

# Chapter 42

## Social Media and Business Practices

Ashish Kumar Rathore  
Indian Institute of Technology Delhi, India

P. Vigneswara Ilavarasan  
Indian Institute of Technology Delhi, India

### ABSTRACT

This chapter presents an overview of social media and its application in various business domains. Social media platforms are increasingly becoming important for business growth. This chapter introduces the social media platforms, their various definitions, and their reach. It describes different types and business models of the social media platforms. This chapter discusses how the social media platforms could be used in all the business domains with examples. This chapter will be useful to the students of general management, organization studies, strategic management, and social sciences.

### INTRODUCTION

In today's competitive environment, businesses are continuously exploring ways by which customers can be better engaged to sustain long-term growth (Aral, Dellarocas, & Godes, 2013). Because of the unpredictable and wide dispersion of social media (SM) platforms, businesses today face many challenges that did not exist a few years ago (Dong & Wu, 2015). SM platforms are economical and user-friendly and facilitate the consumption, generation, and sharing of user-generated content by the consumers (Sigala & Marinidis, 2009). As most of their targeted customers are present on various SM platforms, businesses are aligning their strategies and tactics to incorporate these platforms at all levels. This shift toward SM platforms can be determined by several factors including declining response rates vis-a-vis traditional customer engagement methods, technology development through customer participation, open communication of customer preferences, low cost of information dissemination, and the demographic shifts toward use of new technologies (Gillin, 2007).

DOI: 10.4018/978-1-5225-7601-3.ch042

SM platforms offer an easier and more cost-effective way for businesses to reach customers, and consequently strengthen brand awareness through numerous applications and tools (Rodriguez-Donaire, 2012). Using SM platforms, businesses can define or re-define relationships with both new and old users, respectively, and develop communities that interactively collaborate to identify issues and solutions for both themselves and businesses (Meredith & O'Donnell, 2011). Businesses appear to believe that such SM initiatives are justified because of their potential to generate profits, for instance, through advertising (Aral et al., 2013). Businesses can improve branding and direct more traffic to its web site utilizing SM advertising.

Furthermore, customers can add value by generating their own content to influence the purchase decisions of others through peer-to-peer communications. SM platforms enhance the communication power of individuals by providing different avenues without demanding much effort of the users (Curran & Lennon, 2011). Apart from creating and sharing knowledge, users can create or join various communities with other like-minded individuals based on their similarities of interest and purpose. Also referred to as virtual communities, they help users create personal relationships in an enabling environment through emotion-laden discussions (Rheingold, 2000). These communities have resulted in new opportunities for businesses (Brodie, Hollebeek, Juri, & Ili, 2011). Some of the activities undertaken by businesses include sharing of content, interaction with customers, gathering customer feedback, provision of customer services, and effective collaboration with employees or business partners, and so on. (Bowden, 2009). Furthermore, SM has not only strengthened the existing relationship between businesses and users but also resulted in innovative changes in traditional communication methods, thereby enhancing the capability of businesses to better interact and dialog with users.

In light of above, this chapter attempts to explain SM in greater detail and as delineated by various business practices. This understanding of the use of SM by businesses is preceded by a discussion on the definition of SM platforms, their different types, and the associated business models.

## **BACKGROUND**

### **Social Media**

The definition of SM has been evolving over a period of time. According to Terry (2009), it refers to "digital technologies emphasizing user-generated content or interaction" (p. 508). User-generated content supported through SM is "a mixture of fact and opinion, impression and sentiment, founded and unfounded titbits, experiences, and even rumor" (Blackshaw & Nazzaro, 2006: 4). The content available on these SM platforms consists of various pieces of online information which are generated and shared by users about brands, products, and services. Often SM is referred to by its channel characteristics, either identifying directionality of messages (Kent, 2013) or using particular tools such as Facebook or Twitter for engagement and communication (Howard & Parks, 2012).

Although there is a lack of a formal and concise definition, SM is often defined as Internet-based applications that transmit user-generated content. Some definitions are simply based on the nature of communication in SM. For instance, Russo, Watkins, Kelly, and Chan (2008: 22) explain SM as "those that facilitate online communication, networking, and/or collaboration." Kaplan and Haenlein (2010: 61) offer a similarly definition of SM as "a group of Internet based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated

15 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:  
[www.igi-global.com/chapter/social-media-and-business-practices/214580](http://www.igi-global.com/chapter/social-media-and-business-practices/214580)

## Related Content

---

### Electronic-Based Service Innovation: Evidence From the Jayapura City Population and Civil Registration Office, Indonesia

Yosephina Ohoiwutun, M. Zaenul Muttaqin, Ilham Ilhamand Vince Tebay (2023). *Global Perspectives on Social Media Usage Within Governments* (pp. 214-225).

[www.irma-international.org/chapter/electronic-based-service-innovation/329783](http://www.irma-international.org/chapter/electronic-based-service-innovation/329783)

### Social Media in Tertiary Education: Considerations and Potential Issues

Ann M. Simpson (2018). *Global Perspectives on Social Media in Tertiary Learning and Teaching: Emerging Research and Opportunities* (pp. 1-19).

[www.irma-international.org/chapter/social-media-in-tertiary-education/205453](http://www.irma-international.org/chapter/social-media-in-tertiary-education/205453)

### New Social Media Agendas for Teaching and Learning in Libraries

Michelle Kowalskyand Bruce Whitham (2015). *Implications of Social Media Use in Personal and Professional Settings* (pp. 268-283).

[www.irma-international.org/chapter/new-social-media-agendas-for-teaching-and-learning-in-libraries/123293](http://www.irma-international.org/chapter/new-social-media-agendas-for-teaching-and-learning-in-libraries/123293)

### Citizen Engagement and Social Media: The Case of Mexican Presidential Candidacies

Rodrigo Sandoval-Almazanand Juan Carlos Montes de Oca Lopez (2019). *International Journal of E-Politics* (pp. 24-43).

[www.irma-international.org/article/citizen-engagement-and-social-media/251891](http://www.irma-international.org/article/citizen-engagement-and-social-media/251891)

### A Study of Digital Payments: Trends, Challenges and Implementation in Indian Banking System

Narinder Kumar Bhasinand Anupama Rajesh (2018). *International Journal of Virtual Communities and Social Networking* (pp. 46-64).

[www.irma-international.org/article/a-study-of-digital-payments/219792](http://www.irma-international.org/article/a-study-of-digital-payments/219792)