



Users of the world, unite! The challenges and opportunities of Social Media

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Abstract The concept of Social Media is top of the agenda for many business executives today. Decision makers, as well as consultants, try to identify ways in which firms can make profitable use of applications such as Wikipedia, YouTube, Facebook, Second Life, and Twitter. Yet despite this interest, there seems to be very limited understanding of what the term "Social Media" exactly means; this article intends to provide some clarification. We begin by describing the concept of Social Media, and discuss how it differs from related concepts such as Web 2.0 and User Generated Content. Based on this definition, we then provide a classification of Social Media which groups applications currently subsumed under the generalized term into more specific categories by characteristic: collaborative projects, blogs, content communities, social networking sites, virtual game worlds, and virtual social worlds. Finally, we present 10 pieces of advice for companies which decide to utilize Social Media.

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1. The specter of Social Media

As of January 2009, the online social networking application Facebook registered more than 175 million active users. To put that number in perspective, this is only slightly less than the population of Brazil (190 million) and over twice the population of Germany (80 million)! At the same time, every minute, 10 hours of content were uploaded to the video sharing platform YouTube. And, the image hosting site Flickr provided access to over 3 billion photographs, making the world-famous Louvre

Museum's collection of 300,000 objects seem tiny in comparison.

According to Forrester Research, 75% of Internet surfers used "Social Media" in the second quarter of 2008 by joining social networks, reading blogs, or contributing reviews to shopping sites; this represents a significant rise from 56% in 2007. The growth is not limited to teenagers, either; members of Generation X, now 35–44 years old, increasingly populate the ranks of joiners, spectators, and critics. It is therefore reasonable to say that Social Media represent a revolutionary new trend that should be of interest to companies operating in online space—or any space, for that matter.

Yet, not overly many firms seem to act comfortably in a world where consumers can speak so freely

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with each other and businesses have increasingly less control over the information available about them in cyberspace. Today, if an Internet user types the name of any leading brand into the Google search, what comes up among the top five results typically includes not only the corporate webpage, but also the corresponding entry in the online encyclopedia Wikipedia. Here, for example, customers can read that the 2007 model of Hasbro's Easy-Bake Oven may lead to serious burns on children's hands and fingers due to a poorly-designed oven door, and that the Firestone Tire and Rubber Company has been accused of using child labor in its Liberian rubber factory. Historically, companies were able to control the information available about them through strategically placed press announcements and good public relations managers. Today, however, firms have been increasingly relegated to the sidelines as mere observers, having neither the knowledge nor the chance—or, sometimes, even the right—to alter publicly posted comments provided by their customers. Wikipedia, for example, expressly forbids the participation of firms in its online community.

Such an evolution may not be surprising. After all, the Internet started out as nothing more than a giant Bulletin Board System (BBS) that allowed users to exchange software, data, messages, and news with each other. The late 1990s saw a popularity surge in homepages, whereby the Average Joe could share information about his private life; today's equivalent would be the weblog, or blog. The era of corporate web pages and e-commerce started relatively recently with the launch of Amazon and eBay in 1995, and got a right ticking-off only 6 years later when the dot-com bubble burst in 2001. The current trend toward Social Media can therefore be seen as an evolution back to the Internet's roots, since it re-transforms the World Wide Web to what it was initially created for: a platform to facilitate information exchange between users. But does that mean that Social Media is just old wine in new bottles? Probably not! As we will delve into further, the technical advances that have been made over the past 20 years now enable a form of virtual content sharing that is fundamentally different from, and more powerful than, the BBS of the late 1970s.

This article discusses the challenges and opportunities that emerge from this evolution for firms, and provides structure to better understand the rapidly evolving field of Social Media. We begin by providing a definition and classification of Social Media by looking at their historical roots, technical specificities, and differences from other entities such as Web 2.0 and User Generated Content. We then focus on six types of Social Media—collaborative projects, blogs,

content communities, social networking sites, virtual game worlds, and virtual social worlds—and present ways in which companies can efficiently make use of these applications. Based on this analysis, we then derive a set of 10 recommendations companies should follow when thinking about developing their own Social Media strategy, be it with respect to these aforementioned types or other applications which might emerge in the future.

2. What is Social Media—And what is it not?

As highlighted, the idea behind Social Media is far from groundbreaking. Nevertheless, there seems to be confusion among managers and academic researchers alike as to what exactly should be included under this term, and how Social Media differ from the seemingly-interchangeable related concepts of Web 2.0 and User Generated Content. It therefore makes sense to take a step back and provide insight regarding where Social Media come from and what they include.

By 1979, Tom Truscott and Jim Ellis from Duke University had created the Usenet, a worldwide discussion system that allowed Internet users to post public messages. Yet, the era of Social Media as we understand it today probably started about 20 years earlier, when Bruce and Susan Abelson founded "Open Diary," an early social networking site that brought together online diary writers into one community. The term "weblog" was first used at the same time, and truncated as "blog" a year later when one blogger jokingly transformed the noun "weblog" into the sentence "we blog." The growing availability of high-speed Internet access further added to the popularity of the concept, leading to the creation of social networking sites such as MySpace (in 2003) and Facebook (in 2004). This, in turn, coined the term "Social Media," and contributed to the prominence it has today. The most recent addition to this glamorous grouping has been so-called "virtual worlds": computer-based simulated environments inhabited by three-dimensional avatars. Perhaps the best known virtual world is that of Linden Lab's Second Life (Kaplan & Haenlein, 2009c).

Although the list of the aforementioned applications may give some idea about what is meant by Social Media, a formal definition of the term first requires drawing a line to two related concepts that are frequently named in conjunction with it: Web 2.0 and User Generated Content. Web 2.0 is a term that was first used in 2004 to describe a new way in which software developers and end-users started to

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