

Chapter 9

Social Networks Impact on Potential Customers' Buying Decisions and Current Customer Loyalty

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ABSTRACT

Social networks are fundamentally changing the way we communicate, collaborate, consume, and create. They represent one of the most transformative impacts of information technology on business and daily life. This chapter will explain set of social network concepts and its influences in social interaction and decision making, and to determine whether individual's decision to consume a product, service, or attend an event are influenced by their interaction on social network, by studying three characteristics: Contagion, Connection, and Virtual Word of mouth. The results of this research can be used by business to enhance their relation and opportunities with their current and potential customers.

INTRODUCTION

During the last decade, web has evolved to become one of the most popular means not only for searching and sharing information but also for developing online communities, which results in transforming the Web technology environments from Web

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1.0 (read only) to web 2.0 (read and write), (Darwish, 2011). Web 2.0 can be defined as Internet applications that enable users to communicate and collaborate through creating and uploading new content, commenting on existing content and sharing content with other users, by using discussion boards, web blogs and social media websites (Betsch et. al., 2012; Pegoraro, 2010). Shifting people from being content readers to content generators and publishers distinguishes the web 2.0 as modern media from those classical media like newspapers, television and first generation Web (Alonso, et. al. 2013). According to Darwish (2011), Blogs, Really Simple Syndication (RSS), video sharing, podcasting, wiki, video conferencing and Social Networks are examples of the main web 2.0 personal activities tools.

Social Networks has become a pervasive phenomenon that is not limited to a specific age range or particular gender, and that plays a major role in every life activity. The literature shows that Social Networks user's decision process is affected by multiple attributes and factors, this chapter will study and measure the impact of Social Networks characteristics (Contagion, Connection, and Virtual Word of Mouth) on individual's buying decisions, by analyzing available features and techniques used in Social Networks like contagion mechanism represented by "News Feeds", "Like" button impact, and activities horizons. Therefore, a better view of customer's perception will be available for organizations and decision makers about what really affect their customers' hanging to their products, the last section will contain a set of advices to improve and strengthen the relation with customers.

LITERATURE REVIEW

Social networks technologies are vital in promoting collaboration and represent a flexible source of information and knowledge in the latest innovation, therefor it is crucial to efficiently use it in the modern social and business environment in order to create and consolidate the competitive advantages of modern-day businesses (Garrigos-Simon, et. al., 2012).

Social Networks

Social networks have become more reliable during the last decade and it has changed how people interact, navigate websites; make daily decisions, and daily lifestyle activities (Christakis & Fowler, 2011). It can be described as an Internet based real time communication tool which supports real world processes and activities by its users, and allow them to collaborate, communicate, share information and so on (Alonso, et. al. 2013). Social networks can take any shape including: offline social networking, online social connections, social bookmarking, and content

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