2015

Teaching Social Business Strategy from a Global Perspective

P. Candace Deans
George Mason University, pdeans@gmu.edu

Follow this and additional works at: http://aisel.aisnet.org/siged2015

Recommended Citation
http://aisel.aisnet.org/siged2015/2

This material is brought to you by the SIGED: IAIM Conference at AIS Electronic Library (AISeL). It has been accepted for inclusion in 2015 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.
Teaching Social Business Strategy from a Global Perspective

P. Candace Deans  
School of Management  
George Mason University  
pdeans@gmu.edu

Abstract:

This paper recognizes the need for companies to evaluate their social media needs and overall social business strategy from a global perspective. To reach local customers in emerging markets, it is necessary to include the social media sites unique to these markets. It is also important that schools of business incorporate these trends in curriculum offerings specific to social media and social business strategy. This will give both companies and schools of business competitive advantage.

Keywords: Social Business, Social Media, Global Business, Strategy

I. INTRODUCTION

It has become a business imperative for companies to have a social business strategy. Early social media initiatives were not well aligned with the business objectives. However, it has become apparent to most companies that it is necessary to have a comprehensive strategy in order to be effective long-term [Kane, et.al., 2014]. Most of these current endeavors, however, are based on United States perspectives.

It is necessary that U.S.-based companies with worldwide operations look beyond the borders of the United States when designing their social media plans. This is also true for companies in other countries as they develop social media strategies for their international operations. Other countries have social media sites and applications that meet the cultural needs and entrepreneurial opportunities of that country. In addition, to reach the global customer, it will be necessary that companies develop a global social business strategy in order to take into account the cultural and communication differences across countries around the world. A global social business strategy is also relevant for countries that reach out to the world through online business and ecommerce.

Developing a global social business strategy must take into account the most appropriate social media sites in the countries in which the company does business. The trends will vary by country or by region for countries with similar cultural and political orientations. For example, the global strategy may be similar for Latin American countries that speak the same language. A global social business strategy that is customer centric will demand that companies evaluate the options to meet the needs of different cultures.

This paper provides an assessment of social media trends across major regions of the world. The focus is on the emerging markets which represent the growing economies where businesses are establishing operations. These markets are representative of most of the regions of the world where companies will likely have operations. They provide a foundation from which to improvise as each company evaluates its own global social business strategy in the context of its unique global operations. Additional research and examination may be necessary for markets not included in this paper, but the framework provides a starting point for companies and business schools.
II. SUPPORT FOR A GLOBAL SOCIAL BUSINESS STRATEGY

Social media is still in its infancy in most companies [Cespedes, 2015]. In approximately a ten year time frame, companies have gone from a state in which social media tools did not exist to the current environment in which these technologies are mainstream in firms around the world [Gaines-Ross, 2015]. It will be harder to establish a foothold in other countries once competitors have moved ahead and established market share.

Studies show that companies now realize the significance of social media as a game changer for business and its potential to provide value for the company [Andriole, 2010]. Top executives have, likewise, begun to recognize the value of establishing a strategy that aligns with the business objectives. These same U.S.-based companies have narrowly focused on the United States perspective on social media and the platforms that have emerged from U.S.-based companies. It is now imperative that companies take a broader view to include the unique social media sites that have emerged across the globe. The research from this study reveals that most companies are either not aware of these global trends or have not thought about the implications for their global operations.

Studies that address social media trends have emerged from the leading consulting firms including McKinsey and Business 2.0 [Bughin, et.al., 2007, 2008, 2009, Green, 2010]. The McKinsey Quarterly studies evaluated the business use of Web 2.0 technologies with a follow-up study to evaluate business perspectives on the benefits of Web 2.0 use. The studies addressed social media tools in general based on responses from executives from a range of companies and industries worldwide. Although companies were included from around the world, the responses were primarily from a United States perspective. A Business 2.0 benchmarking study focused on Web 2.0 trends for B2B companies across a wide range of industries located in North America. The percentage of U.S.-based companies was not clear but the responses tended to be U.S.-focused. The study results focused on social media tools used by businesses, the value of the tools for business use, and recommendations for the use of social media. The study was intended for a United States audience. In all these studies, the focus is extensively on United States trends and social media platforms and implementations of U.S.-based companies (e.g., Facebook, Twitter, YouTube and Google). There is a need to broaden the research to include platforms and trends outside the United States market.

Several books have been written for the executive audience addressing issues related to developing social media strategies [Cook, 2008, Li, 2010, Li and Bernoff, 2008, McAfee, 2009]. Although the focus is on general strategies and leadership perspectives, the majority of the work is United States focused. There is little to no mention of the issues associated with extending the strategy to include the unique needs of global markets or global managers. In addition, the company studies are primarily of U.S.-based firms. Even though these companies have worldwide operations, most of the discussion and recommendations are based on social media platforms of U.S.-based companies.

In a similar vein, the academic literature that has emerged in the social media domain has primarily focused on case studies of U.S. companies and research from a United States perspective [Culnan, et. al., 2010, Deans, 2009, DiGangi, et.al., 2010, Hanna, 2009, Gallaugher and Ransbotham, 2010]. Broader based studies focused on United States firms. Even though global companies were included, the results were presented in the context of a US audience.

A survey of the self-help books devoted to educating the mass market on social media tools and applications for business are also primarily targeted toward the United States market and the
familiar social media tools of U.S.-based companies [Safco, 2010, Thomas and Barlow, 2011]. It is difficult to find any sources that address the global market for social media or specific platforms that have emerged in other countries.

III. GLOBAL TRENDS SUPPORTING A GLOBAL STRATEGY

There are many current trends that support the assertion that social media plans should take into account unique trends in the global marketplace. These include Global Connectivity and Communication, Global Customers, and Global Political and Economic Impacts. These trends represent three main drivers that will move companies forward from a domestic social business strategy to a globally oriented strategy. Each of these drivers is discussed in more detail below.

Global Connectivity and Communication

It is well established that business today is global and mobile. This trend is evident from the impacts of social unrest around the world on financial markets to the complexities of company logistics and supply chains. This level of connectivity will continue as technological advancements reach out to the rural areas of developing countries to connect people, businesses, and infrastructure from all corners of the globe. This enhanced connectivity will bring business to remote villages that traditionally have been isolated from the rest of the world. Many developing nations have been able to leapfrog the technologies and move ahead with wireless connectivity and mobile business applications. Movement to the cloud, for individuals and businesses, will only further these aspirations to connect citizens around the world. Security, privacy, social implications, and infrastructure barriers will certainly pose obstacles in some parts of the world in the short-term. From a visionary perspective, businesses must assume a connected world with tremendous opportunities to innovate and meet the needs of these many new consumers and citizens whose lives will be enhanced by this connectivity.

Social media will be the means by which business will communicate with these people around the world. Cultural differences, languages, and social norms will be important as companies design their social business strategies to meet the unique characteristics of each diverse market. Companies that understand these issues and respond with social media tools and applications that address these unique needs and in turn communicate their brand and marketing message more effectively will win in this new connected world where anywhere, anytime takes on a whole new meaning [Bughin et.al., 2007].

Global Customers

People around the world are more knowledgeable about products, services, and living standards outside the boundaries of their own country. The internet has made this possible and opened the eyes of people in developing countries to the many opportunities and lifestyles of those in the developed world. Consumers in the developed world who have the resources to purchase goods and products from around the world are also more aware of the many possibilities and unique products that are available everywhere. The emergence of the global consumer, made possible by advancements in technology, has provided a global marketplace for companies to market their products as well as develop new products that meet the needs of the current market as well as the potential 4 billion consumers who will have the resources to participate in this world marketplace. Social media will provide a means for reaching these consumers around the world. Well-crafted strategies that utilize the tools these people are comfortable with and take into account the social norms and cultural differences will be key to success. These efforts likely will not be easy but there are big payoffs for companies that get it right. It is imperative to throw away
the assumptions engrained in companies that have primarily attended to the needs of the developed world. The “rest of the world” represents a tremendous market opportunity and will require companies to digress from the assumptions that have guided their strategies for the developed world. The global consumer of the future opens up doors for new innovation and ways of doing business. Those companies that embrace these new challenges and opportunities will find success in the future.

Global Political and Economic Impacts

Social media has opened the doors to communication and provided a means to bring people together in ways not possible before. The results of this new platform have provided opportunities to assemble people quickly and efficiently to overthrow governments. Social media (i.e., Facebook and Twitter) provided the infrastructure from which to organize and share information quickly and effectively. The political upheaval supported by social media gives power to the citizens and puts pressure on the leadership to address the issues. It is necessary that companies understand this power afforded social media by its very nature of bringing masses of people together in one place virtually.

The economic implications are also huge. The technologies are now available to a critical mass of people which in turn provides opportunities for businesses to tap into these markets around the world. Citizens from everywhere are eager to be part of the conversation and participate in activities that are taking place on social media platforms. Local entrepreneurs in countries outside the United States want a piece of this pie, and therefore, have established businesses similar to Facebook, Twitter and YouTube, for example. These sites compete for the attention of consumers in these countries. It is important for companies to evaluate these local entities and assess whether having a presence on those sites would benefit their bottom line. A conscious awareness of social media initiatives in countries around the world is necessary in order to position the company in the best light to reach the market important to the business objectives.

IV. METHODOLOGY

The data for this research is based on primary sources. The social media trends and data for each country are based on first-hand knowledge from students and their contacts in those countries. Company information was obtained from data collected on the Fortune 100 U.S. companies and eight follow-up case studies across industries. The results are preliminary and provide a starting point for more in-depth work. These results provide a framework for incorporating an international dimension in business courses that address social business strategy and implementation issues.

V. GLOBAL SOCIAL MEDIA BUILDING BLOCKS

As companies address the imperative to develop their social media plans for a global market it is important to understand the basic building blocks for major regions and countries around the world. Social media trends in China are the most unique and indicative of government intervention and censorship of content. Most of the social media platforms used in the United States are owned by U.S.-based companies who have most of the market share. In other countries, local companies own many of the competing social media sites and in many cases they have captured a majority of the market share in their country. These trends are likely to continue.
In the following sections, a discussion of social media trends around the world are presented to provide an illustration of what companies should expect and incorporate in their global plans for social media. The emerging markets were chosen as the focus because they represent growth markets for companies and are representative of the major regions of the world. It is not necessary that every country or world market be covered here, but it is important that the major markets be evaluated in order to provide a framework for companies and business schools.

China

The Chinese market represents substantial potential for companies in the future. It is imperative to understand social media trends for this market and the cultural implications when utilizing social media tools. It is equally important to know where these citizens and potential customers can be found on social media sites. It has been difficult for U.S.-based social media companies to establish a base in China given government regulations and competitive pressures in the country. Social media platforms developed by local companies are used by a majority of Chinese. These platforms are used very little by United States companies. Companies’ strategies must be broadened to include these considerations.

Baidu is China’s major search engine and is the top ranked website in China based on ranking by Alexa. There are many competitors including Sogon, Sina, NetEase, Hao123, Soso, and Sohu. It may be important to have a presence on several search engines in China but that can be determined by a more detailed study of the search engines’ users and the objectives of the business. Social networking sites are popular in China and there are numerous sites that have appeared over a short time. The four most popular social networking sites include Renren, Kaixin0001, Qzone, and 5.com. Renren was established initially for students, much like Facebook in the United States. The intended audience for each varies but all have similar functionality that continues to evolve. The major blogs and forums include Tianya.cn, blogbus.com and Doulan. Each site caters to a different demographic market and topic focus, but all are popular with the Chinese user. Weibo is equivalent to Twitter and Youkou is the popular video hosting and sharing site in China, similar to YouTube. YouTube, Facebook and Google are all banned by the Chinese government. Taobao.com is a major ecommerce site and is similar to eBay in that it provides a platform for online retail sales.

India

India, like China, is growing as an economic powerhouse and its internet usage, mobile usage, and development of social media sites is also growing at a significant rate. Young people are the driving force in India because the country has more than 600,000 youth. Social media sites in India include both those familiar in the United States as well as those unique to the country.

Unlike China, Google is the most utilized search engine for over half of the Indian population. Yahoo! is also widely used in India. In addition, Rediff, India Times and Sify are local search engines and portals that are popular in India. Orkut, Google’s version of Facebook, is a popular networking site in India. Facebook, however, is a strong competitor for the Indian market. Bharestudent, Hi5, and Ibibo are other competitors in this space. Blog sites are dominated by Blogstreet, Rediff Blog, Suleka, Blogger and Government Jobs. Video sharing sites are popular in India as well. According to BestIndian sites, the following are the highest ranked in India: Biggada.com, BollywoodTube.com, Indianvideoworld.com, YouTube and BigFlix. Although YouTube is utilized in India, it is not the top ranked site for video sharing and there are several local competitors.
Russia

The Russian Federation (Russia) is one of the recognized emerging markets and the largest country in the world in terms of land mass. In contrast to China, Russia is more lenient in its regulations and restrictions on the use of the internet. Social media is very popular in Russia, particularly among the younger generation. Russia is a relatively easy market to penetrate with the right social business strategy.

Russians utilize a Russian company known as Yandex as the main search engine. Google.ru is also used by many of the people. Although Facebook has increased its market share in Russia in recent years, Vkontakte, a clone of Facebook, is the most popular social networking site in the country. Vkontakte is followed in market share by Odnoklassniki.ru and Mail.ru. Most of Vkontakte’s users are high school and university students while Odnoklassniki.ru targets alumni and old friends. Mail.ru is a free email service as well as a social network. The popular blog sites include LiveJournal and LiveInternet. YouTube is the most popular video hosting site in Russia and does not have major competitors in the country.

Brazil

Brazil, another emerging market, is a major player in Latin America as well as in the world marketplace. The social media revolution developed in this part of the world at the same time as other emerging economies. Social media trends in Brazil mirrors those of most of the other Latin American countries. For companies designing their global social business strategy, Latin American countries can be treated in a similar manner. There will be some uniqueness by country but the detail will be determined by which countries the company has operations and the nature of their involvement in each country.

As in most of the world, social networking sites are popular in Brazil. Orkut is well established in this market. About half of all internet traffic on Orkut comes from Brazil. Sonico.com is another popular social networking site that is very similar to Facebook but the layout and design is more appealing to Latin American users. Hi5.com is also used in Brazil. Both Facebook and LinkedIn are growing rapidly in the country. Google is the top search engine in Brazil. Br.MSN.com is the second most used search engine and Br.Yahoo.com is the third. YouTube is the popular video sharing site in Brazil. YouTube and Orkut are owned by Google and therefore horizontal integration is an important part of the strategy for Brazil. Wordpress is the most popular blogging site and is used by corporations and individuals. Blogspot is more popular for individual bloggers in Brazil. Mercadolivre.com is the top ecommerce site in Brazil and functions in a similar manner as eBay.

South Africa

South Africa is recognized as an emerging market with substantial future business potential. It has unique characteristics as compared to other emerging markets. Although the technology infrastructure has not developed to the same extent as some other areas of Africa and has lagged behind much of the world in its adoption of social media, this trend has been changing. Much of the slow growth was due to the monopolistic nature of the telecommunications industry in the country. Telecommunications costs were the highest in the world. Mobile access is beginning to penetrate the market and the country has been able to leapfrog to technologies that support social media. These trends are moving South Africa forward in the social media realm.
Google is the most visited site in South Africa and the main search engine. Ananzi is a South African search engine that is similar in style to Yahoo! and is designed to meet the cultural needs of the people. Yahoo!, Windows Live and Bing are other search engines used in South Africa. Social Networking is popular in South Africa. Facebook is the second most visited site in South Africa and the most popular social networking site. DrumNet is another success story as a networking site that links farmers. Mxit competes as one of the top three social networks, while Blueworld is emerging as a prominent social networking site. There are many blogging sites because the people like to blog. Top blogging sites include iBlog, Blogger.com, Afrigator, and News24. Twitter is one of the most popular social media tools in South Africa. Zoopy is the most popular video sharing site and includes many additional features reflective of the South African culture. MyVideo is another video hosting site used by South Africans. Gumtree is a popular site in South Africa similar to Craigslist. BidorBuy is an auction site that claims to be “Africa’s largest marketplace.” Kalahaii.net is similar to Amazon with an array of items for sale and is used to purchase cheap items.

**United Arab Emirates (UAE)**

The UAE represents a unique market with unique issues to address. It is representative of markets in the Middle East but in some ways has its own uniqueness. It is a high income developing economy with great potential for business investments. The country has made substantial economic progress over the past few decades. Social media is widely used in the UAE by individuals and businesses. Research studies show trends in social media that parallel those in the developed countries and the United States. Government regulations and intervention by the government is an issue in the UAE. Islamic laws do not permit many types of behavior and activities and social media sites are monitored by the government. Although the government did not ban Facebook, they did ban Orkut because it was viewed as a dating website. Companies must keep abreast of technology trends and understand government regulations in the UAE.

Yahoo! is the most popular search engine, followed by Google and Google.ae (the website in Arabic). The UAE Women Network is targeted specifically for Arabian women and is popular in the UAE as well as other Middle Eastern countries. It uses the Arabic language only. Facebook is the social networking site used most in the UAE. Orkut is still used by the underground community. MySpace, LinkedIn, and Hi5 and also used in the UAE. Twitter is popular in the UAE and the majority of users in the UAE tweet in English. Blogger and Wordpress are the top blogging sites in the UAE. YouTube is the preferred video sharing site and Bayt is a job seeking site that is the most visited site in the region. Souq.com is an auction site that is considered to be the eBay of the Middle East. Dabizzle is an online marketplace for the UAE and Abu Dhabi and is available in English and Arabic.

**VI. DISCUSSION OF GLOBAL SOCIAL BUSINESS TRENDS**

In this study, the social media platforms prominent in the United States make up the foundation of the company’s strategy. The global building blocks depend on where the company operates worldwide and how different these markets are from the home market. For companies headquartered in other countries such as Europe, the foundation strategy will be based on that country’s primary social media platforms and cultural orientations. The home country strategy can then be tweaked to include social media platforms that meet the cultural needs of countries in
which they do business. Facebook, YouTube, and Twitter are the basic three social tools for the US market and much of the rest of the world. Other markets want to participate in social media sites that are popular in the US. In addition, most countries have their own social networking sites that may be used in conjunction with Facebook. In many countries, companies have merged to provide unique video sharing sites in the country. Twitter is one social media tool that transcends most cultures. A majority of countries use Twitter. Alternative competitors have not emerged in this space. This is a significant trend for companies because strategies designed to bring value to the company through the use of Twitter can reach to a global audience. This is not true for most other categories of social media technologies. It is important for companies to understand the cultural implications of social media tools and how to use the technologies most effectively to reach across world markets.

In addition, most companies have established their own versions of eBay, Amazon, and Craigslist. From an electronic commerce perspective, it is reasonable that local companies want to establish their own sites for doing business and to make money in their own countries. Companies that understand these trends will be positioned to compete and profit in these markets. It is, likewise, imperative that schools of business incorporate these global trends in appropriate courses.

VII. CONCLUSIONS

For companies today, a global customer-centric model is imperative in order to meet the needs of the technologically connected world. A social business strategy that incorporates the tools most relevant to each market in the company’s global portfolio is important. This will require extensive market research that matches the company’s objectives with the location of its customers. This global focus is especially significant for companies with customer facing operations. For companies that are primarily B2B, it is also important to evaluate social media trends for key markets around the world. This will require extensive market research.

The most significant conclusion from this work is that many United States companies have not thought about their social media efforts from a global perspective. Most companies are using social media tools that originated in the United States market and are popular among this audience. Through their presence on the internet, many companies are reaching out to consumers around the world while others have a physical presence in markets outside the United States. In both cases, it is imperative to design a strategy that utilizes social media technologies that are prevalent in markets around the world. Although the technologies are similar, the sites where the majority of people visit may be established by a local company in the country in lieu of or in addition to the ones familiar to the United States consumer. A major point of the study is to illustrate the value to companies of studying the culture and social media habits of the target markets in the countries important to their business operations and overall objectives. For all companies, it is short-sighted to focus only on the United States social media opportunities. Now is the time to broaden the scope of the company’s social business strategies as platforms are being developed and resources are allocated to address the long-term goals and objectives. A global mindset at the onset will set the stage for growth and a more successful implementation in the long-term. Every company must make its own unique case for a global social business strategy. Business schools must incorporate these trends into discussions of social media and social business strategy.

REFERENCES


ACKNOWLEDGEMENTS

The author would like to recognize the research of several students who helped compile the information on social media trends for different countries. These include China – J. Barrett Miles; India – Cristobal Roda; Russia – Justin Sandilands, Jr.; Brazil – Derek Wilhelm; South Africa – Subriena Persaud; and United Arab Emirates – Brenden Van Buren. The students were participants in a class taught by the author in which social media trends were studied for countries around the world.

ABOUT THE AUTHOR

P. Candace Deans is Associate Professor in the School of Management at George Mason University. She received her Ph.D. from the University of South Carolina and has held prior faculty appointments at University of Richmond, Thunderbird School of Global Management and Wake Forest University. Her research focuses on the intersection of information technology and international business.