Evaluation of Social Network Sites: An Empirical Study of 150 Top-Ranked Firms in the World

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ABSTRACT

Social networks are one of the more notable sociological phenomena of the last years. Moreover, its apparition and acceptance by majority of the citizens also suppose an important challenge for the firms. Social networks are a new and relevant channel of communication and interaction with their consumers. For this, firms have to create their own place in the social network and manage of active form the content that shares and the dialogue that is supported by their followers. In the first part of this paper we explain the creation of an index to evaluate the presence of the companies in the social network more used to international level, Facebook. The Facebook Assessment Index (FAI) is formed by several indicators grouped in three dimensions: popularity, interactivity and content. The weights for each category were obtained as recommended by a Delphi study conducted with 10 independent experts (community managers and internet marketing experts). In the second part, we applied this index to the 150 largest firms according to Fortune 2011 ranking. At present, only 44% of these firms tested had an international official Facebook page. The results showed that the larger firms are those that in general terms best manage their presence on Facebook, have the greatest number of followers and a higher degree of interactivity with them. However, the most interesting contribution of this work lies not in identifying firms that achieve higher scores on the FAI, but in comparing the pages with each other and making suggestions of ideas and practices that may improve a firm's Facebook presence as a marketing tool.

Keywords: Content Analysis, Corporate Communication, Facebook Assessment Index (FAI), Management Communication, Social Networks, Social Network Service (SNS)

INTRODUCTION

Social networking sites represent a new stage in the evolution of the Internet, what is sometimes termed Web 2.0. Web 2.0 and social networking sites are characterized by user-driven content, combined with interactivity with other users. Online social networking sites such as LinkedIn, Facebook and Twitter have recently grown very popular with online users as a useful communication tool to extend their social networks exponentially by overcoming time and geographic differences. A social networking site (SNS) enables millions of its users to express

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themselves and establish their social networks by maintaining connections with one another in the cyber world (Chai & Kim, 2012).

The objective of the present study was to develop a tool to evaluate one of the most outstanding social phenomena of recent years: Facebook. The analysis focuses on the commercial opportunities that major firms can find in this social network. To this end, we designed an indicator called Facebook Assessment Index (FAI) that allows a firm to be ranked against its main competitors.

Social media consists of tools that enable open online exchange of information through conversation and interaction (Yates & Paquette, 2011). It has not only become a sociological phenomenon, but also a marketing opportunity that firms are unwilling to let pass them by. It represents a new ecosystem in which individuals are equally as important as firms or the media – an environment in which it is the people who matter.

As a communication tool the online social networks play a key role to reach initial product adopters and maintain interaction and collaboration with customers for market promotion (Sharma & Baoku, 2012). A recent study (Cone, 2008) shows that 93% of social media users believe that companies should have a social media presence, while 85% of them think that companies should interact with customers via social networks sites. Companies have now penetrated the online social networking scene, offering direct links from their corporate websites to Facebook and Twitter, and use these tools to promote brands and support the creation of brand communities (Kaplan & Haenlein, 2010).

In the aforementioned study (Cone, 2008), 37% of the respondents indicated that firms should be on social networks so as to provide a new form of interaction between their customers and their brands. In addition, 56% of the respondents believed they feel a stronger connection with their brands when they can interact with them on social networks, and 57% consider that brands with a presence on social networks provide better service.

For example, the drinks company, Red Bull, has already collected almost 22.8 million fans on Facebook by providing a steady stream of interesting articles, videos and audio content focused around the activities of their sponsored athletes and musical acts. Despite such pioneering initiatives, it is true to say that many marketers hoping to garner consumer opinion on their brand, all too often ignore the readily available consumer discourse on Facebook, Twitter and online review sites, in favor of commissioned survey research (Neff, 2010).

Many firms are joining social networks without clearly thinking out what goals they are pursuing, but really just to follow the fashion or the lead of a competitor. In most cases, the result is failure. According to Internet Retailer, the vast majority of the 100 largest firms in the world have a profile on Facebook (79%), Twitter (69%), or both (59%). But many of these Facebook or Twitter accounts are not properly managed (eMarketer, 2009). It is not enough just to have a token profile on social networks. Instead, it needs to be a previously defined communication strategy, and the social network presence needs to be used appropriately to achieve those strategic objectives.

To assess the success or failure of a social network communication strategy, it is necessary to have available the appropriate measurement instruments. However, a recent study found that 40% of firms consider that instruments to measure the effectiveness of advertising on social networks are ineffective (Chief Marketing, 2011), and another study in the B2B context (Michaelidou et al., 2011) indicates that most of the firms with a presence on social networks are not making use of any indicator to measure the effectiveness of this presence. Like other online tools, the successful use of social networks requires a clearly defined strategic perspective. Achieving positive results is a process that involves preparation, resources, skills, monitoring, and evaluation.

For all these reasons, we considered it opportune to design a tool that would allow us to analyze the use that major international firms are making of social networking. Specifically,
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