

# The Power of a web-enabled marketing

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## ***Abstract***

*In light of the increased adaptation of social media by consumers and businesses, guided by an evolving dynamic set of technologies and as the exponential growth derived by the development of new technologies promises even more reliance on social media as a marketing function. This paper, by focusing on the main reasons behind the wide acceptance of social media by consumers and businesses, examines the power of web-enabled marketing, which has made the marketplace more open and transparent than ever before. It also considers the opportunities that this situation creates. Several constructs of consumers' perceived benefits were found to be enabled through the use of social media, mainly through the concept of value co-creation which enables empowerment, power, influence, input, ownership, engagement, accessibility, communication, connectivity and interaction. From a business perspective, several benefits were found to be enabled through the use of social media are co-creation, empowerment, power, connectivity, communication, enhanced innovation and knowledge management and data capture maximisation. Finally, the findings of this research suggest that the main reason for the adoption of social media amongst businesses and consumers is its user-friendly nature.*

**Key words:** Social media, Communication, Web 2.0, e-WOM, Value co-creation

## Introduction

Recent developments in social and mobile Information and Communication Technologies (ICTs) have facilitated change that has meant consumers are much more able to co-create their own experiences and value on an exceptional scale (Ramaswamy, 2011; Xiang and Gretzel, 2010). Supported by unprecedented growth in ICTs, the role of consumers has significantly evolved to one that see consumers engaged in value co-creation activities with businesses (Neuhofler and Buhalis, 2013). As such, social media empowers and facilitates interconnectivity between users, content and the business as enabled by communication technologies (Dann and Dann, 2011; Stokinger and Ozuem, 2014). Consumers are no longer passive and are increasingly seen as central actors participating in the creation of personalised experiences. This has resulted in redefined interactions between companies and consumers. Contemporary companies not only design and deliver experiences but facilitate essential requirements and value propositions that allow consumers to participate in, and co-create experiences to generate their own value (Vargo, Maglio and Akaka, 2008). Through social media, consumers can contribute to the value co-creation process with companies (Di Gangi and Wasko, 2009; Xie *et al.*, 2016; Jalonen, 2017), presenting an opportunity for businesses to engage and solicit input and ownership from consumers through involvement in diverse co-creation processes. Consumers can now have a hand in designing and developing products, and they increasingly have a say in what service support should look like (Nambisan and Nambisan, 2008; Prahalad and Ramaswamy, 2004a). (moved to here and reworded).

Social media has dramatically changed the style in which companies and consumers communicate and interact (Dahan and Hauser, 2002). This has facilitated the capabilities of companies to engage consumers as co-creators of experience (Bartl, Fuller, Muhlbacher, and Ernst, 2012; Sawhney and Prandelli, 2000). Social media has empowered organisations to increase their reach and appeal to new potential customers, thus generating economic value and market growth. Social media proved instrumental for market intelligence; knowledge collected with the help of social media can be used by organisations to their prospective customers and to enhance customer experiences (Chen, Goes, Marsden, and Zhang, 2009).

This research aims to identify the main reasons behind the wide acceptance of social media as a web-enabled marketing platform by consumers and businesses and based on the concept of value co-creation, which presents an academic contribution. The research will aim to provide recommendations for marketing strategists to enable the development of more effective use of social media as a web-enabled marketing platform and to enable higher level of consumers' co-creation involvement.

## Theoretical Context

Social media is a global, useful application based on the technological foundations of the World Wide Web. It represents a means of social interaction facilitated by the Internet. There has been rapid progress in the usage of Social Media Applications (SMA) in recent years. Such progress has made consumers more aware of businesses and their products. It has also resulted in stronger connections between buyers and sellers. As Hew & Cheung, (2012) state, social media is grounded in the technologies of Web 2.0, which have experienced exponential growth resulting in the development of new technologies. Kaplan and Haenlein (2010) and Daugherty, Eastin, and Bright (2008) note that Web 2.0 technologies empower end-users to be able to use different kinds of media content, such as video, audio, images and comments. Customers can review, create, comment on, and share content on social media with the help of online networks. This means they are granted uninterrupted access to businesses, brands and marketers (Chau & Xu, 2012). Social media, as a term, describes a dynamic and evolving set of technologies (Kane *et al.*, 2013) which has been described as a 'moving target' (Sinha *et al.*, 2013; Hogan & Quan-Haase, 2010).

Safko (2010, p. 4) describes social media in general terms, noting that it comprises of two words, i.e. 'social' and 'media'. 'Social' refers to 'instinctual needs whereby humans have to connect with other humans' and the 'need to be around. This includes groups of similar, like-minded people with whom others feel at home around. Social media users are comfortable sharing their thoughts, ideas, and experiences with others who share the same interests. Media, in this context refers to 'media we use to make connections with other humans'. Such media are 'technologies we use to make those connections'.

Social media has affected the lives of many over recent decades. The main objective of social media is to connect people socially, but this definition has broadened, and it is now accepted

that social media connects people to industries. Many definitions of social media have been developed, based on various studies. Most of these share a key commonality: that social media encompasses platforms that are Internet-centred and encourage an unrestricted stream of user-generated material (Kaplan and Haenlein, 2010; Safko, 2010; Kietzmann, Hermkens, McCarthy, and Silvestre, 2011; Hanna, Rohm and Crittenden, 2011; Luo, Zhang and Duan, 2013; Ngai, Tao and Moon, 2015; Stokinger and Ozuem, 2015).

A social media platform is a channel used for communicating, not only amongst people who want to connect with their friends and relatives, but also by businesses who seek to interact with other organisations and users. It is an efficient method for individuals to communicate, interact and connect to others within social networks. At the same time, social media is used by many businesses to advertise products and services, and to interact with customers and prospective customers. Social media comprises two-way communication, and offers opportunities for individuals and businesses to take advantage of networks of people and valuable digital spaces for the exchange of electronic Word-of-Mouth (e-WoM) (Kaplan and Haenlein 2011). Social media differs from traditional communication methods in facilitating two-way communication. Examples of one-way, traditional methods of communication include newsletters, magazines, television, billboards, and radio (Hasan, 2011; Mangold and Faulds, 2009). Social media is more efficient than traditional methods of communication as it enables two-way communication and is technologically more hi-tech. There has been a shift in focus from conventional media to online and digital media in the form of social networking sites, wikis and blogs. This has given rise to viral marketing as a means of effective communication and sharing information (Hutton and Fosdick, 2011). Businesses influence consumers and consumers influence brand messages (Hanna *et al.*, 2011). Social media presents a strong opportunity for customers to exchange views with hundreds, and even thousands of customers worldwide.

Businesses are not the only source of brand communication. Social media helps businesses to formulate strategies and reduce R&D costs. By using social media, organisations can collect information, develop databases and improve service delivery (Barnes, 2010). They can also extend their geographical presence, as social media has worldwide reach (Wright *et al.*, 2010). Social media is preferred by many organisations and customers over traditional forms of media to explore and collect information (Mangold and Faulds, 2009), the quality of which is richer.

The time needed to collect such information is also reduced. This ultimately results in improved products for consumers (Rathore *et al.*, 2016). The roles of marketers have been reduced due to the dominance of consumers who can access focussed streams of information easily by harnessing user-friendly interfaces online. As a consequence, businesses using traditional organisational communications frameworks may be viewed as having features that are non-transparent (Ozuem and Tan, 2014; Sahni and Appiah (2019)).

Social media has many advantages, which many businesses utilise to interact with their customers. Taylor (2009) argues that social media is a highly effective global application. It is a powerful personalised tool which individuals can use to create and circulate matter by participating in discussions. Taylor (2012) asserts that from a promotional and marketing perspective, the obvious opportunity associated with any digital medium is interactivity. Social media is no different from another digital medium when it comes to interactivity. It affects not only our daily lives, but also the business activities we are familiar with. There has been a steady increase in the number of businesses adopting social media to market their goods and services. It is also utilised by firms to expand their conventional marketing activities. In the strategic marketing literature, social media is simply approached as a new method, but its purposes are far from new. Social media is used by businesses to grow sales and to improve the reputation of businesses (Sapena and Paniagua 2014). Organisations can take advantage of, and create value from consumer involvement in social media. Bechmann and Lomborg (2013) suggest that value can be created in the form of networks which facilitate the ability to update and contribute content. Social media also enhances organisational development and the innovation of new products and services. It supports the trading of information and data across numerous digital profiles.

Social media offers opportunities for consumers to participate in the value co-creation process with companies (Di Gangi and Wasko, 2009; Bechmann and Lomborg, (2013); Nambisan and Nambisan 2008; and Prahalad and Ramaswamy, (2004a). Bechmann and Lomborg (2013), have depicted various ways in which businesses can benefit from, and create value from customer involvement in social media. These benefits create value in various forms such as (a) networking, updating, and content contribution (b) contributing to business expansion and innovation; and (c) trading the data gained from the digital information profiles of users. Therefore, organisations intend to enable consumers to get involved in different co-creation processes with the help of social media. Examples include product design and development

and service support (Nambisan and Nambisan, 2008, Prahalad and Ramaswamy, 2004a).

Customers actively take part in the co-creation process due to advances in technology that have resulted in the increased use of social and mobile ICTs. Social media and mobile applications have become facilitators of modifications that have helped consumers to connect, engage and participate, and to co-create their own experiences and create value on an extraordinary scale (Ramaswamy, 2011; Xiang & Gretzel, 2010). With the rise of social ICTS, buyers have become more active, dominant and involved in experience creation and consumption processes (Ramaswamy, 2009a). These expansions have promoted a change to the relationship between businesses and consumers, and they have advanced our understanding of how experiences and value are created and who creates these (Vargo & Lusch, 2004; Vargo et al., 2006; Sfantla & Bjork, 2013)

Social media is considered trustworthy by consumers, and this has resulted in a strong consumer focus to acquire information related to products and services (Foux, 2006). There are various benefits offered by social media, but security is a major concern (Parameswaran and Whinston, 2007). Viruses and other threats can potentially affect huge numbers of users of social media. These authors argue that such platforms are not well governed. Indeed, they are highly decentralised and can easily be accessed, which presents a high risk of illegal activity. Businesses continue to reap the benefits of incorporating social media to drive conversation, participation, community formation, information openness and connectedness as part of their business strategies. (Chan-Olmsted *et al.*, 2013).

Ward and Ostrom (2006) draw attention to some of the disadvantages of social media for businesses, suggesting that such media can help organisations to access valuable knowledge about their customers including their personal information, interests and preferences. However, when customers are dissatisfied with particular goods or services, they can use social media to complain, and this can affect their loyalty towards brands. Such views can, in turn, influence others that are exposed to them. It is very difficult to control the creation of User Generated Content (UGC) in various forms, such as comments, views and reviews on social media. Social media is not a closed system, and marketers must be aware of the associated risks. Marketers are concerned about this, as any unfavourable input on an official website, blog or forum online can have lasting effects on the reputation of businesses (Ryan and Jones, 2009).

There are two different perspectives relating to the applicability of social media. Some scholars who have discussed the benefits of using social media have noted that organisations are willing to adopt the technology to enhance their businesses. In contrast, others are reluctant to adopt social media due to its open nature, which means that anyone can share a negative experience quite easily. These two contrasting perspectives have resulted in a growing body of research associated with social media. Some have assessed the impact of social media on businesses and consumers. Indeed, it has been argued that consumers have become empowered because social media has enabled them to voice negative opinions in relation to products and services. This power helps to reduce the physical and psychological costs to consumers (Ayertey, Ozuem and Appiah 2018). However, despite suspicions and opposition to the use of social media within organisational context, social media has indeed gained tremendous acceptance amongst contemporary users.

## Conclusions and recommendations

This paper has explored the main reasons leading to acceptance of social media by consumers and business and based on the concept of Value Co-creation. Research has confirmed the significance of social media as a powerful platform for marketing and the role it plays in creating value for both consumers and businesses through the co-creation. Analysis revealed that several reasons were underlying consumers' perceived benefits when using social media, primarily through the concept of value co-creation thus providing consumers a sense of empowerment, power, influence, input, ownership, engagement, accessibility, communication, connectivity and interaction. In terms of business perspective, also the analysis revealed that several benefits can be achieved when employing social media as a marketing platform and through the concept of Value Co-creation, namely creating a sense of empowerment of the business, power through extending their outreach and presence in the market, enhanced connectivity and interaction with consumers, increased communication, enhanced innovation and knowledge management and data capture maximisation. Also, the findings of this research suggest that the main reason for the adoption of social media amongst businesses and consumers is its user-friendly nature.

Social media is a modern-day requirement that is pervasive and growing in popularity. Technological developments have supported social media applications. On one hand, it

empowers businesses to promote and market their products and services on a large scale and on the other hand, it empowers the consumer who can gain knowledge and information about products and services and share experiences within likeminded communities. This has made the market place very transparent and open. Businesses must understand the significance of social media and incorporate it in their business strategies to reap the benefits it offers.

Businesses must keep in mind that social media tools have made the marketplace very transparent and have increased the awareness of consumers in terms of the different organisations, products, prices and features of various products and services they can access. Social media helps firms to expand their conventional marketing activities to formulate strategies that can reduce R&D costs. Social media marketing must be used in conjunction with traditional media to ensure that organisations are not missing out on any segment of their target customers, and that they are reaping the benefits of symmetrical communication.

The awareness that has developed due to the Internet, social media, technological advances and other computed-mediated marketing channels has empowered customers and prospective customers to become very active in terms of shaping their influences. Social media offers consumers the chance to access and share the experiences and knowledge they gain through various channels which means they are no longer passive. This has resulted in value co-creation by customers in the process of buying the products and services that meet their individual needs. The social media eco-system has resulted in a culture of openness and transparency that increases knowledge amongst consumers and increases the options they are presented with. Social media assists with the development of new products and helps business to develop new ideas, and new or modified product designs.

By using social media, organisations can collect information, develop databases and improve service delivery. Social media platforms can reduce the research and development costs that businesses have to typically account for. The products that are developed after gathering suggestions from customers have less chance of product failure and are more easily accepted by customers in the market once they are launched.

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