Chapter 13
Social Computing and the New Market: How Social Computing is Driving Market Competition

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ABSTRACT
Social computing has revolutionized the way individuals connect with one another and manage their personal lives. The technology has launched billionaire entrepreneurs and influenced presidential elections. For businesses the same technology has meant a revolution in online marketing. Different types of social computing applications offer different opportunities for marketing, but all relate to the opportunity for companies to improve their connections with current and potential customers. This chapter will explore both the history of marketing and social computing and how the two fields have come together to revolutionize online marketing today.

INTRODUCTION
Social computing, the use of technology to connect people personally and professionally, has been one of the central themes of Internet success. Early on, in the days of UNIX connections, bulletin boards became popular for early network users to exchange information and meet other people with similar interests. Later came Yahoo! and their group applications where users could not only post text bulletins, but could also post pictures, schedule events, and even e-mail or use live chat applications to better connect with their online communities. These early days of social networking, however popular, failed to achieve the kind of market dominance that a true revolution in technology or communication would expect. Just a few years into the 21st century, however, all that changed.

Parameswaran and Whinston (2007) described the change as:

"Through the end of the twentieth century, advances in computing and networking technologies largely manifested themselves in dramatic shifts in business computing. Many of the new
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trends emphasized organizational computing, in
diverse domains like enterprise resource systems,
customer relationship management, and electronic
commerce. However, the 21st Century has seen
new trends emerge in social computing, where the
scope shifts from corporations to social organiza-
tions, and the structure shifts from top-down to
top-bottom.” pg. 2.

The social networking site MySpace rapidly
grew in popularity, but it was almost exclusively
in the realm of teenagers and a few college stu-
dents. The innovation that really got the market
moving was Facebook. Originally available only
to college students for networking with others in
higher education, Facebook grew to be one of the
great success stories of the Internet age. Launched
in 2004, by the middle of 2009 Facebook counted
250 million users worldwide and boasted a market
valuation of $6.5 billion (Oreskovic, 2009).

There are other major players in the social
networking universe today, including Twitter,
which can interface with Facebook, SecondLife,
and sharing sites like YouTube and Flickr. People’s
basic online habits can be seen changing, with
many people now using the messaging features
of Facebook and the commenting on Twitter to
exchange information instead of more traditional
technologies like e-mail. Add to this that, increas-
ingly, these social networks are going mobile
through the use of mobile broadband enabled
handheld devices and ubiquitous computing in
social networking is coming closer and closer
to reality.

As with any new media throughout history,
the rise of social networking has spurred shifts in
marketing and advertising. With such a massive
audience, Facebook and similar sites provide op-
opportunities for companies to access target markets
and drive those customers to company websites
and other promotions. Through the use of profile
scanning and actual user feedback on their like
or dislike of particular advertisements, advertis-
ers are able to target and capture the attention of
their likely customers among a virtual nation of
250 million. This shift of focus is a generational
change from older technologies like banner ad-
dvertisements or pop-up advertisements that have
traditionally been associated with Internet com-
merce. The enhanced targeting, and the size of the
potential customer population, makes the social
networking world perhaps the largest potential
marketplace in advertising history.

The way that the business community reacts
to this shifting market presence, and the ways in
which customers interact with their suppliers there,
are still emerging trends in 21st century business.
How the interactions take place depend on the
type of social network that is involved and the
goal of both company and customer. Regardless
of the details, however, new markets and practices
are a part of this new landscape of commerce.

BACKGROUND
The Fundamentals of Marketing
The 4 P’s of Marketing
Traditionally the marketing discipline has operated
on the principle of the four P’s; product, place,
price, and promotion (Constantinides, 2006). Three of
the four, product, price, and promotion, are still fundamentally the same as they have
always been. What a company is producing,
how much the product costs, and the manner in
which the product is promoted are still central
to any marketing strategy. Place is also a core
consideration, but for many products and even
for an increasing number of services place in the
21st century is a different strategic component than
the place of marketing in the 1950’s.

Commerce has changed since the 4 P’s were
first established, particularly with the rise of e-
commerce. The core of these principles as market-
ing guidelines, however, remains in that, “…the
basic construction of the 4 P’s is still valid and,
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