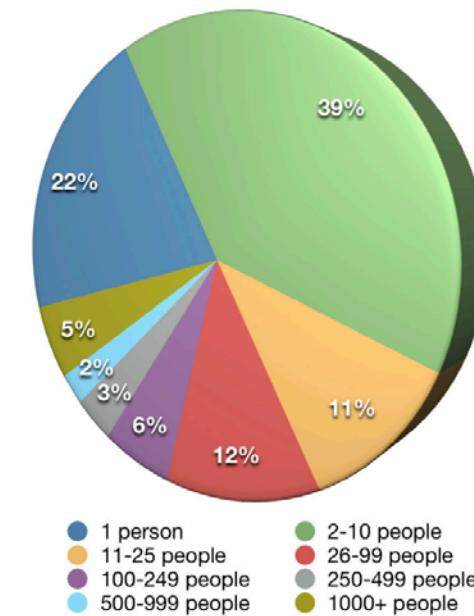
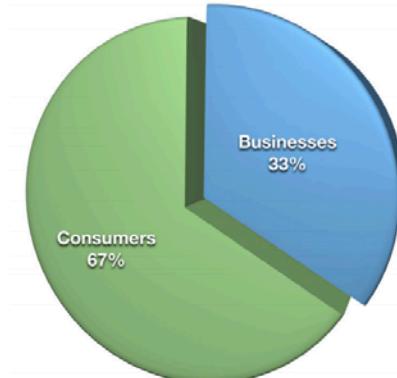


Here are the demographic breakdowns:

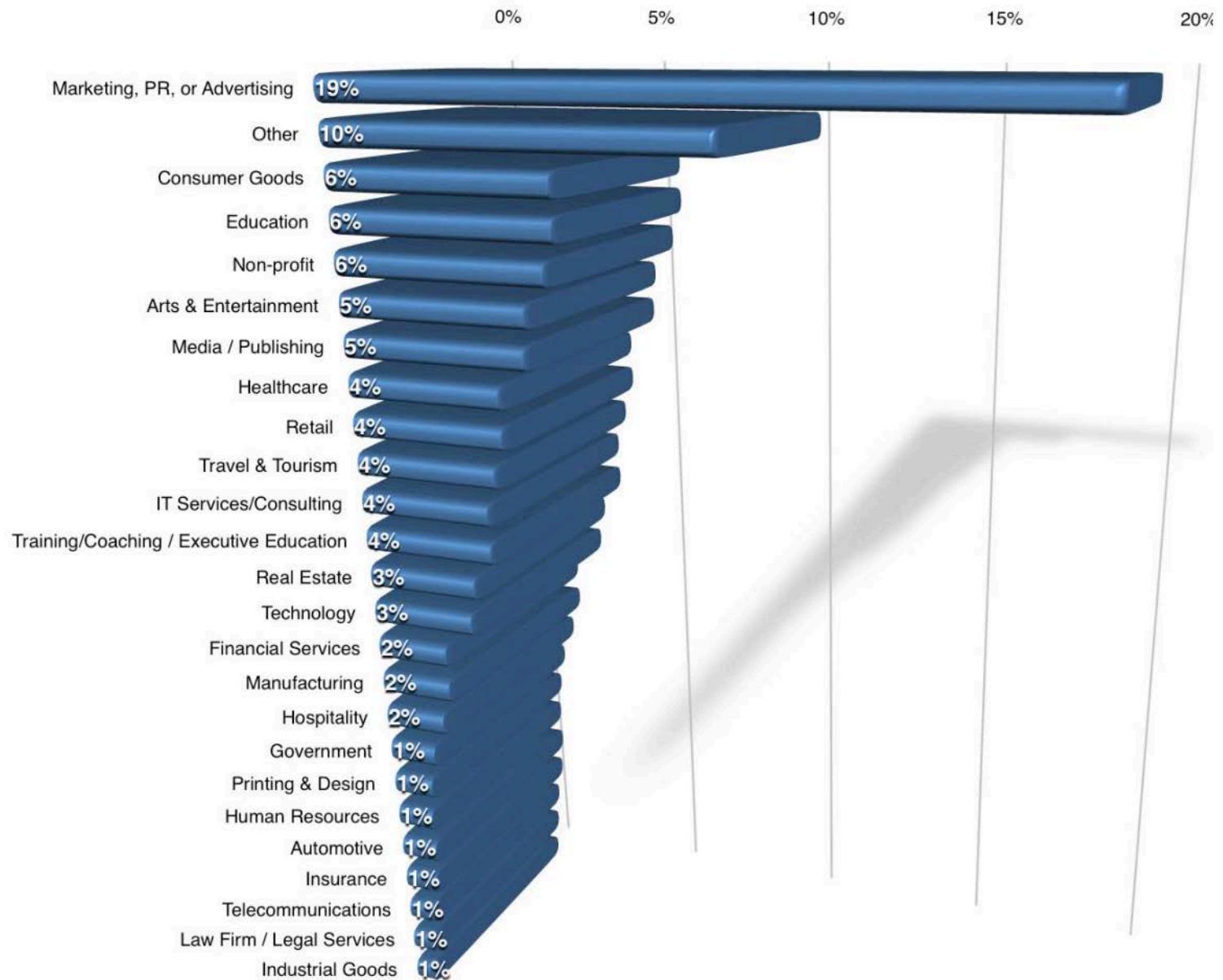
Survey participants

The largest group that took the survey works for small businesses of 2-10 employees (39%), followed by the self-employed (22%). Sixteen percent of people taking the survey work for businesses with 100 or more employees.

More than two-thirds (67%) of survey participants focus primarily on attracting consumers (B2C) and the other 33% primarily target businesses (B2B).



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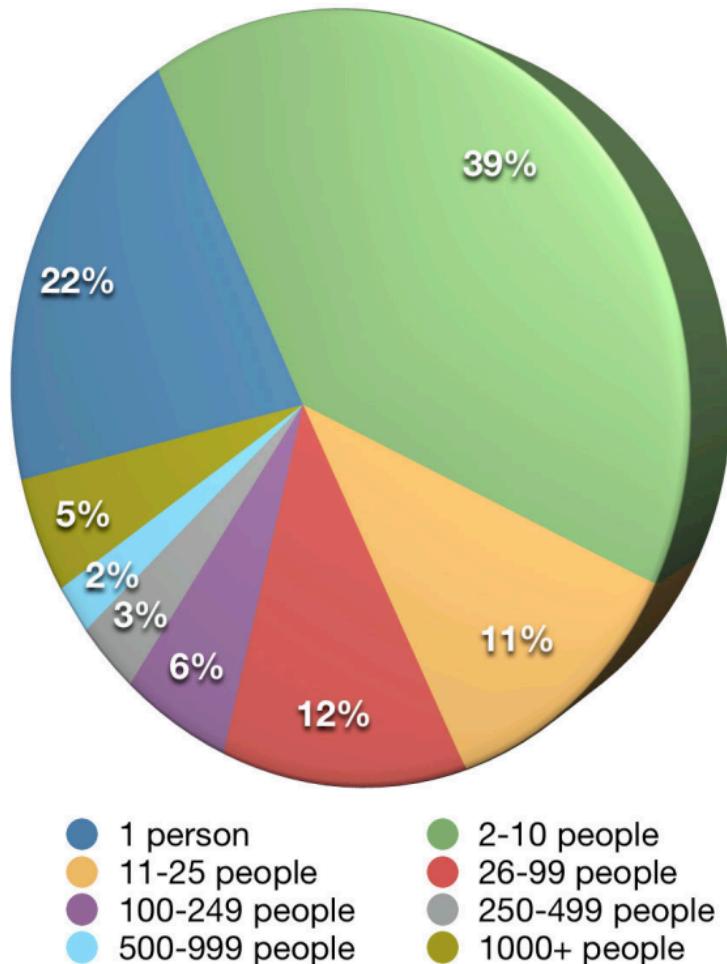
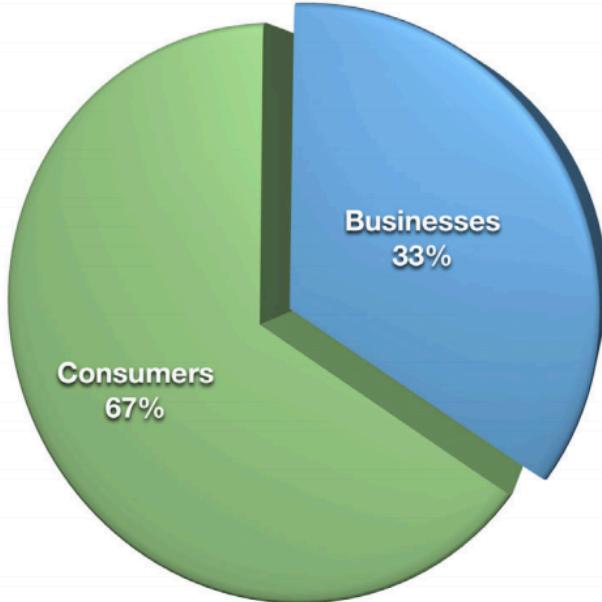


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Usage of Social Media Marketing

- ▶ **90%** said social media is important for their business (p.7) Dropped from 92% in 2015.
- ▶ About **68%** regularly analyze their social activities. (p.10). Dropped from 72% in 2015.
- ▶ ***However,*** (p.9)
 - ▶ only **41%** said they know how **to measure their social activities**. (dropped from 42% in 2015)
- ▶ Thus, an important marketing tool is regularly used without getting appropriate performance feedback.
- ▶ **For users:** **62%** of marketers either do not know or have seen a decline in Facebook traffic over the last 12 months.

Time commitment for social media marketing (p.15-16)

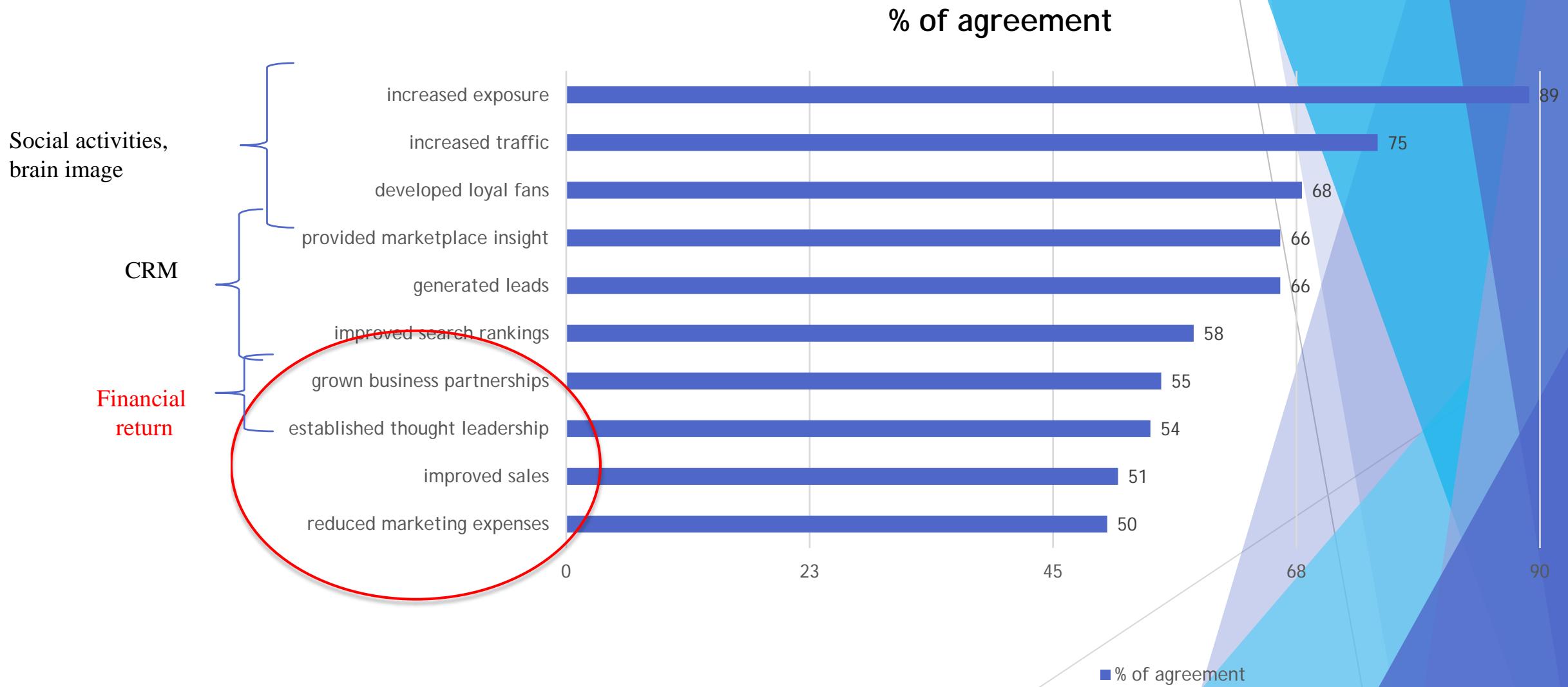
- ▶ **63% uses social media for 6 hours or more in a week.**
- ▶ **39% uses 11 hours or more weekly.**

- ▶ The longer the social media usage history, the longer the time spent in a week.

Integration of social media

- ▶ I have **integrated social media into my traditional marketing activities.**
 - ▶ 81% agreed that they have integrated their social media and traditional marketing activities.
Down from 84% in 2015.
- ▶ 54% have a **mobile-optimized blog**, up from 50% in 2015
- ▶ 41% agreed that social media marketing has become more difficult in the last 12 months.
- ▶ **Summary: more integration across marketing strategies and different devices, making it even more difficult.**

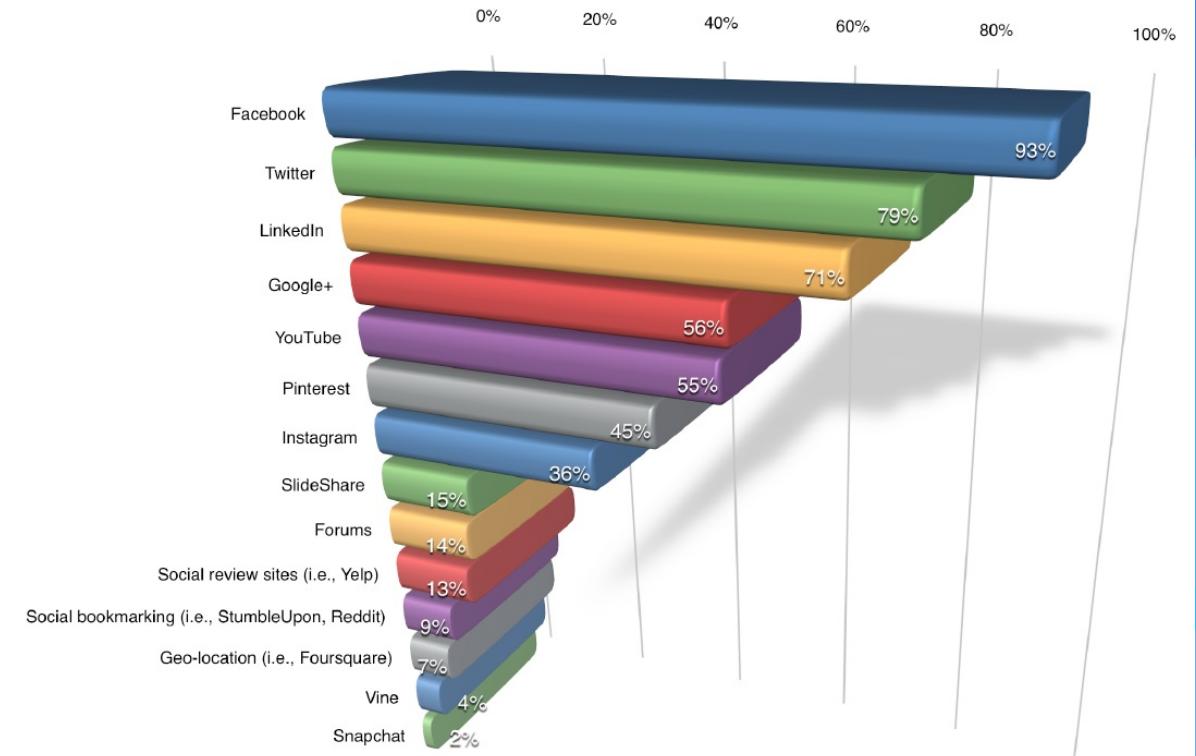
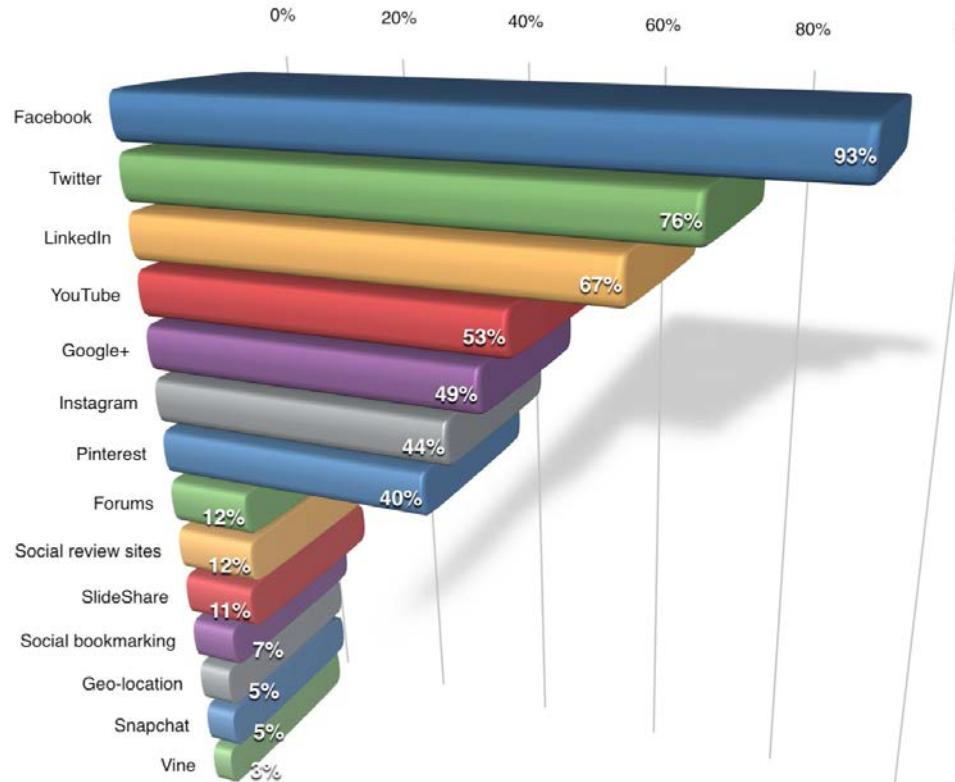
Benefits of social media marketing (p.17-22)



Potential accounts for low agreement on financial return

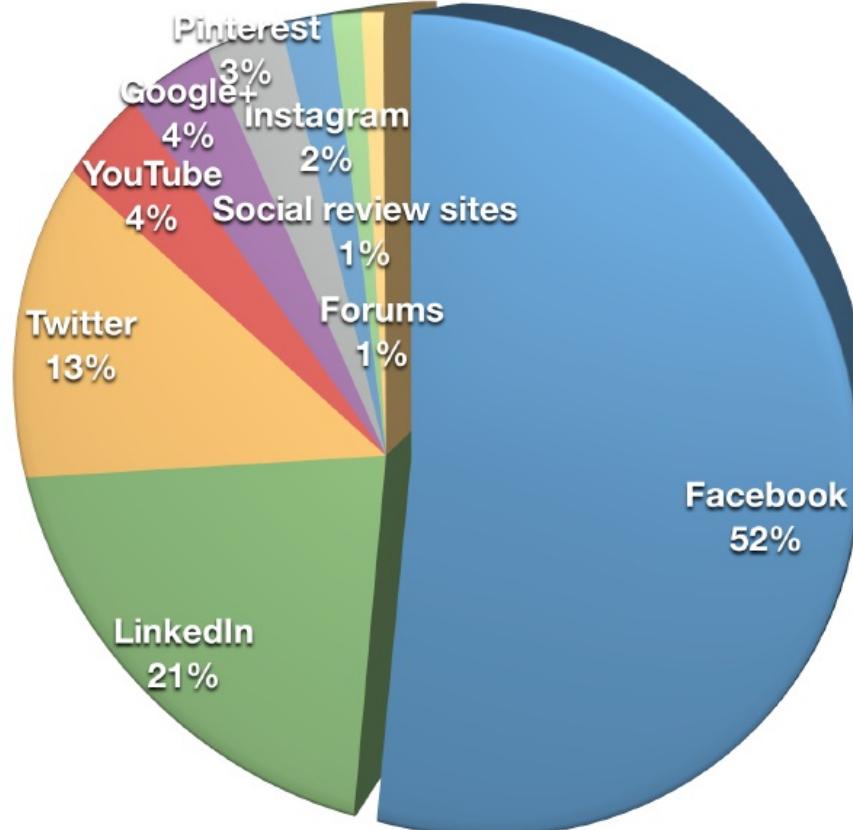
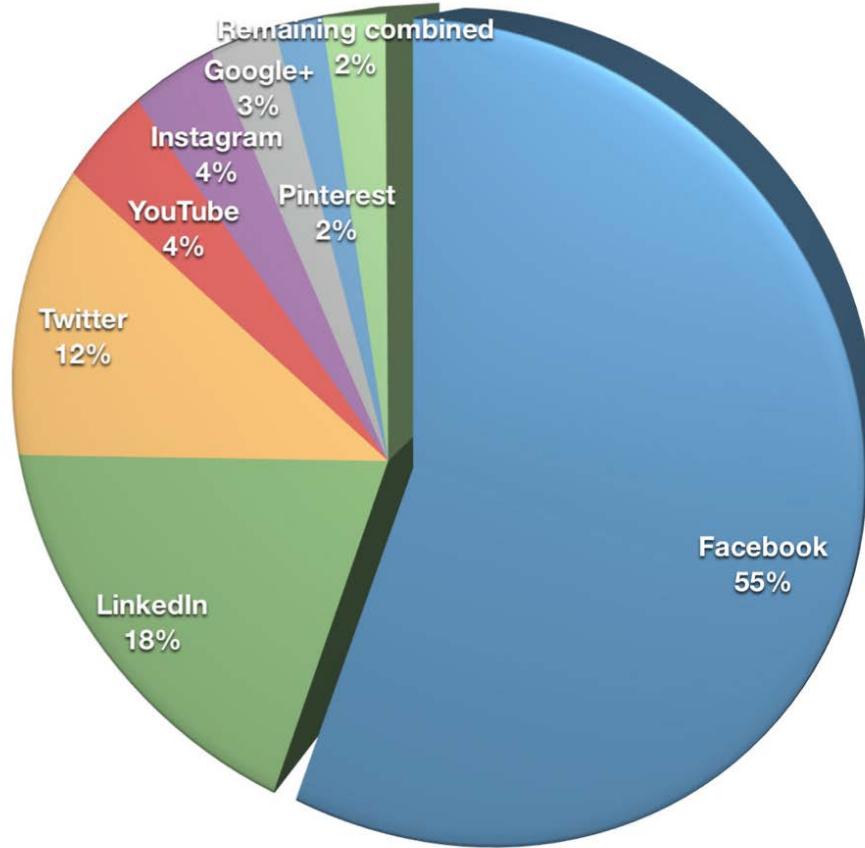
- ▶ The return of social media **investment takes time**, and could not be observed in a short term period.
- ▶ The measurement of return **does not match** with the social media activities invested.
- ▶ For certain firms, the **effectiveness** of social media marketing is lower.

Commonly used platforms (p.23-28) 2016 vs. 2015



Instagram becomes more important! (36% -> 44%)

Platform importance (p.29; 2016 vs. 2015)



Facebook > LinkedIn > Twitter > YouTube

Future Direction- #1 Facebook

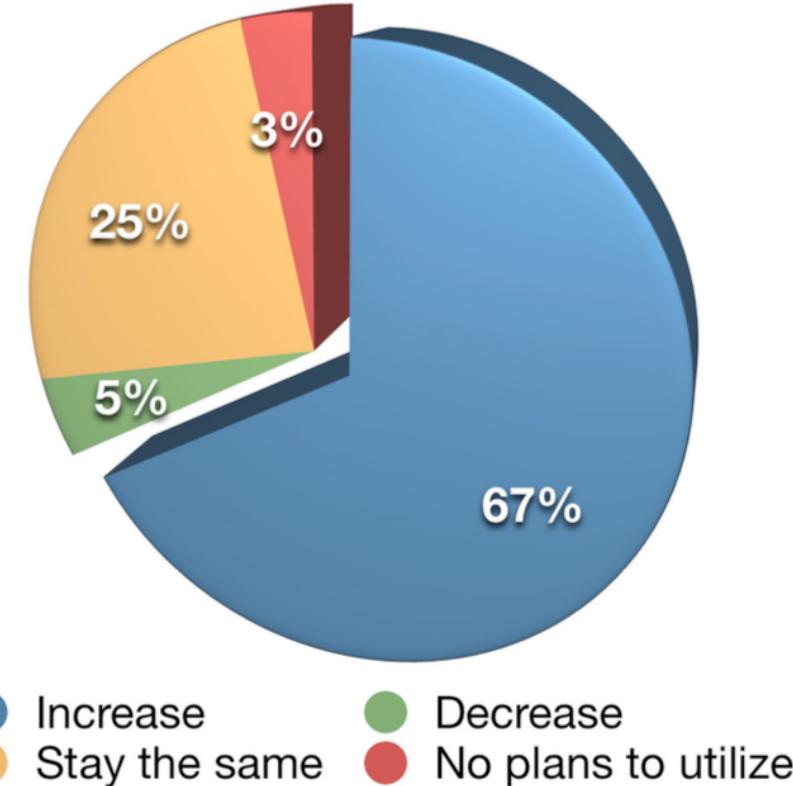
#1: Facebook

Our research shows a significant increase in the use of Facebook among marketers. It moved from the number-four slot in 2015 with 62% of marketers increasing activities to the top slot.

As shown earlier, Facebook is still the most important social network to most marketers.

Only 3% of marketers surveyed do not plan to utilize Facebook.

Seventy percent of B2C plan on increasing Facebook efforts, compared to only 61% of B2B.



Future Direction- #2-#7



#2: YouTube (63% ; down from 65.8%)

#3: Twitter (61% ; down from 65.8%)

#4: LinkedIn (61% ; down from 65.7%)

#5: Instagram (57% ; up from 52%)

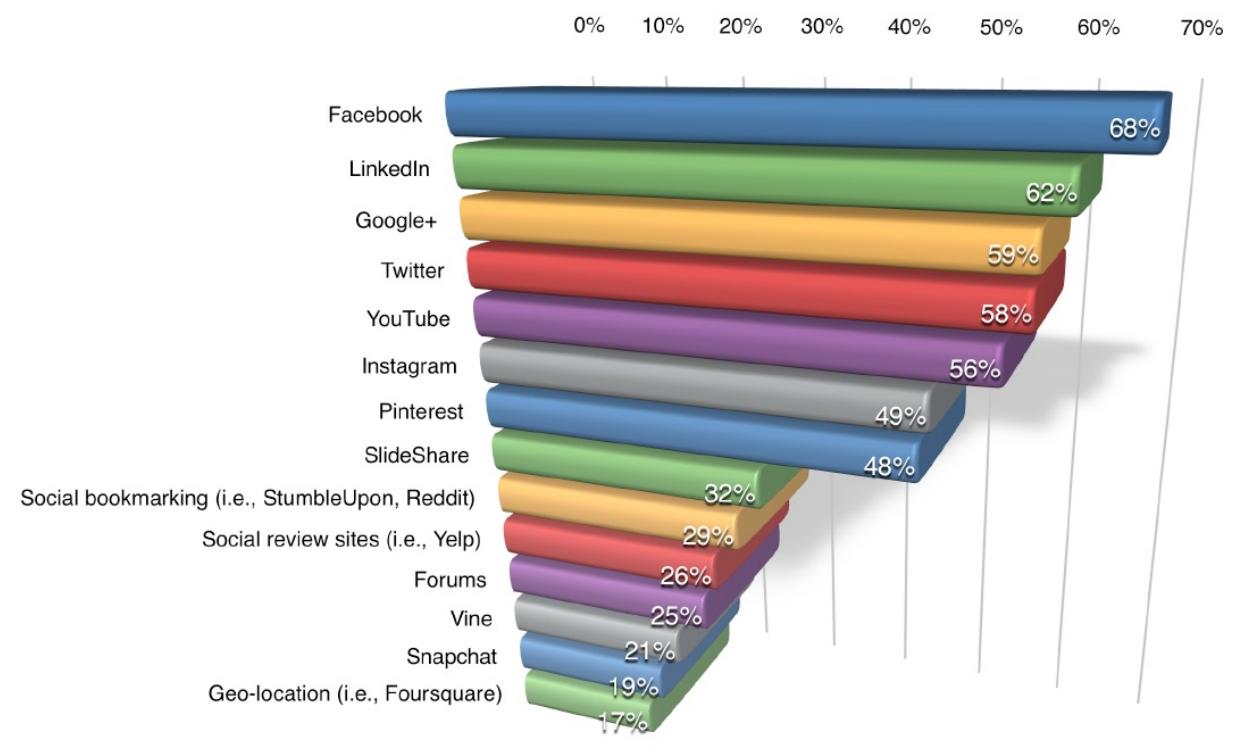
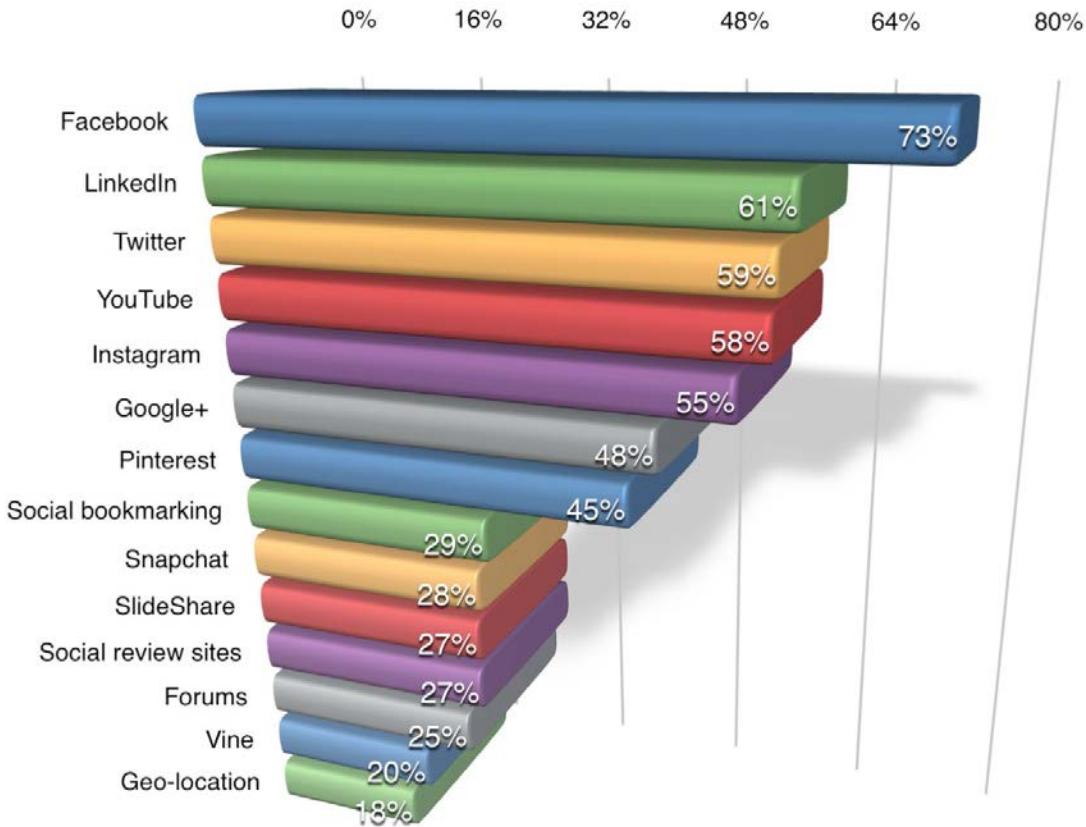
#6: Pinterest (42% ; down from 51%)

#7: Google+ (53% ; down from 52%)

#10: Social review site (i.e., Yelp) (20%)

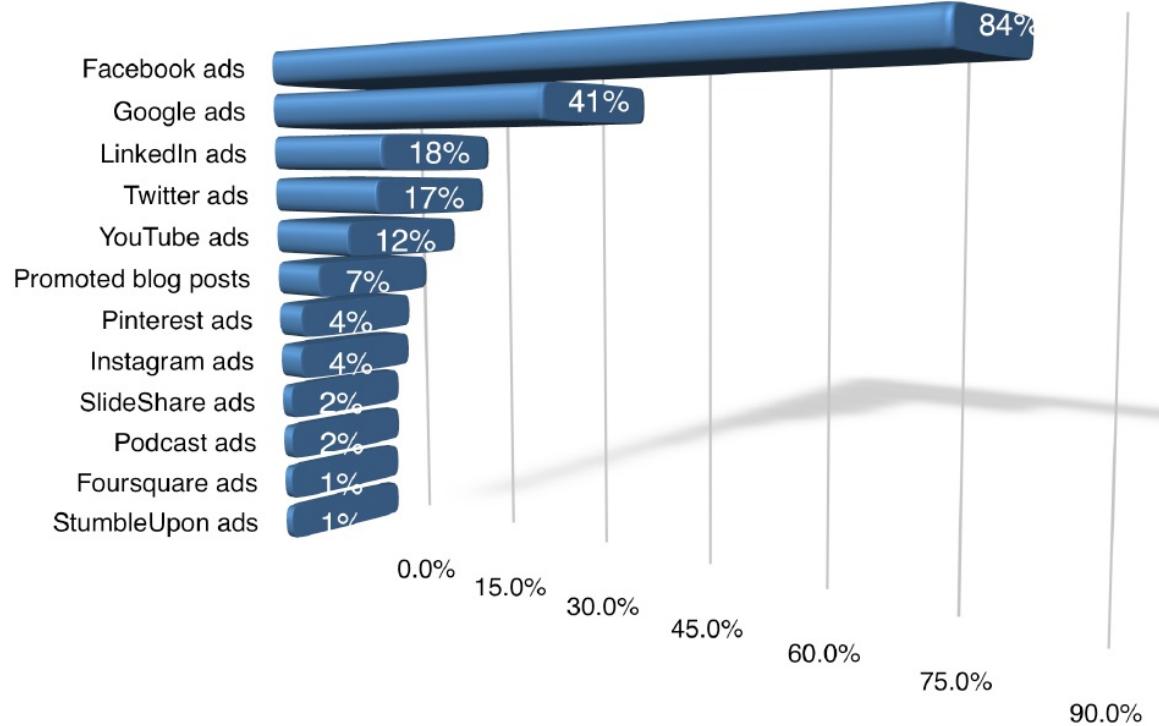
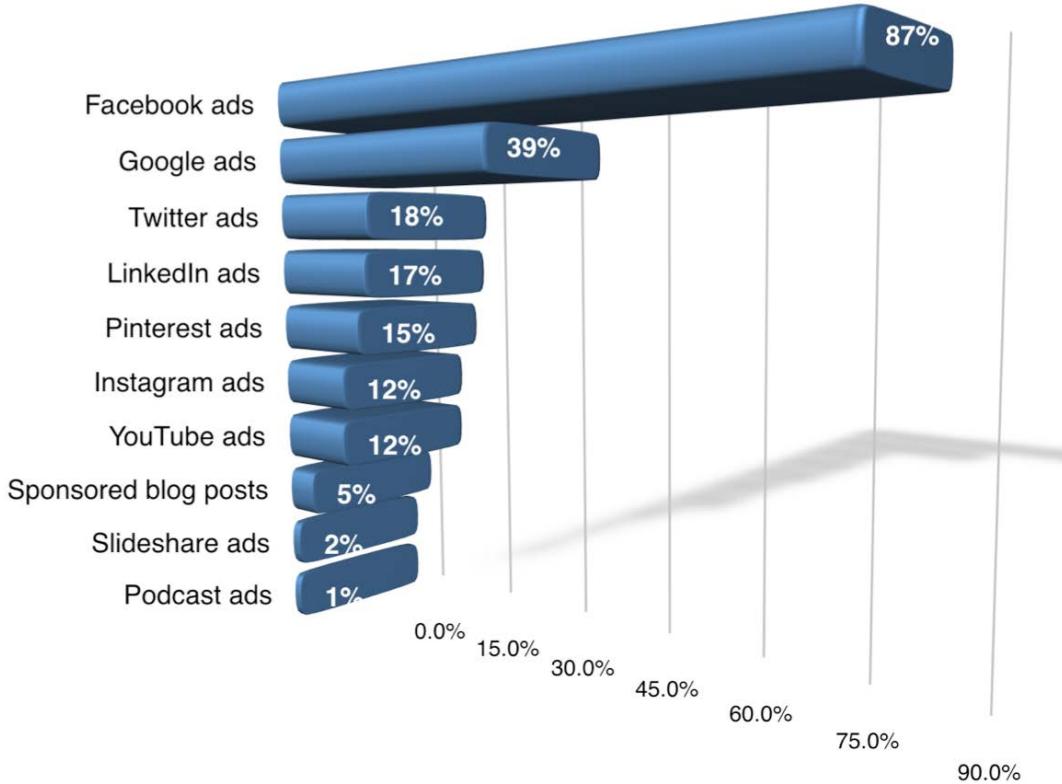
There is a significant increase for Instagram, while all the others decline.

Platforms wanted to learn more (2016 vs. 2015)



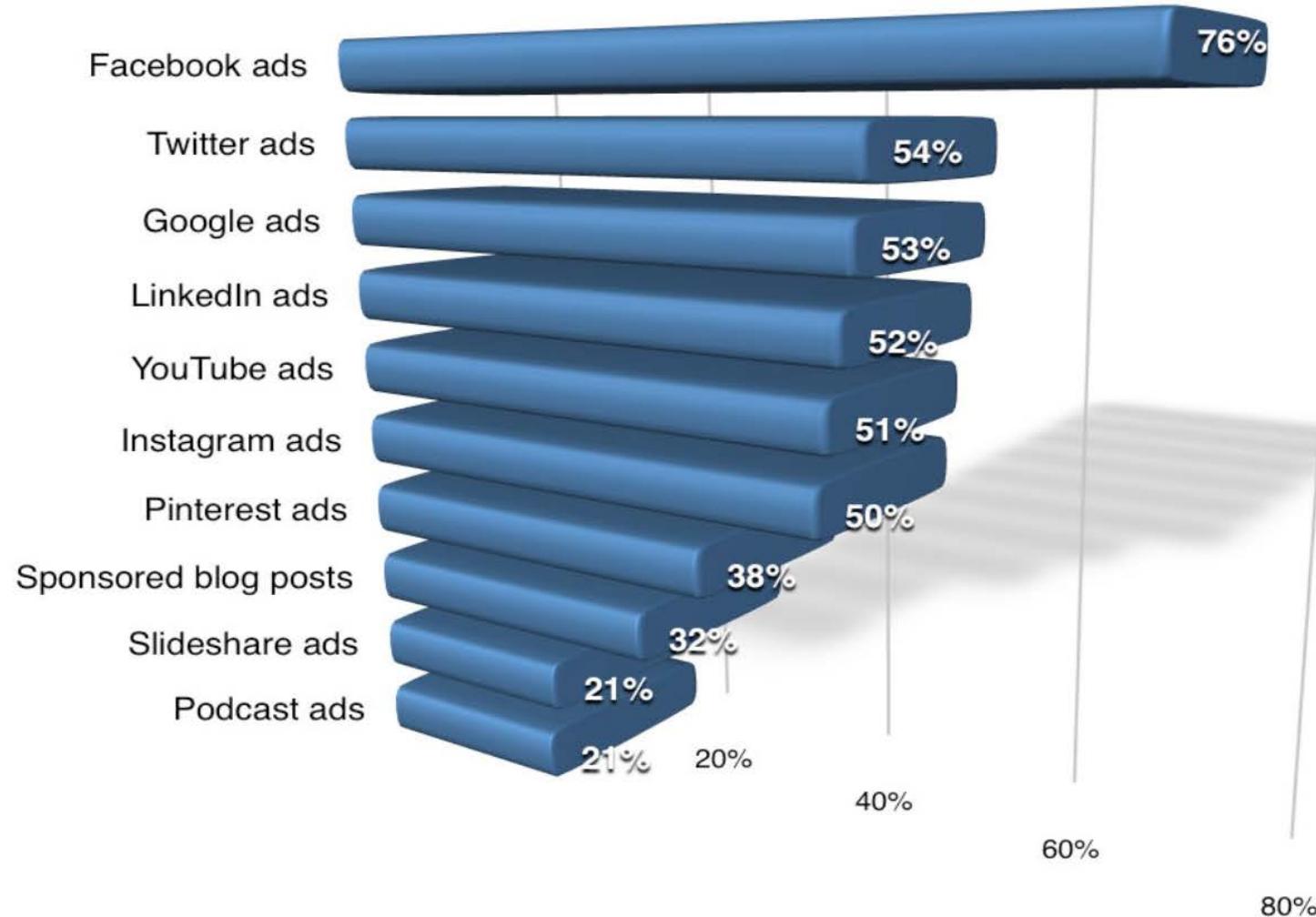
Facebook increased from 56% in 2014, to 68% (2015) to 73% (2016).
Instagram is up from 49% to 55%.

Paid social media: usage frequency (p.41)

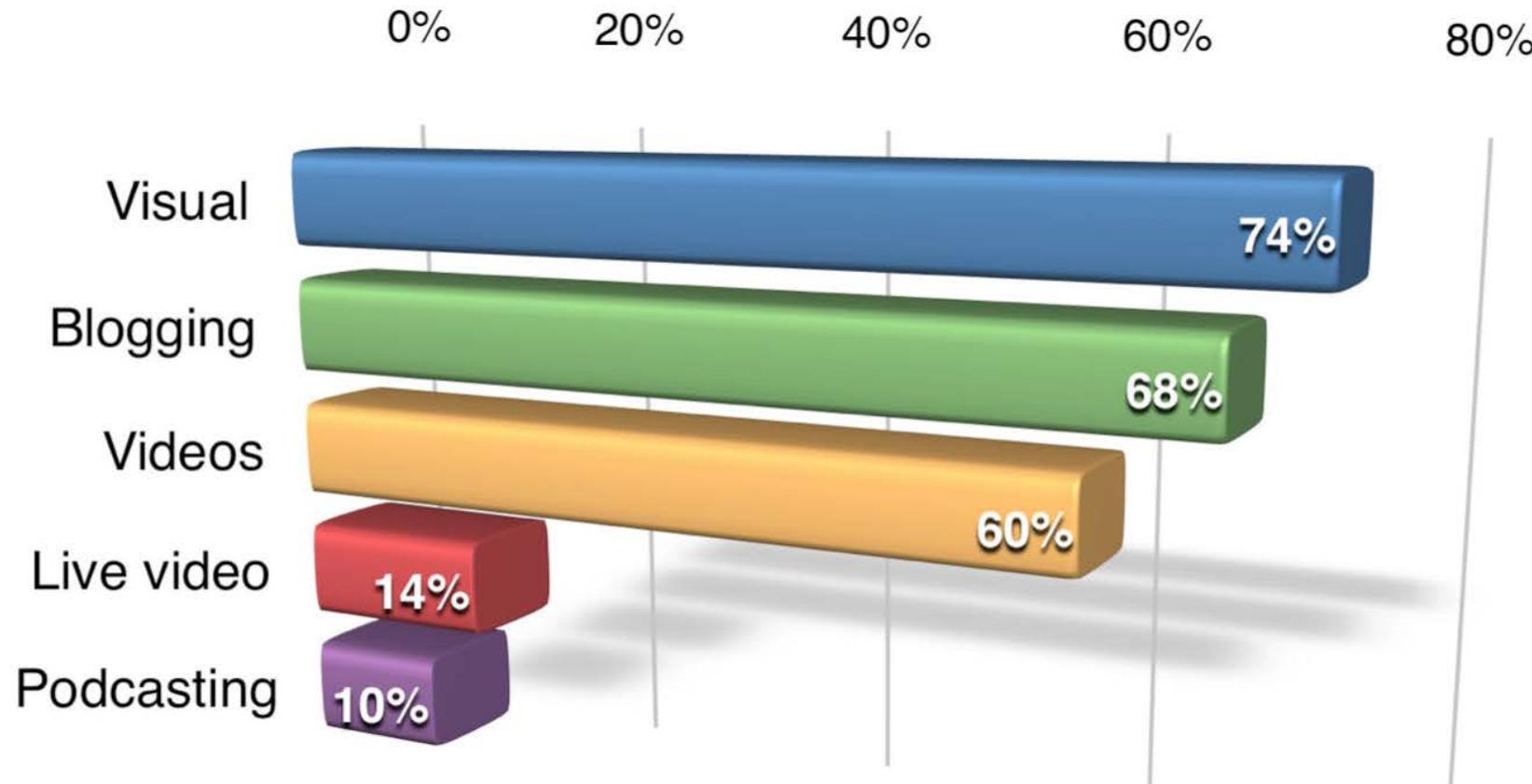


Facebook and Instagram keeps growing.
Promoted blog (or sponsored blog) decreases from 7% to 5%.

Paid social media options marketers want to learn more about



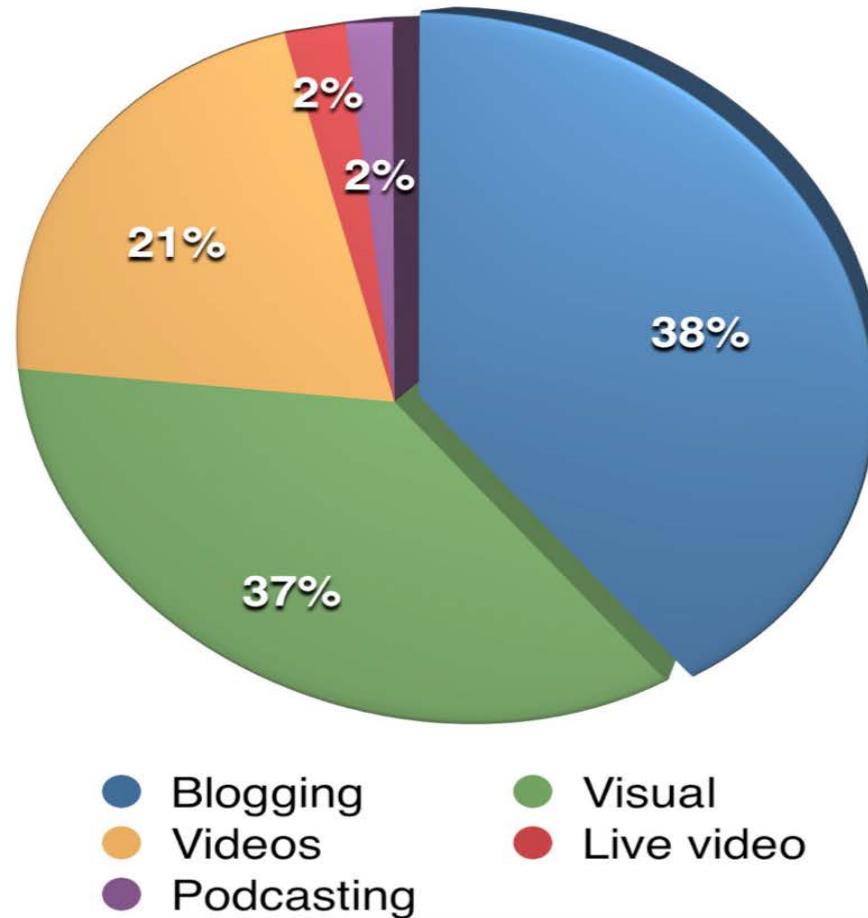
Commonly used content (2016 vs. 2015)



Visual and Live Video!

Videos are probably No. 1 now!

The most important content for marketers is...



We asked marketers to select the single most important form of content for their business. Only one choice was allowed.

The top pick was blogging (38%). However this is a significant drop from 45% in 2015. Visual marketing was close behind (37%), up from 34% in 2015. Live video has tied podcasting for last place.

Future content activities? % indicates plan to increase

#1: Video (73%)

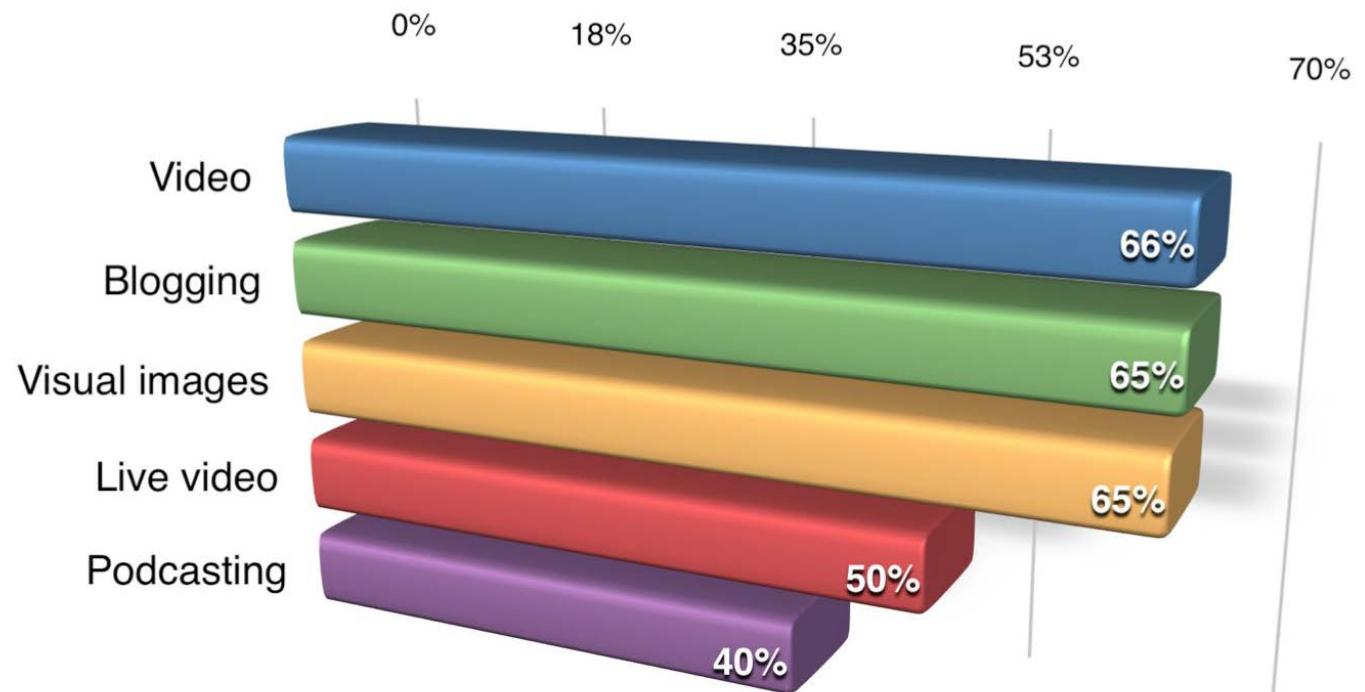
#2: Visuals (71%)

#3: Blogging (66%)

#4: Live Video (39%)

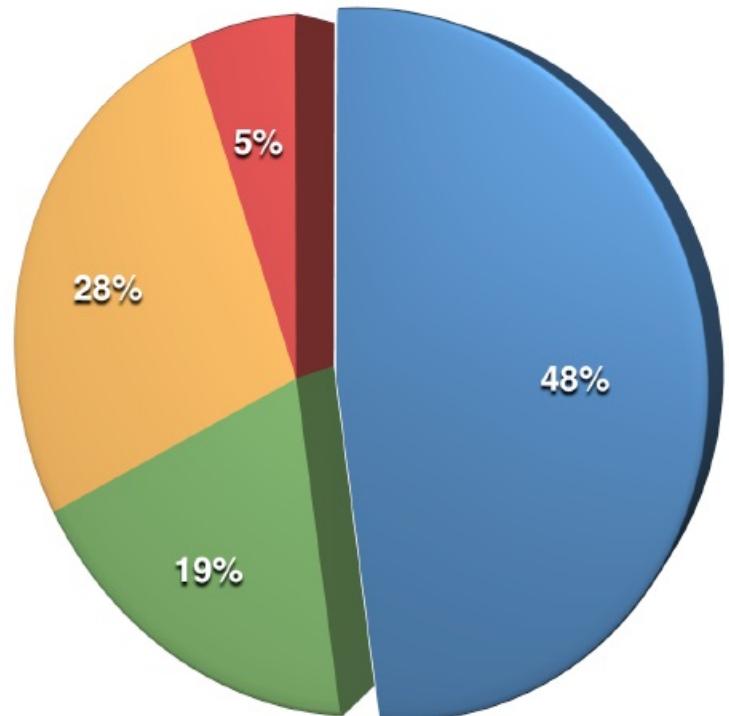
#5: Podcasting (26%)

Content forms marketers want to learn more about



Social media management (our paper on NWOM)

How marketers respond to new social networks



- I am skeptical and wait and see what happens
- I only register my handle/username on the social network
- I try to engage on the network, but don't evangelize my presence there
- I actively engage and evangelize my presence on the network

Summary

- ▶ Content (Message: Video, Visual, Blogging)
- ▶ Platform (Channel: FB and Instagram)
- ▶ Measurement (Effectiveness and ROI)

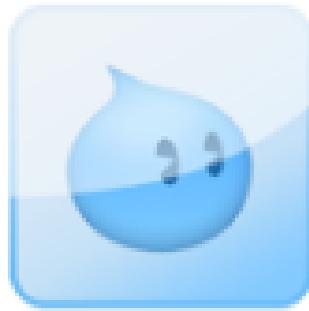
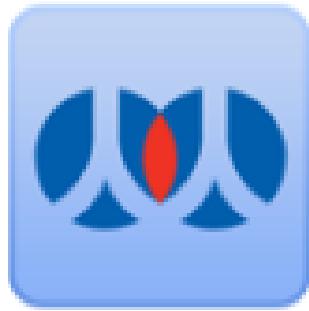
Social Media Marketing Practice in China

The China Market

- ▶ Just how different is it?
 - ▶ It is different, but the principles remain the same
 - ▶ It is about really understanding your target audience
 - ▶ It is about choosing **the right platforms, building a persona, and having a two-way conversation**
 - ▶ And it is about building a relationship in the most engaging and comfortable way...

Chinese consumers depend on mobile and social platforms in every aspect of their personal lives.

- ▶ In China, 70% of social media users are under the age of 35 (30% are between 26 and 30)
- ▶ people spend five to six more hours online per week than Americans and an average of almost 90 minutes per day on social networks, and **38% of consumers make product purchase decisions based on recommendations they read on social networks.**
- ▶ There are more than 300 million online shoppers in China. In 2013, each online shopper spent \$1,000 on online shopping. 48% of online shoppers are also mobile shoppers.



Wechat Everything

- ▶ The Tencent-owned platform had taken on the role of multiple Western platforms in China: “Combine Amazon for shopping, Facebook for branded communities and promotion, PayPal or online banking service to pay bills, and WhatsApp for messaging.” WeChat is a single social media platform with integrated commerce, location, messaging, and social networking.



Case Study: Starbucks- Curated Music Radio Channel



To drum up interest when it first joined, the coffee chain sent songs to users who had got in touch using an emoticon. The songs were supposed to reflect the mood of the emoticons it had received. By the end of the month-long campaign Starbucks had attracted 62,000 fans and received an average of 22,000 messages per day.

Case Study: Burberry: A Virtual Runway Show

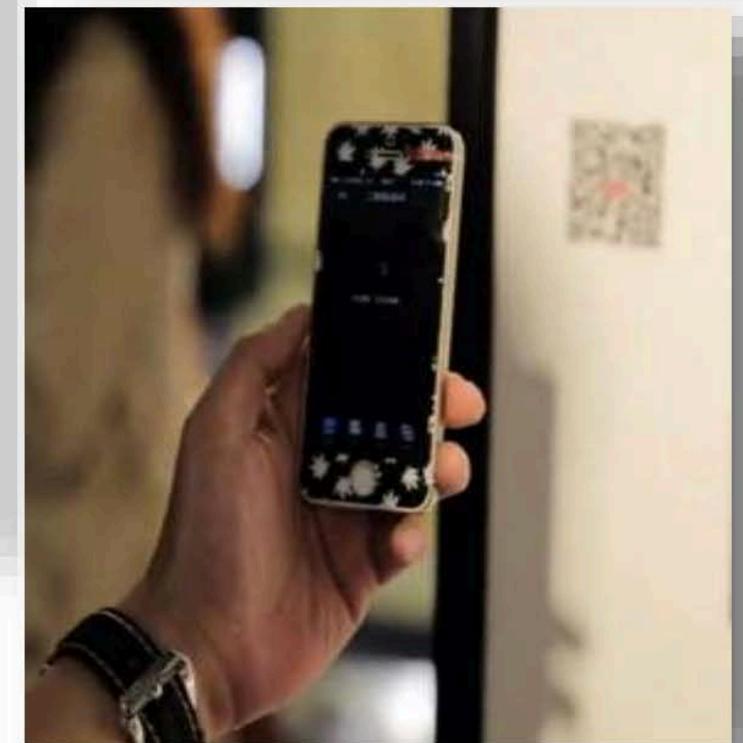


Video:
<https://youtu.be/AWunAgO97Tl>

Case Study: Coach: Sharing differently –Chinese way



Case Study: Tag Heuer: Bring people offline



Case Study: The “Me” Media



SMC HK LTE 3:51 pm

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刘抒曼 454 又学到好多耶, 如果婆婆再告诉我们怎么能让脖子变漂亮就好了＼(^o^)／ 6月11日

汪顺顺 434 婆婆解决了我大问题! 最近就是脖子太光了最重要的是这篇转给老公看了之后脖子就不光了!

The Beast Florist Case

- ▶ How does a Chinese flower shop build its business purely via social media?



Started With Weibo

- ▶ The Beast started out as a flower microshop on Weibo (When Weibo was the most popular social network in China a couple of years ago)



Great Content Strategy – It's all about your stories

- ▶ Customers didn't have a say in what was made nor could they see the bouquet before it was sent. They could only give the details of what they wanted to say with the flowers and to whom, and the story would be translated into a bouquet by a florist.



From Weibo ordering to e-Commerce – Leverage the influence of KOL

- ▶ This tactic took root on Weibo, and the curated online flower shop gained 100,000 followers in six months. Riding the wave of their Weibo fans, They opened a full eboutique (The Beast Shop), which **later expanded offline to their bricks-and-mortar shops across China.** (10 offline stores)

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006

WHAT
ON
EARTH

流量造假

如何戳破虚伪的

流量泡沫

Manufactured Opinions: The Economic Impact of Manipulating Online Product Reviews

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Top Customer Reviews

5 stars Excellent upgrade from the Hero 3+ Black and a better value than the Hero 4 Black!
By Knowledge on October 9, 2014

Style Name: Camera Only | **Verified Purchase**

I just purchased the Hero 3+ Black Edition one month ago. When the Hero 4 came out I had to try it and I ended up returning my Hero 3+. Why did I get the Hero 4 Silver over the Hero 4 Black and the Hero 3+ Black?

Three Reasons:

1. The Hero 4 Black is \$499 and does not come with an LCD (because of heat issues from 4k they could not put on an LCD).
So really if you bought an LCD BacPac for the Black edition, it would cost you a total of \$579 compared to the \$399 of the Silver. This is a \$180 difference!
2. The two models BOTH have improved sharpness compared to the Hero3+ Black.
This video compares the sharpness of the Hero3+ Black, to the Hero4 Silver, and the Hero4 Black:
<https://www.youtube.com/watch?v=07Y2iTSMNy8g&list=UUTs-d2DgyuJVRICivxe2Ktg>
3. Watch this video to compare the Hero4 Black to the Hero3+ Black:
<https://www.youtube.com/watch?v=BacBT268-pQ&list=UUTs-d2DgyuJVRICivxe2Ktg>

Then watch this video to compare the Hero4 Black to the Hero4 Silver:
<https://www.youtube.com/watch?v=aNazYkq40mY&list=UUTs-d2DgyuJVRICivxe2Ktg>

Customer Images

See all customer images

Most Recent Customer Reviews

5 stars Great little tough camera
Great little tough camera. I use it as a dash cam on my big rig all day. I even got it wet and it came back to life after it dried up. Awesome camera.
Published 2 hours ago by Alex Garza

5 stars Four Stars
Still getting use to it...
Published 7 hours ago by Kathrine McGhghy

5 stars Five Stars

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Literature Review Online WOM

- Consumers are increasingly relying on online WOM to make purchase decisions. (e.g., Chen and Xie, 2005; Chevalier and Mayzlin, 2006; Cui et al., 2012)
- Rating and volume of reviews are crucial indicators of quality and affect sales. (e.g. Godes and Mayzlin, 2004; Chevalier and Mayzlin, 2006; Duan et al., 2008)
 - A half-point difference in rating makes a difference
 - Standardized coefficient: up to .33
- Review manipulations are pervasive in online shopping websites: 1/3rd are fake (e.g. Dellarocas, 2006; Kornish, 2009; Hu et al., 2011a, 2011b).

Literature Review

Review Manipulations

- Game theoretical research: efficient market, competition, equilibrium
- Reviews remain informative as firms with better quality manipulate more(Dellarocas, 2006)
- Small firms are likely to manipulate, especially when the costs (risks) involved are low (Mayzlin et al., 2014).
- Assume that consumers are aware of manipulations and can adjust for the fake reviews (Mayzlin, 2006)
- Focus on adding fake positive reviews, no research on deleting negative reviews or assessing the effect of manipulation on sales

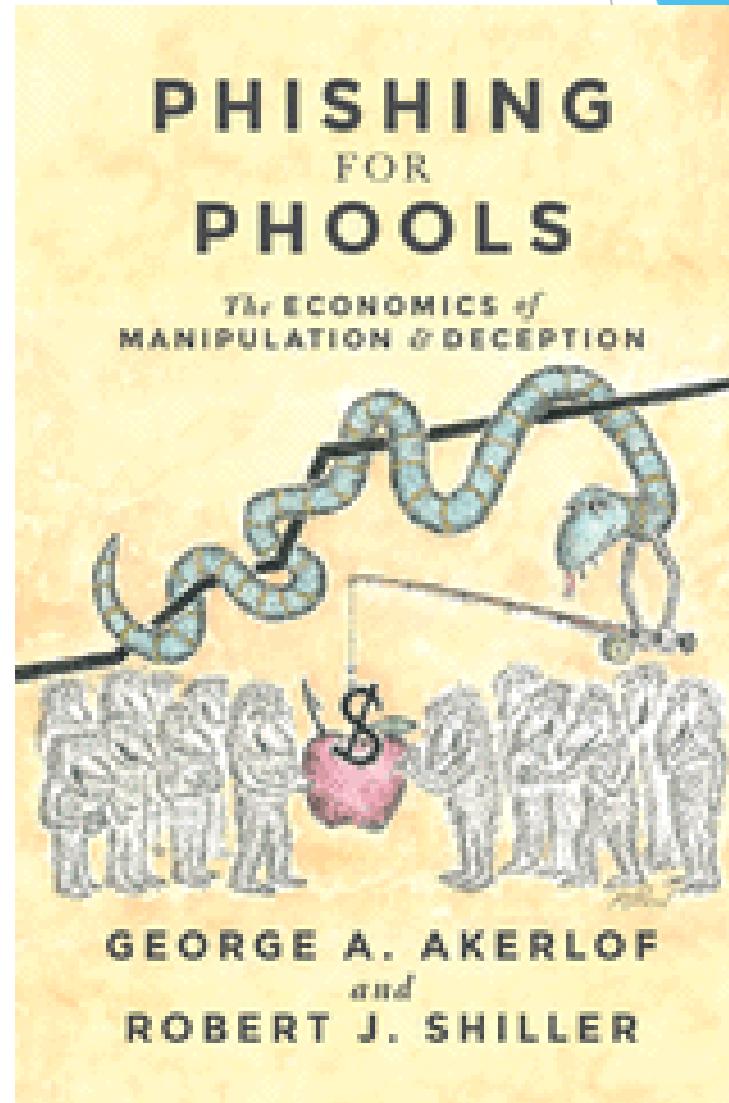
Opinion Spam Filtering

- ▶ Various methods including sentiment analysis to detect and quantify the extent of manipulation in online reviews (Hu et al., 2011b; Hu et al., 2012).
- ▶ Manipulations decrease the informational value of online reviews
- ▶ Consumers are not aware or sophisticated enough to discount and adjust their interpretations of online opinions.
- ▶ Companies installed **opinion spam filters**.

Conceptual Framework

New economics of information

- Information asymmetry
 - J. Stiglitz (2002)
- Phishing equilibrium
 - G. Akerlof and R. Shiller (2015)
- Consumers are vulnerable, and fall victims of manipulation, either due to misinformation or psychological frailty



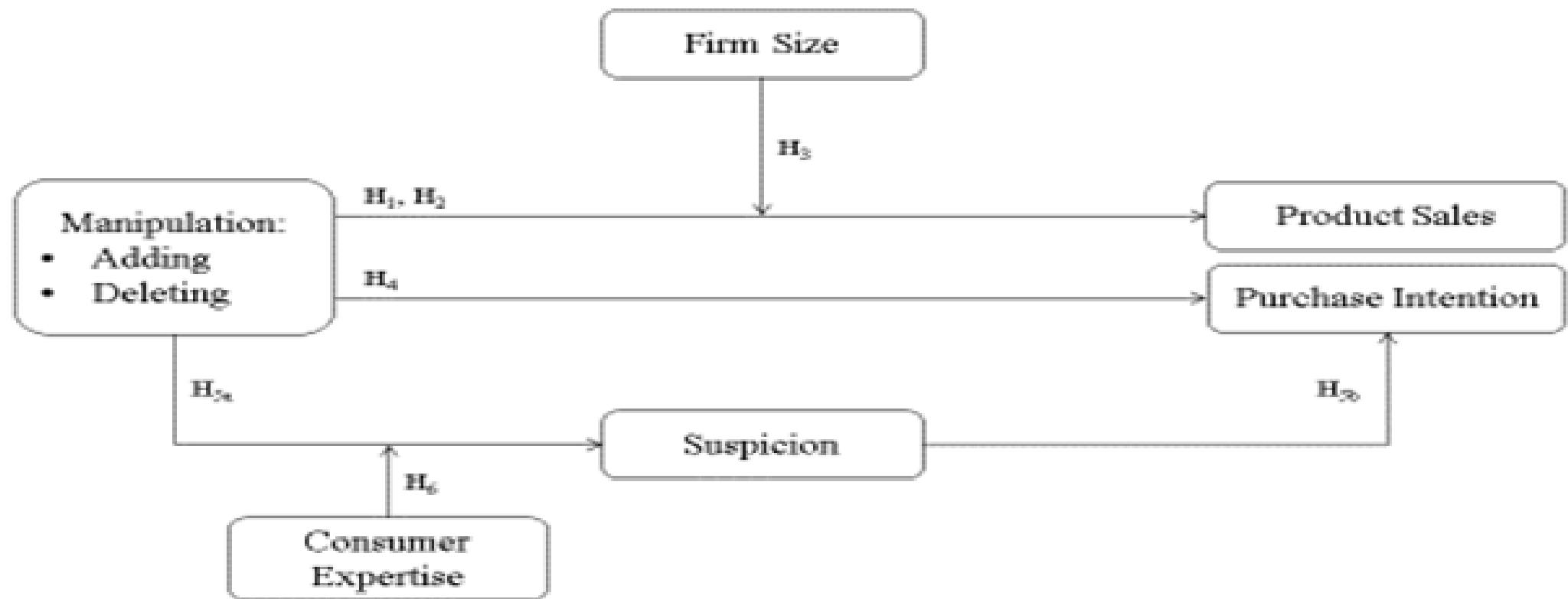
Research Gap & Questions

The two schools of thoughts differ in their assumption of consumer knowledge. The missing link is to what extent consumers can detect and adjust for manipulated reviews?

1. Are all types of manipulations equally effective (or deceptive)?
2. Do firms benefit equally from manipulation, if any?
3. What is the real economic impact of manipulating online reviews?

Conceptual Framework

- To bridge the gap between the two school of thoughts, we draw from consumer psychology and posit that the cost of manipulation is not constant, but increasing, and emphasize the role of availability of manipulation cues (Burgoon) and consumer persuasion knowledge (Kirmani) and suspicion.



Conclusions

- Study of 400 hotels in Los Angeles on Expedia and TripAdvisor 2016-2017, of all the reviews, helpfulness votes, and hotel occupancy rates from STR group!
- Manipulation increases sales initially, but excessive manipulations leave cues of manipulation, lead to suspicion and may backfire.
- Small firms with weak brands suffer more from manipulation compared with big firms with strong brands.
- Consumer expertise moderates the effect of manipulations; novices are more vulnerable.

Implications

- Short-run benefits of manipulation
- Long-run pitfalls of manipulation
 - Increase consumers' perceived risks and distrustfulness
 - Popularize the “rat race” of unethical behaviors
 - Jeopardize the healthy development of e-commerce
 - Self-restraint and regulation are called for.
 - Heavier penalty for deleting.

Break

- ▶ Followed by leading discussion group 4