THE 'SOCIAL' POWER: THE RISE AND GROWTH OF SOCIAL MEDIA FOR MARKETING

Abstract

The chapter discusses the rise and growth of social media as a popular tool for marketing. Social media is fast replacing the conventional media and is now the preferred channel for marketing communications. The popularity of social media marketing and social commerce among marketers irrespective of the nature, size, structure, industry and geography is a proof for its dominance in the media landscape. The unique nature and capabilities of the media calls for specialized and focused attention while planning and executing social media strategy. Marketers in the twenty-first century need to recognize SM as a strategic tool to be successful and relevant in their respective fields. Recent developments in the area; highlighting the theoretical aspects and industrial trends related to social media, social media marketing and social commerce are covered in this chapter.

Keywords: Social Media (SM), Social Networking Sites (SNSs) Social Media Marketing (SMM), Social Commerce (SC).

Author

Dr. Dawn Jose
Associate Professor
Asian School of Business
Trivandrum, Kerala, India.
dawnjos@outlook.com

Dr. Ebrahimkunju Sulaiman
Professor
School of Management and Business Studies
Mahatma Gandhi University
Kottayam, Kerala, India.
sulaim25@yahoo.co.in

Tania Thomas
Research Scholar
S.B College, Changanacherry
Kerala, India.
taniagits@gmail.com

I. INTRODUCTION

Technology has played a major role in changing the face of marketing. As Marketing 4.0 focusing on technology and connectivity unfolds, technologies that connect consumers and companies become critical. Technologies such as artificial intelligence, robotics and the internet of things are making sea changes in management and particularly in marketing. One such evident change is the rise and growth of social media as a marketing tool. Social Media (SM) have considerably changed the way consumers and marketers communicate and interact with each other. Social media is fast replacing conventional media such as television, radio and print, as reflected by its increasing presence in the global media landscape. The number of SM users globally is expected to reach 5.85 bn by 2027 (Forbes, 2023). The change is significant for marketers and calls for special attention of anyone planning, designing and executing communication strategies. The ability to interact 'one to one' and 'one to many' at the same time; the ability to make consumers 'content creators' rather than 'content consumers'; the possibility of building a bond and a personal connect; the 'referral power'; the largely 'free' nature of the medium; and the global reach are few unique capabilities of this new media. SM has opened boundless opportunities and challenges to marketers and consumers. An entirely new form of marketing – social media marketing (SMM) - has emerged that harnesses the capabilities of social media to connect and engage with consumers. Marketers in developed countries have already explored the commercial capabilities of SM to a significant extent, and the trend is fast spreading to their counterparts in developing countries.

The growing popularity of social networking sites (SNSs) such as Facebook, Instagram, YouTube, and Twitter have made marketers explore the potential and use these SNSs to reach out to their consumers. It led to the emergence of SMM, which utilizes the power of SM to facilitate commercial transactions. It is now common among buyers to seek the opinion of their social media friends and to check the reviews and ratings given by buyers of the particular good or service before making a purchase decision. SM offers wealth of information to marketers on consumers and their preferences. It is now possible to micro-target consumers using social media. Marketers can have dialogues with the customers, facilitating closer bond building. SM also offers significant savings in terms of cost and time in reaching millions at a finger stroke. More than half of the marketers who have been using social media for at least three years report it has helped them improve sales (Nautiyal, 2014). Thus, SM has become a powerful force that can hardly be ignored. SMM integrates social media technologies, community interactions, and commercial activities to facilitate marketing. It seamlessly connects the consumers to marketers, facilitating building a mutually benefitting bondage. The widespread usage of SM in advertising, sales promotion, publicity, brand building, relationship management, product development, consumer analytics, and market research is proof of its growing acceptance as a marketing tool. About 50% of brands now use micro-influencers for their new product launches through Facebook Live, Instagram Stories and YouTube videos (Chaturvedi, 2017).

II. CONCEPTUAL DEFINITIONS

An attempt is made by the authors to organize the various definitions found through the literature review to define the major concepts discussed in the study such as social media, social media marketing and social commerce.

1. **Social Media (SM):** Social media is so connected to modern-day lives that the users hardly care to think about what it is. Social media applications such as Facebook, YouTube, Twitter, Instagram have occupied the central space in everyday communication. Though there is a general understanding of what SM is and what it does, it is important to define the term from various angles. Social media is a "user-generated media, which is a source of online information created, initiated, circulated, and used by consumers intent on educating each other about products, brands, services, personalities, and issues" (Tang et al., 2012). It is a definition from the user's perspective, focusing on the marketing capabilities of the medium. Social media is "applied programs, platforms and online media (internet) to facilitate the interactions, collaboration and content sharing" (Kim & Ko,2012). The definition emphasizes the collaborative capabilities of the medium. Social media refers to "Internet-based applications built on Web 2.0, while Web 2.0 refers to a concept as well as a platform for harnessing collective intelligence" (Huang & Benyoucef, 2013). This definition looks at SM from a technological angle. Social media is "a technology not focused on transactions but collaboration and communication across groups both inside and outside the firm" (Bharati P. et al., 2014). In this definition, a twin perspective, i.e. collaboration and communication from within and outside the firm, is considered. Social media is a "set of internet-based technologies/applications, which are aimed at promoting the creation, modification, update and exchange of user generated content, whilst establishing new links between the content creators themselves" (Spagnoletti et al., 2015). Here, the focus is on the content creation capability of the medium.

2. **Social Media Marketing (SMM):** SMM is relatively a new concept, and hence the field of study is evolving in nature. SMM activities are a "subset of online marketing activities that complete traditional web-based promotion strategies, such as e-mail newsletters and online advertising campaigns" (Barefoot and Szabo, 2010). Here, SMM is identified as a strategy complementing online marketing. "SMM is a new marketing tool, which encourages great attention and participation from consumers via social networks" (Jara, Parra & Skarmeta,2013). The definition highlights the participation of consumers in the marketing process. "SMM is the utilization of social media technologies, channels, and software to create, communicate, deliver, and exchange offerings that have value for an organization's stakeholders" (Tuten and Solomon, 2016). The definition recognizes SMM as an activity that creates value for the stakeholders of the business. "SMM is an interdisciplinary and cross-functional concept that uses social media (often in combination with other communications channels) to achieve organizational goals by creating value for stakeholders" (Felix et al.,2017). The definition recognizes SMM as a cross-functional concept that uses SM to achieve organizational goals.

3. **Social Commerce (SC):** Social Commerce can be viewed as a convergence of SM and E-Commerce, utilizing the synergy effect of both in the marketing of products and services. SC is serving consumers by providing much-needed convenience, choice and better bargains. It offers an easy way for marketers to reach new markets and formalize their business easily and affordably. As the major countries in the world are shifting to digital modes of transaction and payments, SC is sure to stay relevant and grow. It has already made its wave felt and is seen by many experts as the 'next big thing' in business. Some of the popular definitions on social commerce are discussed in the following section.

Social commerce refers to a more social, creative and collaborative approach used in online marketplaces (Parise and Guinan, 2008). The definition is focused on the nature of social commerce. "Social commerce is a form of commerce mediated by social media involving convergence between the online and offline environments" (Wang and Zhang 2012). The online and offline convergence is stressed in this definition. "Social commerce is the process of selling products and services directly through social media" (Hootsuite, 2022). The definition brings clarity the direct use of social media in the process. According to Investopedia, "Social commerce is a form of e-commerce that involves the sale of products and services using social networking sites like Facebook, Instagram, and Twitter" (Investopedia, 2022). The definition identifies social commerce as a form of e-commerce and describes the major social media platforms used for social commerce.

III. SOCIAL MEDIA: A BRIEF HISTORY

Riding on the growth wave of mobile and internet users and the emergence of new social media platforms, SM showcased phenomenal growth in the last two decades. SM has caught the fascination of all people irrespective of nationality, state of development, gender, religion, caste and creed. Consequently, today, social networking is identified as the most preferred online activity by netizens. SM undoubtedly is playing a critical role in shaping the new 'social world'. The following discussion will help to understand the profile of the industry and market size. SM had a humble beginning in the early 1990s. In 1995, a website called 'Classmates' was created, facilitating contacting classmates and establishing online contacts between the members. It was followed up with the launch of a social networking website called sixdegrees.com (1997), marking the beginning of the SM revolution as we see it today. During the period between the years 2000 and 2010, SM started gaining momentum. 'Friendster', a Social Networking Site (SNS), was opened in 2002 in the US, which quickly grabbed the attention of the young generation. In the next few years, Myspace (2003), LinkedIn (2003), Facebook (2004), Orkut (2004), Bebo (2005), and Twitter (2006) made their debuts popularizing SM. By 2008 Facebook grabbed the top position among SM. Pinterest and Instagram were launched in 2010, and from then onwards, the world witnessed dramatic growth in SM, overhauling all other mass media to become the most preferred one. The term SM is generally used to refer to various SNSs; understanding the different types of SM would provide better clarity and insight.

1. **Social Media – Types:** Based on the functionalities of the platform and the purposes they serve, SM can be classified into different categories. The popular ones are listed below.

Figure 1: Social Media Types

Networking sites facilitate close interaction and sharing of ideas between like-minded people. Connections in such networks, generally identified as 'friends', can freely exchange information between them. Facebook, the most popular SM platform, is an example of a networking platform. For companies, brand pages created in such networking sites can help have personalised interactions with the potential clients, enabling them to build a closer bond. *Media sharing websites* facilitate sharing of media files such as videos and images. Today media sharing is identified as one of the top activities performed by SM users. SM platforms such as YouTube and Instagram are good examples of the category. The ability to upload images and videos of products/ services along with opportunities to livestream and review has made such platforms the favourites of marketers. *Blogging platforms* allow creative persons to share their original ideas and contents in stories and articles, which can be uploaded as texts, images, or video files. Such platforms have a unique set of audiences and are very popular. The key advantage presented by such platforms is their ability to present matters straightforwardly. WordPress is an example of such a category of SM. *Microblogs* are miniature blogging platforms with word limits. The short and crisp nature of those platforms has enabled them to attract large audiences. Celebrities and influencers are found to prefer such platforms for quick and meaningful interactions. Twitter is the most famous micro-blogging SM platform. There are *professional networks* such as LinkedIn that are solely focused on participants' professional and career aspirations. Such platforms help to showcase users' professional achievements and skills, enabling them to find suitable opportunities. There are *collaborative platforms* that help in knowledge creation and dissimilation; They work on the 'crowdsourcing' of ideas. Free and quick availability of knowledge with reasonable credibility has made such platforms popular, especially among the young audience.

.

2. **Global Scenario of SM:** The worldwide internet penetration stood at 5.18 billion (64.16 per cent of the global population) and there are 4.80 billion active social media users (60 per cent of the global population) in April 2023; 09 out of 10 internet users have SM accounts. SM is growing at an annualized growth rate of 13 per cent. It was found that the average daily time spent in SM stood at 02 hours 24 minutes (We are Social and Meltwater, Digital 2023 Global Statshot Report, HootSuite, April 2023) . The key statistics are summarized in the below given table.

Table 1: Global Scenario of SM

Global Internet penetration	5.18 Billion
Global Social Media penetration	4.80 Billion
Average daily time spent in SM	2 H 24 M
Most used SM Platforms	YouTube, Facebook, Instagram, Whatsapp, LinkedIn

Source: We are Social and Meltwater, Digital 2023 Global Statshot Report, HootSuite, April 2023

3. **Indian Scenario of SM:** India is one of the favorite markets for all major SM platforms. India, ranks second in terms of user numbers, and is estimated to reach 1.17 billion by

2027 (Statista, 2022). Global majors in social networks like Facebook, YouTube, Twitter and Instagram have become part of the everyday life of millions of Indians. Digital India initiative of the government, increased mobile connectivity, ease of access, and low cost of data plans played a major role in fast-spreading of internet and SM in the country. The tremendous potential of SM has attracted the attention of marketers. SM ad spending in India stands at a whopping $ 710.6 million. Digital advertising spending is projected to reach 560 billion rupees by 2023. For 49.1% of the population, SM is the primary channel for brand-related research. Millennials and Gen Z are the main contributors to social media usage in India. 52.3 percent of social media results come from millennials. 28.4 per cent of social media conversations are from Gen Z and 15.1 per cent from those aged 35-44. It is estimated that by 2025, this penetration of social networks will be 67 per cent of the country's population (Data compiled Kemp, 2021a; Kemp, 2021b; Social commerce in the United States, 2021)

IV. UNDERSTANDING SOCIAL COMMERCE

SC can be seen as a marriage of SM with E-Commerce, which integrates both technologies' best capabilities to better serve the customers and the sellers. Noteworthy features which make SC unique are highlighted in the following figure.
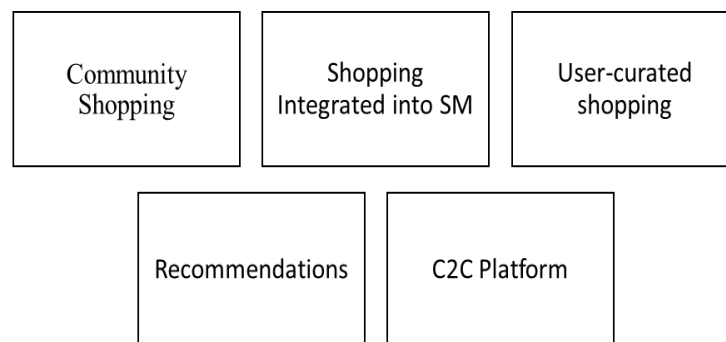

Figure 2: Key Features of Social Commerce

1. **Community Shopping:** This feature enables customers to connect with other customers or merchants and provide opportunities to seek information, advice and recommendations- a process that enables them to make more informed decisions.

2. **Shopping Integrated into SM :** SC enables consumers to buy directly from the SM platforms without requiring them to switch to e-commerce sites. It adds to the convenience of customers, improving the prospects of merchants to sell fast.

3. **User-Curated Shopping:** SC facilitates users to create a list of favourite items which can be shared with friends and communities in SM. Social apps can also suggest a shopping list based on the users' search history and purchase behaviour. Thus, SC can help in making the shopping experience more relaxed and entertaining.

4. **Recommendations:** Shoppers can provide recommendations, share their experiences, and rate product purchases, making it easier for prospective buyers to make an informed choice. According to Edelman research, sixty-three per cent of the social media users

aged between 18 and 34 trust recommendations of influencers more than they trust brands which highlight the importance of recommendations.

5. **C2C Platform:** Perhaps the unique feature of SC is that it seamlessly connects customers. Consumers can communicate with each other and can even initiate sales between them. Thus, SC transfers the power from sellers to buyers and initiates a new business era where the customer is truly the king.

Types of SC Platforms: SC platforms can be categorized based on their core focus. The three most popular categories are described below.
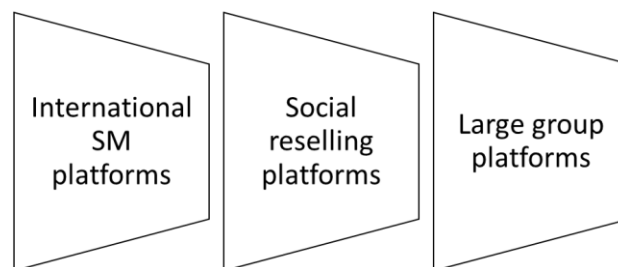

Figure 3: Types of SC Platforms

- **International SM Platforms:** It refers to SM majors who have already integrated SC features into their platforms. Facebook, Instagram and Pinterest are leading the way by facilitating social buying. These platforms seamlessly integrate social buying and selling, making them the favourites of buyers and sellers alike.

- **Social Reselling Platforms:** Social resellers are influencers who can exert positive pressure on peer groups by way of recommendations. Social reselling platforms have played a major role in popularizing SC, especially in developing-country markets. They do not sell their products but curate lists and recommend brands of existing merchants. An example from the Indian context is the app Meesho which was launched in 2015. It now hosts two million registered users across 700 towns in India and has raised $215 million by financing as of 2019.

- **Large Group Platforms:** Large group platforms are the ones that integrate several social and ecommerce features on a single platform. Chinese apps such as WeChat and Tiktok fall under this category. The ability to communicate to a larger audience and capability to interact one to one makes such platforms attractive

V. SOCIAL COMMERCE - INDUSTRY TRENDS AND PATTERNS

The following session provides insights into the key statistics related to SC - both at the global level and at the national level (India).

1. **Global Scenario of SC:** China and the U.S are the leading players in the global SC market. According to eMarketer, SC sales in China is rising consistently each year and is expected to reach $474.81 billion in 2023. Social commerce already accounts for nearly 13% of all online retail sales taking place in China. The Social Commerce market is

predicted to be worth $1948.5 billion by 2026, as per the report published by reportlinker.com (Global Social Commerce Market By Business Model, By Product Type, By Region, Industry Analysis and Forecast, 2020 - 2026, 2021). The study conducted by PayPal (Asia Social Commerce Report 2, 2020) in the South Asian markets covering 4000 consumers from seven major economies (China, Hong Kong, India, Thailand, Philippines and Indonesia) reports that 80 percent of the merchants surveyed are selling through social platforms. Sixty-three per cent of the respondents in the region said that it is easier to reach customers through SM; 57 per cent said it is easy to set up a business through SM, and 48 per cent among them liked the idea of leveraging their network of friends and relatives. WeChat is the leading platform for social commerce, with roughly 1.2 billion active monthly users. Instagram, Pinterest, Facebook, Snapchat, and Tiktok are all making significant inroads into the SC market space.

2. **Indian Scenario of SC:** India is regarded as a country with high growth potential for SC. According to Bain & Company Report (Sheth et al., 2020), India's social commerce sector, which is currently valued at $1.5 to $2 billion Gross Merchandise Value (GMV), has the potential to reach $16 to $20 billion in just five years; longer-term projection puts the value at $60 to $70 billion by 2030. As per the report, small sellers make up 85 per cent of all social commerce players. They earn nearly 35 per cent of their revenue through SC. Ease of selling through SC is attracting them to SC. The report highlights the potential to empower over 40 million small businesses and entrepreneurs across India, suggesting phenomenal potential for growth. The trend towards SC is clear - currently, it is contributing approximately 50 per cent of the ecommerce spend. The customer base is rising at 20 per cent in metros, 25 per cent from tier-1 cities. It is interesting that tier-II and tier-III cities with predominantly rural characteristics also have a high potential for SC growth. This group represents an untapped market with huge growth potential. EY report (Pahwa, 2021) project India's e-commerce to be worth US$220 billion by 2025 and estimate the potential of social commerce to touch upwards of US$ 50 billion in terms of GMV during the period. WhatsApp, Facebook and Instagram are the preferred SC platforms in the country. Reseller apps such as Glow Road, Shop 101, Meesho, Bulbul and SimSim are also gaining popularity. 'Fashion goods' is the largest category sold, followed by 'beauty & personal care' and 'food & grocery'. As per PayPal's report on Social Commerce (Asia Social Commerce Report 2, 2020), India emerged as the top market among the Asian countries in terms of using Facebook, WhatsApp, Twitter and YouTube to sell goods and services. Social commerce industry in Asia Pacific is expected to grow by 14.7% on annual basis to reach US$489,327.6 million in 2023.The social commerce industry is expected to grow steadily over the forecast period, recording a CAGR of 10.6% during 2022-2028. The social commerce GMV in the region will increase from US$489,327.6 million in 2023 to reach US$894795.4 million by 2028 (ResearchAndMarkets.com, 2023)

VI. CONCLUSION

Social media is making zestful changes to the marketing environment. The chapter is aimed at providing an insight into how social media, social media marketing and social commerce is evolving and also presents the industry trends, patterns and projections. As marketers and consumers are fast embracing the change to social media, its relevance is likely to grow in the near future. A thorough understanding of social media marketing and social commerce is essential to successfully navigate in a competitive market.

REFERENCES

[1] Bharati P., Zhang C., & Chaudhury A. (2014). Social media assimilation in firms: Investigating the roles of absorptive capacity and institutional pressures. Information Systems Frontiers, 16(2), 257-272. https://doi.org/10.1007/s10796-013-9433-x

[2] Felix, R., Rauschnabel, P. A., & Hinsch, C. (2017). Elements of strategic social media marketing: A holistic framework. Journal of Business Research, 70, 118–126. https://doi.org/10.1016/j.jbusres.2016.05.001

[3] Huang, Z., & Benyoucef, M. (2017). The effects of social commerce design onconsumer purchase decision-making: An empirical study. Electronic Commerce Research and Applications, 25, 40-58. http://dx.doi.org/10.1016/j.elerap.2017.08.

[4] Jara, A. J., Parra, M. C., & Skarmeta, A. F. (2013). Participative marketing: extending social media marketing through the identification and interaction capabilities from the Internet of things. Personal and Ubiquitous Computing, 18(4), 997–1011. https://doi.org/10.1007/s00779-013-0714-7

[5] Kim, A. J., & Ko, E. (2012). Do social media marketing activities enhance customer equity? An empirical study of luxury fashion brands. Journal of Business Research, 65(10), 1480-1486. https://doi.org/10.1016/j.jbusres.2011.10.014

[6] Lina Zhou a, Ping Zhang b, Hans-Dieter Zimmermann c (2013) Social commerce research: An integrated viewElectronic Commerce Research and Applications, Volume 12, Issue 2,, Pages 61-68

[7] Parise S. and Guinan P. J., "Marketing using web 2.0," Hawaii International Conference on System Sciences, 2008.

[8] Pahwa, A. (2021, 18 February). How social commerce is helping India move from interaction to transaction. Www.ey.com. https://www.ey.com/en_in/ecommerce/how-social-commerce-is-helping-india-move-from-interaction-totransaction

[9] Spagnoletti, P., Resca, A., & Sæbø, Ø. (2015). Design for social media engagement: Insights from elderly care assistance. The Journal of Strategic Information Systems, 24(2). 10.1016/j.jsis.2015.04.002

[10] Tang, Q., Gu, B., & Whinston, A. (2012). Content Contribution for Revenue Sharing and Reputation in Social Media: A Dynamic Structural Model. Journal of Management Information Systems, 29(2), 41-76.10.2307/41713884

[11] Wang, C., & Zhang, P. (2012). The evolution of social commerce: the people, management, technology, and information dimensions. Communications of the Association for Information Systems, 31, 105–127.

[12] Barefoot, D., Szabo, J., & Ebrary, I. (2010). Friends with benefits: a social media marketing handbook. No Starch Press.

[13] Tuten, T. L., & Solomon, M. R. (2020). Social media marketing. Pearson.

[14] Asia Social Commerce Report 2. (2020). https://www.paypalobjects.com/digitalassets/c/website/marketing/global/stories/images/paypal-asia-socialcommerce-report.pdf

[15] Digital 2023: April Global Statshot Report. Meltwater. Available at: https://www.meltwater.com/en/resources/digital-2023-april-global-statshot-report

[16] Global Social Commerce Market By Business Model, By Product Type, By Region, Industry Analysis and Forecast, 2020 - 2026. (2021, January).www.reportlinker.com; KBV Research. https://www.reportlinker.com/p06021902/Global-Social-Commerce-Market-By-Business-Model-By-Product-Type-By-Region-Industry-Analysis-and-Forecast.html?utm_source=GNW

[17] In China, Social Commerce Makes Up 11.6% of Retail Ecommerce Sales. Insider Intelligence. (2021). Retrieved 4 February 2021, from

[18] https://www.emarketer.com/content/china-social-commerce-makes-up-11-6-of-retail-ecommerce-sales.

[19] Kemp, S. (2021a). Digital 2021. We Are Social. https://wearesocial.com/digital-2021

[20] Kemp, S. (2021b, 27 January). Digital 2021: the latest insights into the "state of digital." We Are Social https://wearesocial.com/blog/2021/01/digital-2021-the-latest-insights-into-the-state-of-digital

[21] ltd, R. and M. Asia Pacific Social Commerce Market Intelligence and future growth dynamics Databook - 50+ Kpis on social commerce trends by end-use sectors, operational Kpis, retail product dynamics, and consumer demographics - Q1 2023 update, Research and Markets - Market Research Reports - Welcome. Available at: https://www.researchandmarkets.com/reports/5578555/asia-pacific-social-commerce-market-intelligence

[22] PayPal Inc. (2018). Beyond Networking: Social Commerce as a Driver of Digital Payments, Asia Report. Retrieved from https://www.paypalobjects.com/digitalassets/c/website/marketing/global/stories/images/paypal-asia-socialcommerce-report.pdf

[23]   Sheth, A., Sridharan, R., Reddy, L., Sadhwani, K., & Thakur, S. (2020). The Future of Commerce in India (pp. 1–37). Bain & Company. https://www.bain.com/globalassets/noindex/2020/bain_report_unlocking_the_future_of_commerce_in_india.pdf

[24]   Social commerce in the United States. (2021). Statista. https://www.statista.com/study/13033/social-commerce-statista-dossier/.

[25]   Chaturvedi, A. (2017, March 16). Global brands opting for social media influencers. The Economic Times. https://economictimes.indiatimes.com/industry/services/advertising/globalbrands-opting-for-social-media-influencers/articleshow/ 57644369.cms?from=mdr

[26]   Forbes. (n.d.). Forbes. Retrieved July 30, 2023, from https://www.forbes.com/advisor/business/social-media-statistics/

[27]   Nautiyal, R. (2014, September 8). Leveraging social media. Business Standard India. https://www.business-standard.com/article/management/leveragingsocial-Media-114090700671_1.html

[28]   Inc, H. (n.d.). Social Media Marketing & Management Dashboard. Hootsuite. https://www.hootsuite.com/

[29]   investopedia. (n.d.). Investopedia. https://www.investopedia.com/