

Impacts of Social Media on Today's Businesses

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INTRODUCTION

The proliferation of social media has significantly changed the way customers and enterprises communicate. Websites such as Facebook, Twitter, and LinkedIn provide businesses with powerful marketing tools that help increase brand exposure and enhance communication both within and outside of an organization. The purpose of this chapter is to explore the impacts of social media on today's businesses and how the use of social media can help a business, its employees, and customers. Organizational impacts, implications, and future directions of social media will also be discussed.

This chapter is developed by researching literature of social media, especially, the use of social media in businesses. Research indicates that the widespread adoption of social media in businesses will continue to grow because of their tremendous benefits. Organizations will need to integrate social media into their business strategy in order to remain competitive and create policies specific to their own IS structure to be most prepared for the potential risks and benefits.

Social media have the potential to greatly affect many facets of today's businesses. From upper management decision-making down to the delivery of the service or product, social media have the ability to greatly affect organizational structure. Furthermore, customers have the ability to interact with multiple functional units of the organization and its members in real time. Companies want to find a way to differentiate themselves and connect with customers. Through social media, businesses can deliver a better, more specific product tailored to the needs of their customers (Armstrong & Gao, 2010; Blanchard, 2011; Mayfield, 2008; Pentina, Prybutok, & Zhang, 2008).

Social media can assist an organization to achieve sales goals through expanded marketing and expanding their brand presence to potential customers. Social media applications allow businesses to achieve organizational objectives through a higher level of information sharing (Bateman, Valentine, & Rittenburg, 2013; Capitello, Agnoli, Begalli & Codurri, 2014; Harridge-March & Quinton, 2009; Subramani & Rajagopalan, 2003). Companies seeking to expand their presence can turn to social media applications. These tools allow customers to easily interact with companies from devices running on multiple platforms. Social media technology provides today's consumers with an easy way to voice their opinions and experiences, positive or negative, online for the entire world to see. Other consumers can reply and react to these posts leaving businesses with an enhanced or tarnished image (Atwood & Morosan, 2015; McAfee, 2009; Pentina, et al., 2008; Taylor, Lewin, & Strutton, 2011; Zadeh & Sharda, 2014).

Businesses are becoming more competitive and efficient within their markets. Businesses need to ensure that company policies are prepared to handle the security and privacy concerns that could arise from the use of these technologies. Organizations must work to overcome potential issues when they open themselves up to social media tools. Businesses integrating social media applications within their organization need to be prepared to properly train employees to ensure that these technologies are best utilized within their organization. If implemented correctly, social media can improve collaboration

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among employees. Furthermore, social media have helped to facilitate a new way consumers interact with brands, and the way that businesses respond to these interactions (Bhattacharjee, Gopal, & Sanders, 2003; Chou, 2014; Mayfield, 2008; Harridge-March & Quinton, 2009).

Software packages and applications are available to manage data associated with social media. Companies can use these solutions to help them not only collect the data but respond to consumer concerns and issues so consumers know their opinions are being heard and taken seriously (Atwood & Morosan, 2015; Hajli, 2014). Gone are the days of a company being solely in charge of its reputation and image. A company's choice is not whether they are participating in social media it is what role they will play in it.

SOCIAL MEDIA APPLICATIONS

According to Lannin and Scott (2013), the types of sites that fall under the category of social media include, but are not limited to, SNSs (e.g., Facebook, Myspace, LinkedIn, Google+), publishing media (e.g., WordPress, Blogger, Wikipedia), content sharing (e.g., Pinterest, YouTube, Flickr, Digg, Last.fm), discussion (e.g., Yahoo Messenger, Google Talk, Skype), microblogging (e.g., Twitter, Tumblr, Posterous), live streaming (e.g., Friendfeed, Lifestream), live casting (e.g., Live stream), and virtual worlds.

It is important to note that many of these applications may fall into numerous categories. For example, although Facebook is best known as a social networking site, it is also a professional networking site, microblog and photo sharing site. The applications were categorized based on their main function.

HOW SOCIAL MEDIA PRESENCE AFFECTS COMPANIES

Social media have allowed companies to tailor products and services to customers' needs and interests. There have been numerous changes in the way businesses can utilize information through these innovative technologies. Social media create a paradigm shift in the way organizations operate and collaborate. User-generated content and crowd sourcing have filled the Internet with new content as well as the perception of how information can be shared (Surowiecki, 2005; Whitla, 2009). Massive data collection for business analytics by social media sites, such as Facebook and LinkedIn, has created shifts in business models. Advertisements targeting users' interest are made possible from large networks of information sharing (Subramani & Rajagopalan, 2003).

Businesses have been able to use the Internet as their platform to deliver services through the browser rather than traditional means. Companies can readily use Google Docs to generate invoices, training materials, and company memos without having to license expensive software such as Microsoft Office. Furthermore, with the integration of social media, companies can interact and collaborate in a more cohesive manner with its consumers and employees (Gallivan, Spitler, & Koufaris, 2005; Hajli, 2014; Nambisan & Baron, 2007; Pentina, et al., 2008; Taylor, et al., 2011).

It is important to note that company technology must stay current to trends and service enhancements. Technology is constantly evolving. It is imperative that an organization be aware of the types of technology that are pertinent to their industry. They need to know how to take advantage of them. Organizations should focus on budgetary measures to ensure appropriate funds are allocated to electronic equipment updating and information technology staff. Companies always face the threat of a larger, better funded, and better organized entrant into their marketplace. A competitive advantage can be sustained if an organization is current on the trends of its consumers and available service enhancements. An organiza-

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