The Impact of Social Media on Today’s Business Environment

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Ben Grossman, founder and chief strategist for BiGMark Incorporated once famously stated, “New marketing is about relationships, not the medium.” Grossmans words were intended to emphasize the importance of utilizing social media to develop and maintain relationships between a business entity and its customers. Undoubtedly the world of social media has changed the communication process from person to person, person to business, and business-to-business to a more digital and interactive experience. People and companies can communicate with each other through social media platforms that make getting answers and information easier and faster than ever before. With the evolution of the Internet and its vast capabilities, the rise of social media in the 21st century has changed the world of communication forever.

Technology’s most important role is to connect people to one another (Claxton xv.). The reason new technology is developed every day is to make communication between human beings easier and faster. For individuals, social media can include everything from keeping in touch with family and friends to getting the most recent movie or product reviews. However for businesses, social media provides a unique opportunity to reach potential customers unlike ever before. With new media channels such as websites, e-zines, blogs, and podcasts, businesses can interact with your market at their job, home, or even on the go. However, the success of social media can only be measured if a business is able to target the appropriate market, and create strong, lasting relationships between the company and its customers.

Targeting an Audience

Targeting a specific market can be a unique challenge within social media. A target audience can stem from a specific geographic area, particular industry, or a certain demographic such as an ethnic group or population that may be overlooked or has a need that is not already being served (Claxton 11). However, when utilizing social media to target a specific market, there are three key principles that need to be considered to effectively reach out to an audience. First, businesses need to speak specifically and directly to their audience. Speaking plainly and cleanly to an audience goes a long way in simplifying a company’s product or service, and avoids pushing large amounts of information that can easily get lost in the clutter of Internet interaction. Secondly, businesses should look to express themselves with authority on its audience’s needs, and become the go-to entity and expert in a specific field. It should be every company’s goal to reach the forefront of its particular industry, and be the first company associated with a particular product or service. Finally, social media is about the connection with the audience, which is achieved by offering valuable, relevant to the customer information. Because social media creates a two way street of communication between a business and its customers, providing important and factual information is extremely important to the success of a business’s online marketing technique.

To be effective, every message communicated to the target audience has to resonate, serve its specialized needs, and have an emphasis on building community (Claxton 12). Successful marketing messages are aimed to not only attract the attention of a possible customer, but also present key information that may recognize a need or desire, and demonstrate how the marketed product or service fulfills that need. The messages that are shown via social media are specifically generated to capture smaller, more specific core audiences than those associated with traditional mediums. In order to identify the individuals who will compile a business’s target audience, a number of questions need to be considered:

1. Where does your audience live?
2. What is the average monthly income of your audience?
3. Is your audience made up on men, women, or both?
4. How old is your audience?
5. What are your audience’s interests?

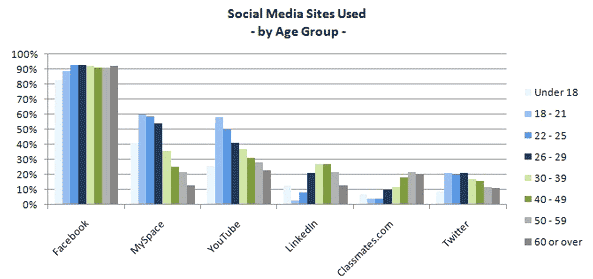
These questions are extremely valuable in creating your target audience for a variety of reasons. First, it informs a company of *whom* they need to be targeting. Often times, companies spend incredible amounts of money and time on elaborate advertising strategies and schemes, but do not target their products at the appropriate people. Knowing who the key purchasers are, as well as who will ultimately benefit from the product or service, is extremely important to consider in targeting an audience. Appropriate and in depth market research is required for a business to accurately define and approach their target market. Secondly, answering these questions informs a business of *how* to target the individuals they are seeking. Choosing appropriate media channels are just as important in targeting your specific market because if the individual does not have access to the media, the message will go unnoticed. Again, researching your audience and being able to gather as much information on them as possible will be extremely beneficial to any business looking to improve their company through the use of social media.

*Most companies that are thinking about leveraging social media as part of their business – whether in marketing, customer service, new product innovation, employee communications, or public relations – see it as a new way to reach people. They focus on the media in social media. Missing from this strategy is the idea that social media not about media, nor is it about Web 2.0 tools or the new rules that govern them. Social media is all about our social nature growing to levels never seen in human history. Social media about certain Human 1.0 behaviors finally taking hold in the business world, where they’ve been long absent (Gossieaux 3).*

A new switch has been made to the way businesses focus and conduct their operations due to the impact of social media. Rather than traditionally thinking about the company and its central focus, social media has required companies to become more concentrated on their customers. The book *The Hyper-Social Organization: Eclipse Your Competition by Leveraging Social Media,* labels this change of focus as ‘human-centricity.’ Human-centricity is seeking; first and foremost, to direct all company activities and decision toward providing value to the human who are the company’s customers, employees, or business partners. From a traditional sales perspective, this is a terrible policy, as it does not center around profits and improving a company’s financial position. However, from a hyper-social perspective, creating a relationship with each customer allows businesses to thrive in today’s world of marketing. The networks that develop as a result of effectively using social media platforms allow businesses to communicate openly with all sorts of other entities, and this interaction strikes a greater audience and more business (Gossieaux 94).

Platforms for Communication

Social media campaigns are becoming less about advertising tactics and more about an ongoing conversation. Industry guru Tim O’Reilly calls social media a “platform for participation” due to its ability to encourage constant communication between individuals and entities, and shift away from the classical role that once governed advertising. Now, new technological capabilities and a shifting demographic has altered the way businesses communicate with their customers (Gossieaux 4). In fact, social media is most popular and available through the three newest channels of marketing that meet the capabilities and convenience that social media demands; websites, e-zines, and blogs.

 Websites have set the foundation for social media in the 21st century. Jacob Nielsen’s 1997 landmark study of web readability found that 79% of web readers always scan any new page they come across; while only 16% read a new page word for word. This information is still relevant today (Claxton 15). Audiences visiting company websites want to receive messages fast and clearly so that they can quickly decide whether or not to continue browsing the web, or stay and shop. Because so much Internet activity is surrounded with clutter and an overwhelming amount of information, it is important for a company to present attractive, informative displays instantly to assure a visitor will spend more time on a certain site, and want to learn more. Today without an online presence, a business is likely to be perceived as nonexistent. A company’s website is the hub, or gateway to all of its online marketing efforts. It is an integral part of any business entity, and has become the calling card for conducting business in the 21st century (Claxton 21).

One of the most important features a website has is setting the stage for building a company’s brand. Aside from providing information on a company’s products and services, a website also offers a wide variety of tools that provide information on the company itself. Popular examples of these tools include consumer reviews, company position statements, and company histories. All of these tools are presented so that the consumer can gain valuable insight into the company, in addition to the products and services it offers. As an example, let’s imagine an individual decides to visit a particular restaurants website to get an idea of their menu. While visiting the website, a user can also visit the review section where previous customers have commented on the quality of food, service, environment, and overall dining experience. This new form of two-way interaction is made possible via social media. Again, the emphasis is on creating a network that empowers customers and presents them with added value to a business.

In a similar way, e-zines, or online newsletters, present unique opportunities for social media to take place. The role of an e-zine is to go out into the internet universe, lasso a customers’ interest, and bring them back to the company website. An e-zine is a regularly scheduled e-mail communication tool that entices customers, informs them of current offerings, and reconnects businesses to their basic needs (Claxton 69). Recent marketing studies have shown that the average client needs to hear a message a minimum of seven times before making a decision to purchase! Therefore, it is important to regularly send out newsletters to build trust amongst potential buyers, and increase brand awareness. This way, when a customer needs something in a particular industry, your business is the first to come to mind.

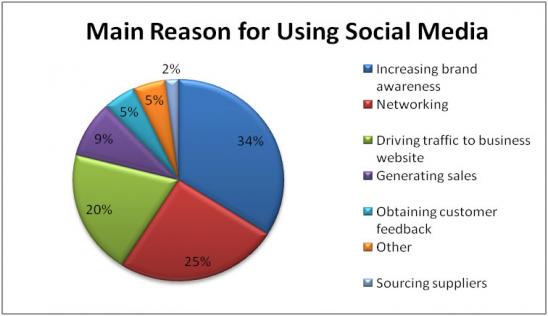
Social media that is incorporated into e-zines is an extremely effective way to build interest on a company. On nearly every major company’s newsletter, there are links and tools available to learn more about the company and what they are all about. Links to a company’s Twitter account, Facebook page, or any other social media platform are readily made available to entice potential customers to learn more, and become more aware about a company and what it stands for.

Yet, all the new media components, blogs have had the biggest effect on the way businesses communicate with their customers (Claxton 109). Blogs are an extremely direct form of two-way communication between a business and its customers that engages interaction and creates constant conversation. Whether the postings on a blog are positive or negative, blogs are the most informative form of customer feedback that a business can receive. Ultimately, what allows blogs to be so effective and valuable to businesses in their informal tone and interactivity (Claxton 109).

In addition to having established a businesses’ target market through readers and subscribers, blogs allow a business to break down markets even further, and create in depth conversations from an extremely narrow focus. Being able to create this type of conversation with potential buyers and existing buyers allows a business to stand out from the crowd, and confirm their position as an expert in their given field. Blogs allow businesses both large and small to track customer opinions, and keep on top of what customers need and want.

One of the most popular forms of blogging is via the use of Twitter, a micro blog limited to 140-character messages. As of March 2010, less than four years after being launched, Twitter reported having 145 million registered users! What has allowed Twitter to become so popular is the freedom of any individual to speak their mind, and in today’s world of business business, public opinions are highly valued. Businesses today create Twitter accounts to engage customer interaction, receive customer feedback, display important information instantly, and attract a wide spread following ranging from peers to customers. Furthermore, the easy accessibility of Twitter over devices such as smart phones, personal computers, laptops, and iPads allows for constant conversation to take place which conveniences customers.

Role of Social Media in Business

Now that the forms of social media communication have been described, it is time to discuss to the role of social media and its incredible impact on the business world. Social media platforms like Facebook, Youtube, and Twitter are fundamentally changing the way businesses and consumers behave, connecting hundreds of millions of people to each other via instant communication. In less than three years social media became the most popular activity on the web, surpassing pornography for the first time in Internet history (Qualman 1). This rapid ascent in popularity is caused by the ability of people to avoid information indigestion and focus on information that is most pertinent to them.

As human beings, people have the dichotomous psychological need to be our own individual, yet they also want to feel that they belong to and are accepted by a much larger social set (Qualman 2). Businesses are no different. Companies across the world also want to establish a relationship through a constant flow of communication with potential and existing customers. Establishing this relationship is important in gaining insight on customer opinions and viewpoints on company products and services. Businesses can choose to be proactive in handling customer issues by posting information regarding recent product developments and company events and news. However, social media involves much more than simply responding to customer feedback. Companies today can use social media platforms such as Twitter and Facebook to easily market themselves to millions of people instantly. An example of this proactive approach would be a company taking an article or video from its website or online catalogue and posting the link on one or all of their social media outlets. Pushing customer information and making it more readily available to customers to view instantly, may be the single greatest business feature of social media.

Preventative Behavior in Social Media

Another important aspect of social media for businesses is preventative behavior. Preventative behavior is defined as the proactive activities used to address potential negative issues before they arise. For example, prior to social media, a customer’s negative experience with a business would have been discussed amongst a small group of peers, and the customer would most likely be lost. However now via social media platforms, a disappointed customer can share their experience and receive feedback from a company representative and how the issue is going to be addressed. Once again the emphasis on two-way communication allows social media to make a unique connection between a business and its customers. This is more personal and informative than previous methods of receiving customer feedback.

The great thing about technologies like microblogging for businesses is that there are tools that enable you to simply type in a brand name, and discover what millions are saying about it (Qualman 35). An example of this tool is how Twitter offers ‘trending topics,’ a tool that allows users to gather all information posted on the blog about a particular subject. For example imagine you are the marketing director of Jeep. By simply pressing the “#” and “jeep” keys into the search box, you can review any message or ‘tweet’ that had mentioned your company in it. This is an extremely valuable tool for a company to receive instant feedback, and review issues circulating in the blogosphere about what areas can be improved upon, and what your business is doing well.

Prior to social media interaction, customers were required to give feedback to businesses through surveys, letters, and phone calls. Now the interaction that takes place on social media platforms encourages more feedback because of its informal nature and convenience. It is much easier for a person to send out a message from their cellphone then sitting down to take a survey that they then will have to mail out. The accessibility and simplicity of social media messages encourages more constant interaction that businesses can take advantage of.

Effective companies and people relish critical online feedback. They use the information to make themselves more competitive by improving their products and services in the eyes of the consumer (Qualman 39). Successful companies are most effective when they do not bother combating negative reviews or feedback, but instead focus their attention on addressing the issue and learning from it. Good companies are willing to go the extra mile and prove their dedication to their customers by handling the situations quickly and definitively.

Additionally, an important aspect of preventative behavior is maintaining a level of professionalism both within and outside of the office. With technological capabilities being able to instantly publicize even an employee’s worst moments, individuals and companies are starting to lead their lives as if their boss is watching their every move, and having a social media presence allows them to do so. Since social media is so popular and has attracted so many users, negative exposure of company employees is viewable for the public eye and can seriously impact a company’s reputation, most commonly in a negative way.

Braggadocian Behavior in Social Media

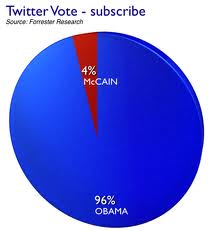
The second, more exciting behavior is braggadocian behavior. Braggadocian behavior is seen as marketing the individual, and viewing oneself as an individual brand. For a business, this is the chance to market itself through self-promotion. Nike understood the importance of taking advantage of this opportunity and has marketed itself in unique ways via social media outlets. In 2008 Nike created an avatar named Miles that people can place on their desktops. Miles was designed to help users track the miles they run, jogging patterns, and also make users aware of weather forecasts, local running events, and of course Nike promotions (Qualman 44). This is a terrific example of how a company can utilize a social media that fulfills a customer’s needs while promoting their own business. Nikes effort was one of the first strategic uses of social media to gather relevant customer information while simultaneously pushing toward a sale.

Another important concept of the braggadocian behavior is its attraction derived from its informal nature. As of 2009 77% of millennial’s (ages 14-26) were utilizing some form of social media, largely because they feel more traditional forms of communication are outdated. Open conversations within social media have an easier flow to them and replicate a normal conversation more accurately than other forms of digital interactions. Furthermore, the conversational content on social media platforms is broken down into more manageable segments that are more welcoming to constant messaging. Although businesses want to handle their social media presences professionally, simply establishing a presence on these platforms opens the doors for communication.

Social Media’s Impact in Business

So what can affective management of social media platforms lead to? Just ask President Obama! In a similar way to how President John F. Kennedy was helped into the White House by the increasing popularity of television, President Barack Obama was able to utilize social media to help gain an advantage in the 2008 election. By establishing a dominant presence on Facebook and YouTube, Obama claimed this opportunity as a distinct advantage over his other Democratic opponents (Qualman 63). In fact, Obama’s popularity grew so substantially via social media that by the time he was elected, President Obama had over 3.1 million fans on his Facebook fan page, not to mention numerous other support pages! Being able to display certain speeches and debates on YouTube allowed Obama to target the younger voters who may not be inclined to watch an entire debate, but who are willing to watch a few minute segments on Obama’s position on healthcare reform. Recognizing the potential rewards of social media success enabled President Obama to use it to his advantage, and ultimately gain the presidency of the United States in 2008.

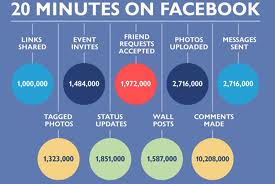
If you are wondering how Obama’s utilization relates to how businesses can utilize social media, imagine that President Obama is a brand. He is able to market himself through entertaining, accessible, and cheap marketing channels by understanding his target audience of young adults and teenage voters. This unique ability allowed him to tap into a younger demographic that other candidates could not reach, and it proved to be costly. Obama was the only candidate in the election to open himself and his life to the public eye via social media, and it was an extremely effective tactic (Qualman 65).



Businesses use social media to obtain the same results as President Obama. Effective management of social media enables businesses to post videos onto sites like YouTube and Facebook, and present speeches and lectures on blogs and online newsletters to reach new influential audiences. Being able to target younger purchasers with social media sites they are familiar with entices a market to explore new opportunities and pursue purchases. First and foremost, targeting customers on social media platforms is more timely and cost effective than traditional advertising (Qualman 87). With fewer capabilities, traditional advertisements and promotions for businesses are much more expensive and less interactive than social media messages. Whereas a Twitter account is free and can be updated instantly for the world to see, new television commercials or print advertisements cannot be altered or changed at short notice and cost thousands of dollars to recreate. These forms of traditional marketing require time and careful planning, whereas presenting messages on social media is quick, easy and free. The messages created via social media platforms are also effective due to their simplicity. Businesses who are willing to take the time to announce a new product line, boast about an award they have received, or even respond to a customer complaint are speaking in plain language without the puffery and formality of traditional media.

Social Media Tools

One of the key tools used to simplify messages and aid the business functioning on social media is the ‘status’ option on Facebook. Since its launch in 2004, Facebook has been an insanely popular in attracting people of all ages to stay connected with friends and family, as well as network beyond their close communities. The status tool allows users to briefly explain what they are currently doing and thinking for their network to see. For individuals, this a great way to keep their family and friends updated on the happenings in their lives. For businesses, staying in contact with prior buyers and pursuing new clients is the name of the game, and is highly valued. It is estimated that globally 100 billion status updates are posted each day, and businesses are paying close attention to them to look for sales openings. Businesses watch news feeds looking for opportunities to make themselves available to social media users, and jump at the opportunity to use these platforms to initiate a sale.



Imagine a marketing agent for Nike looking to promote a new line of running sneakers that has just been released. Using a Facebook account, the marketer able to identify several people on Facebook that are running enthusiasts who constantly discuss running gear and accessories. Rather than blindly looking to pursue a sale with someone who may not benefit from using running shoes, Facebook allows businesses to follow status updates on individuals based on their interests and opinions. In a search for “running” or “jogging” in the Facebook interest menu, the Nike agent can message anyone and everyone in the market for new athletic shoes, and even offer promotional codes and discounts. Even if this form of informal brand awareness does not lead to a sale, it is still an effective strategy at making consumers aware of a new product, as well as re-informing customers that Nike is taking every effort to convenience their customers.

However, businesses are not the only ones following status updates and news feeds on sites like Facebook, MySpace, and LinkedIn. Friends and family are also being made aware of these updates, and due to the word-of-mouth concept of sales they can serve as a business’s most trusted salesperson. If an individual posts a status such as, “Looking for a new pair of running shoes … Any ideas?” they present an opportunity to their friends to respond to their question, and promote a business or brand. In this instance, a friend may reply about how they recently purchased a pair of Nike shoes, and how comfortable and durable they are. Suddenly, what had begun as a simple question about a general topic has lead to a customer reference and referral about a particular company that may lead to a potential sale.

Using Internet capabilities the friend can attach a link, send a picture, or even post sales information. This form of reference and referral marketing has proven to be the most effective form of advertising available. A recent study has shown that 76% of people rely on what others say in making a brand oriented purchase, while only 15% rely on advertising (Qualman 118). By creating an online presence where social media triggers interaction and discussion with a third party business, companies across the world are creating profiles that will allow potential customers to look into new sales opportunities that had never been available.

Risks Associated with Social Media

Unfortunately, not all aspects of having a presence on social media platforms are beneficial to a company or business. As is stated in Socialnomics, a book describing the rising popularity of social media, Erik Qualman writes, “Even in you believe that life with social media may be worse, you cannot argue that social media has forever changed the way in which we live.” There are vast benefits and opportunities associated with being involved with social media venues such as Twitter, Facebook, and YouTube, but businesses can also suffer from negative publicity and poor management of their social media accounts. The formal fronts of a business are intended to be professional and well respected, but thanks to tools on social media, what happens away from the office can directly impact what is going on within the office.

Each day, the media discovers stories about celebrities misbehaving or employees being fired over a video that leaked that exhibited inappropriate behavior. For a business, poor content and negative discussions involving your company can be disastrous. With the advancements in technology such as smart phones capturing video, audio, or even pictures, companies reputations have never been in more jeopardy than they are in the 21st century. Without a doubt, it is somewhat daunting to always be on one’s best behavior. It is mentally taxing to have fewer and fewer avenues to blow off steam or to always maintain a perfect persona, but that is exactly what businesses are requiring of their employees due to the impact of social media (Qualman 121). Today, businesses must be so cautious of their reputations because they risk the future of their company with each employee’s actions.

In the past, an employee acting in an inappropriate manner would normally be dealt with within the confines of a business, but due to social media, that is no longer possible. Rather, because social media has such an enormous following of people who are interested in the latest news, what would normally be kept private has the opportunity to acquire regional, national, or even global attention. For example, imagine a CEO at a company event having too much to drink. In a drunken outburst, the CEO is caught fighting with a fellow employee by a disgruntled worker’s camera phone. Now, using social media, the disgruntled employee posts the video to his Facebook page, and titles the video with the company name so that anyone who searches the company will discover this embarrassing video clip. Whereas before this situation would have been over and done with, social media has the ability to capture any and all moments, many of which have the potential to ruin a business. Now, this story has the ability to be picked up by other mainstream media, and broadcasted even further to spread the negative publicity, and ruin the hard earned reputation of this company (Qualman 42).

Benefits of Utilizing Social Media

Despite the levels of risks associated with its use, if utilized appropriately, social media can also create opportunities. Altogether a terrific example of how a business can create success through socialnomic activity is the risk of *Fantasy Football Today*. In 2008 fantasy football experts Matthew Berry and Nate Ravitz knew that the public was hungry for more fantasy football coverage than what was currently made available on their ESPN network. In a meeting with ABC/ESPN brass, the two men were instructed to create a podcast, called *Fantasy Football Today*, which quickly became one of the top 20 most downloaded podcasts within the Apple iTunes store (Qualman 136). Despite this achievement and acknowledgment, the show failed to reach the revenue needed to spark ESPN’s attention for more support. Not to be denied, in an effort to gain more revenue, the podcast embarked upon two very innovative strategies; allowing sponsors to become part of the shows content, and even allowing listeners to produce some of the content. It became inevitable that *Fantasy Football Today* would attract more powerful sponsors as their attendance and viewership began to rise.

Without the help of social media, it is likely that Fantasy Football Today would not have had the success that it has come to experience. Utilizing a podcast, viewers had the opportunity to watch the show at their convenience, and to also respond and offer feedback on the shows content whenever they wanted. In a socialnomic world, companies need to relinquish the total control they have had over the last few centuries and allow users, consumers, viewers, and so on to take their rightful ownership (Qualman 149). The show proved to be a valuable learning experience as both Berry and Ravitz were overwhelmed with the amount of success the show endured due to their incorporation of social media.

Not all social media ventures will be as successful as *Fantasy Football Today*, but they do not have to be. Twitter and other forms of blogging are free so any sale motivated by social media is one more than before at no cost. If a local plumber has 1,500 followers, even if most of them are not likely to be listening at any given moment, as long as at least one person is, that is all that matters. If that one individual has a plumbing issue, the plumber now has a shot at new business, especially if the plumber acquired these followers by simply limiting his search query to people within a 25 mile radius. For that plumber, that one listener goes from a nobody to a somebody in a hurry (Qualman 151). The fact that businesses can utilize free marketing to their advantage with social media gives them opportunities to reach potential clients that they could not have reached without it.

The success shared among early businesses using social media brought on the craze to advertise on social media websites. In a 2008 survey by Razorfish Inc. titled the “*2008* Razorfish Consumer Experience Report,” seventy-six percent of the 1,006 people surveyed said that they did not mind seeing ads when they logged into Facebook, MySpace, and other social media sites. Razorfish also found that forty percent of the respondents said they made purchases after viewing these ads (Qualman 171). Collaborating with social media websites like Facebook can be extremely beneficial for specific businesses because of their ability to present predetermined ads based on consumer profiles. For businesses that are looking to target customers that are highly concentrated within a certain age range or that meet certain demographic characteristics companies can target their ads and focus on these individuals within the subgroups.

For instance, Facebook offers a ‘relationship status’ on member profiles for users to announce if they are in a relationship, single, married, and so on. If a user switches their profile status from ‘being in a relationship’ to ‘single,’ Facebook will release ads from certain companies that focus advertising efforts in online dating and other relevant services. The ability to be able to cater ads to specific profile characteristics such as region, interests, music, etc. has added a whole new dynamic to advertising. Each day, more and more businesses are looking to advertise on social media sites due to their growing popularity, high traffic content, and ability to directly contact relevant customers.

Another unique aspect of advertising over social media is being able to take advantage of search engine optimization, or SEO. Search engine optimization is defined as the process of improving visibility of a website or a webpage by ‘natural’ or ‘unpaid’ search results. For example, if you own a sporting goods store called Mike’s Balls and Bats, it would be more advantageous to title the page “sporting goods” because it is a more common search word than the specific name of any business. On Facebook, if a company has the label ‘sporting goods’ as the interface name (search engine name) it will help return more searches and boost rankings in traditional search engines such as Google, Yahoo!, and MSN (Qualman 182).

Social Media and the Business Environment

The rise of, social media platforms have also forever changed job recruitment in America. For the past 10 years, if a company was looking to recruit talent, it would have to pay money to middlemen; such as posting on job boards like Monster, CareerBuilder, and Hot Jobs, or hiring an outside recruitment firm. Now, thanks to social networks such as CraigsList, LinkedIn, and Plaxo, middlemen options are not as prevalent and may soon be discarded altogether. They no longer have to employ a large internal human resource or recruitment staff to perform this type of research; social media is doing it for them. For example reviewing a resume in the past was part art and part science; now social business networks supply photos, videos, links to a persons work, snapshot references links to blogs the person may be included in, and so on. A reason for the success of these new job-recruiting opportunities is because they provide more direct and insightful connections between the employer and potential employee (Qualman 225).

A rising social media application that enables businesses to connect to their customers is Foursquare. For merchants and other business owners, Foursquare offers a free set of tools to help users attract new customers and keep their best customers returning. When a business signs up for the free merchant platform on Foursquare it enables itself to reach customers in new ways that have not been available till now. By using GPS technology on their cellular devices, Foursquare users are allowed to view businesses in the surrounding area, and receive information on them. This is appealing because of the emphasis on a network that social media platforms bring. Users can network with their friends on Foursquare and see where their friends are checking in and what they think of specific venues. Users also have the option to leave tips of advice so when their friends check in to the same location they can view their opinions. For instance, if a individual checks into a restaurant on Foursquare and members of his or her network have previously eaten there, a user can receive menu suggestion or service comments that people in their network have left as a tip. Additionally, merchants can entice customers to visit or return to their location with special offers such as mobile coupons, prizes or discounts which users can view prior to checking in.

The Future of Social Media

Clearly, social media has changed the way businesses conduct themselves and attain customers, and more changes are expected to emerge in the future. Research indicates that by taking immediate steps, companies can deploy new ways of managerial thinking that will accelerate their shift toward more involved hyper-social organizations. “One such step is realizing that the hyper-social future will require greater partnering between organizations, and then implementing this practice (Gossieaux 148).” Partnering is largely driven by the reality that target customers are already members of other markets, and rather than winning their attention away, businesses should partner with the existing sponsors and give customers better value. A clear example of this would be a pizza parlor looking to advertise online partnering with the neighboring bar, and coordinate their efforts to reach their shared market with promotional events and social media messages.

Another key step managers must prepare for as social media pushes forward is to better allocate corporate resources. One common misallocation is the overweighting of investment in social media tools and infrastructure, and the underweighting of organizational investment in the human resources who will operate these tools (Gossieaux 148). Broken down, this means that companies need to put greater emphasis on who they have managing their online presence. Hiring young technologically savvy employees to monitor businesses hyper-social activity is an important investment that must be carefully planned and organized.

An additional aspect that management will need to consider is the “monetization” of having a social media presence. Since most businesses operate under traditional business models, they fail to realize the importance of social media because it is not directly profit driven. These businesses feel that coordinating economic resources towards the use of social media is not beneficial because of the lack of measurable returns. Although utilizing social media platforms creates incredible opportunities for businesses to pursue, the inability to directly make a sale causes businesses to doubt the realistic benefits. However, the desired outcome of adopting and using these elements is the increased participation of customers, business partners, and employees in the organizations key activities, not charging customers for them (Gossieaux 149). We consider this aspect of managerial change, the rising power of the customer, to be one of the easiest to forecast but the one that management will likely struggle with the most.

Of course humans will continue to evolve, and they will do so in sync with the culture that surrounds them (Gossieaux 329). Social media has changed, is changing, and will continue to change the way businesses and consumers communicate. The technological capabilities associated with social media will only add to the convenience of interacting with target markets. As more and more people begin to establish a presence on social media platforms, the success of business practices will only become more effective and successful in the future. The fact that social media is still so young means that we have only scratched the surface of what is to come for business activity within it.

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