

Chapter 69

Firm's Competitive Growth in the Social Media Age

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ABSTRACT

Social media has changed not only people's lives but also business's life. The internet has transformed the way companies do their business. Most companies create an entire business function commonly referred to e-business, which is the use of internet and information technology in a company's operations. Social media is not only a communication tool for entertainment. It is also an important part of marketing strategies in firm's business life. Therefore, firms can use social media as a strategic marketing tool to help firms gain a competitive advantage, so social media and social media marketing are gaining importance all over the world, especially from marketers and researchers in order to understand how social media works and to understand its techniques.

INTRODUCTION

In recent years, Social Media become very important for marketing decision-making process; it seems to have “taken over the world”. So this is the reason behind why social media attracting this much more attention. When we are talking about social media, we are talking about one of priority strategic tools, so we should know how to make this strategic tool more useful for firms because it would be very beneficial for firm's competitive growth. Social Media term covers the usage of online tools and web sites that allow users to interact between each other's in order to share information, opinions and interests. According to “The State of Small Business Report, 2010” sponsored by Network Solutions, LLC and the University of Maryland's Robert H. Smith School of Business, the study results show that almost 1 out of 5 small business owners actively uses social media as part of his or her marketing strategy (University of Maryland, n.d.). The study also shows that 75% of small businesses have a company page on a social networking site.

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BACKGROUND

We have witnessed a rapid and accelerated growth in social media in the last few years. Social media and social media marketing are gaining importance and popularity all over the world especially from marketers and researchers in order to understand how social media works and also understand its techniques, which is increasingly common and fast growing. According to “The State of Small Business Report, 2010”, the study shows that different industries are adopting social media marketing at different rates (University of Maryland, n.d.). There are many firms depending on social media marketing and direct mail such as firms in the education, health, and social services sector. Many organizations, including small, medium-sized, and large organizations use social media now in regular operations. So in order to the rapid changes which are happening in the social media and technology, firms should know how to adapt to these changes in order to have and maintain a competitive advantage.

LITERATURE REVIEW

Differences Between Social Media and Social Networks

There are several differences between social media and social networks (Hartshorn, 2010, Cited in Edosomwan et al., 2011); the differences include semantics, features, functions and the way to use these websites. We can summarize the differences between them as shown in Table 1.

Table 1. Differences between social media and social networks

	Social Media	Social Networks
Definition:	A media which is primarily used to transmit or share information with a broad audience.	An act of engagement as people with common interests associate together and build relationships through community.
Communication style:	It is simply a system, a communication channel.	It is a two-way communication, where conversations are at the core.
The return on investment (ROI):	Difficult to be determined precisely.	ROI is a bit obvious.

(Data Source: Edosomwan et al., 2011)

A History of Social Media

When we are talking about social media as we know today, we should know its origin and how it appears, in order that we can illustrate the history of social media as shown in Table 2.

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