Conference Paper

Examining the exploitive nature of Companies within Virtual Communities.

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Abstract

The conference paper has been written for presentation in the social networks section of the conference conducted as part of Curtin Universities, NET 204, Social Media, Communities and Network unit in Study Period 1/18.

This paper will explore how companies employ social networking sites and online platforms to engage with existing online communities to develop exploitative relationships with potential consumers. Using a range of academic resources, the paper examines who and what, constitutes a virtual community, and how companies engage with social media to achieve business goals. During the discussion, it is revealed that several important considerations are overlooked in research such as negative feedback, return for investment, enhancement of financial return through behavioural management and the pros and cons of personal data collection. The paper concludes that companies primarily engage in online social networks and exploit online communities for financial gain.

Keywords: communities, online social networking, online platforms, virtual communities,

consumers, marketing

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Examining the exploitive nature of Companies within Virtual Communities

The conference paper discusses how companies engage with social networking platforms to develop exploitative relationships with potential consumers. The paper will examine what a virtual community is and who creates it, how companies engage with the community. Plus, when they engage and where. Then it will be determined why companies engage and what benefits they gain from the online community. Finally, a discussion will determine if companies use social media to develop relationships to exploit consumers.

There are many academic texts like Ciprian (2015) paper "The Growing Importance of Social Media in Business Marketing" focused on the engagement of social media by companies for marketing purposes. Equally, there are many business marketing books like Korhan (2013) called "Essential social marketing practices for every small business to promote the use of social media for marketing". The company's use of social media networks and how they exploit the individual engaged in virtual communities to gain economic benefit is promoted as a positive benefit of company engagement is a thought-provoking perspective.

The academic papers selected to evaluate the process that companies use to engage with virtual communities are examined to explore the reasons why, how, and what they do to interact with individuals and their communities. Not how to maximise or create a performance-based process. During the research process it became evident of the difference in the way material is presented in academic papers in comparison to business development literature, for example, a book written by Young (2013), states for micro-mavens that " it's less about the money and more about building an interested and interesting hyperconnected community, a sustainable business and a respectful brand on and off line" (Chapter 2, para 2) then spends the rest of the book examining how each micro-maven used social media platforms like Twitter or Facebook to create an income from the virtual community. Korhan (2013) supports Young (2013) by stating, "the new social business model is neither purely capitalist nor social. Rather it's a hybrid that balances a community's needs." (Chapter 4, The social business model) by recognising that social media platforms like Twitter and Facebook are social communities. Just like Young (2013), Korhan (2013) then advises how to best harness the platforms to create positive financial outcomes. This observed difference in the presentation of information by academia and business on company's engagement in social media communities created the selection of the topic for this conference paper.

Literature Review

People make a virtual community

The acceptance by people in conjunction with the swift development of social media platforms such as Facebook and Twitter created an equal growth in virtual communities (Yao, Tsai, & Fang, 2015). The virtual world created by the internet is seen by many as a different dimension. In many respects this assumption is correct as it is not created by physical identities in a physical location where we communicate face-to-face. A virtual community is classified as an imagined community as it is larger than a small village that allows for face to face communication (Anderson, 1983, p. 7). An imagined community is not

created by the internets' perceived dimension. It is the same category given to the real community where communicating between the village and the city is not face-to-face making the city location an imagined community. Averweg & Leaning (2012, pp. 5-6) and Jordan (2009, p. 181) concur that social networks grant the ability to merge reality and virtual boundaries of time, space and location to develop imagined communities online called virtual communities. boyd & Ellison (2013, p. 2) and John (2013, p. 167) agree that virtual communities became more interactive with the introduction of sharing platforms commonly referred to as social media.

Social media imagined communities need individuals or community members to form them. The individuals attracted to social media communities have common interests and connections. Meaning the creation of imagined communities in the virtual world are by people that share similar or same interests (Porter, 2015, p. 163). Interests, for example, could be anything from sport to art or politics. People like to share their interests with their friends creating a growing and self-perpetuating community. Fuchs (2010) describes social media relationships with individuals as "cognitions, communication and cooperation community" (p. 769). The combination of cognitions and communication encourages the development of user profiles, user contributions and attraction of followers or friends on the platforms (Fuchs, 2010, p. 768). Making the collaborative, shared interest of the virtual community the individual belongs to self-generating. The self-generation of connections of people in the virtual imagined community is one of the areas targeted by companies to exploit.

The nature of consumer engagement

Companies engage with virtual communities using social media properties of shared interest, connections of the individual, plus friends and collaboration. A number of researchers (Averweg & Leaning, 2012, p. 2; Killian, 2015, p. 541; Papacharissi, 2011, p. 305; Porter, 2015, p. 263) theorise that social media forms communities by attracting people with a shared interest in relationships, news, creative pursuits and entertainment. The shared interest engages people with the platform and the community while everyone has their profile or identity to engage in conversation. boyd & Ellison (2007, p. 211) and Papacharissi (2011, p. 304) agree that the relationship of individuals with social network sites allow people to display a profile within the structure of the platform enabling conversations and a sharing of connections with others. Thus creating a participatory culture that Langlois (2013, p. 704) and Tiago & Veríssimo (2014) agree is targeted for engagement by the company organisations. Companies exploit the participatory culture of social media.

Companies use your profiles on social media platforms

Companies engage with virtual communities when they have developed a targeted plan using information gathered from profiles and social media platforms. To do this companies design information to suit the target audience and different social media platforms to create a plan tailored to engage with the community (Killian, 2015, p. 544). Part of the design process is to collect information from profiles to create a target audience. This data collection enables direct engagement with tailored information to a profile and their connections on social media (boyd & Ellison, 2007, p. 220). The collection of individuals' information enables companies to develop marketing information to attract engagement in their designed virtual community on Facebook or Twitter. Companies exploit individuals' profiles and their connections.

Smartphones grant companies a direct connection

Companies engage with the community connecting to different social media platforms with different engagement techniques. Dijkmans, Kerkhof, & Beukeboom (2015, p. 59); Killian (2015, p. 545) and Tiago & Veríssimo (2014, p. 704) concur that the use of the smartphone has made engagement possible everywhere granting access for companies to engage at will. Internet connection is more available than personal computers, with connections to household appliances and smartphones. Companies engage across all available social media platforms including the lesser known or considered platforms like gaming (Killian, 2015, p. 543). Many of the games (like clearly identified social media platforms such as Facebook or Twitter) enable engagement for companies with followers or friends of the users profile (Dijkmans et al., 2015, p. 64). The smartphone enables companies to have constant engagement across all social media platforms thus enabling brand identity promotion (Killian, 2015, p. 544). Companies create engagement by using preferences revealed by prospective consumers on social media through conversation, liking different pages, sharing of information or using hashtags amongst their community (Paniagua & Sapena, 2014, p. 721). Internet connections enhance the social media reach to consumers enabling companies to actively engage. The tools, such as hashtags, on offer by social media platforms like Twitter enable companies to carry out content discovery to enchance engagement. Smartphones grant companies constant access to consumers via social media like Twitter or Facebook.

Low cost investment attracts companies to social media

The participatory and convergence culture of social media grants the ability for companies to create brand awareness at low cost. This generates income which is why companies are so invested in social networking online. Important researchers in the area (Fuchs, 2010, p. 769; Langlois, 2013, p. 101; Tiago & Veríssimo, 2014, p. 704) agree that the ability of social media to manage cultural perceptions within a virtual community and leverage the collaborative environment to market goods and services without the normal costs of marketing is very attractive to companies. While Dijkmans et al. (2015, p. 58) and Paniagua & Sapena (2014, p. 721) acknowledge, normal advertising is having less effect on "the consumer" and the collaborative environment of social media means instead companies are subtly engaging in marketing. Both Dijkmans et al. (2015, p. 705) and Tiago & Veríssimo (2014) recognise the differences in marketing and how cost is determining the way companies are targeting brand awareness to attract new consumers. Increasing brand awareness and attracting new consumers directly affects business growth. Paniagua & Sapena (2014) state that "Social media affects business performance through four channels: social capital, revealed preferences, social marketing, and social corporate networking" (p. 720). Directly connecting why companies engage with social media's participatory and convergence culture. Decreased cost in attracting new consumers encourages the companies to exploit social media generated communities.

What companies gain from the interaction

Companies gain brand trust which in turn promotes the product or services they sell thus creating an economic benefit. Companies' social media platforms develop a positive brand trust or online company reputation to supply the information on goods or services they provide (Dijkmans et al., 2015, p. 59). Both Dijkmans et al. (2015, p. 59) and Tiago & Veríssimo (2014, p. 705) agree the social media managed cultural perception or trust converts into increased sales and increased revenue for the same product or service over other

company's offerings. Confirming that economic benefit is directly connected to positive brand trust.

boyd & Ellison (2013, p. 8) and Tiago & Veríssimo (2014, p. 704) share the view that information gained from individuals generates an economic gain for companies both directly and indirectly. For companies to engage in targeted advertising, information is gathered from users. Individuals information collected from social media platforms like Facebook is shared with third party investors who sell or reuse information for multi-channel attribution (boyd & Ellison, 2013, p. 8), confirming economic gain for companies of freely provided individual information.

Consumer engagement on social media is paramount to a company's income due to the numbers of individuals that connect with the collaborative nature. Engaging consumers is considered easy on social media with over 50% of the world's population involved (Ciprian, 2015, p. 96). Marketing is aimed at increasing the number of people to interact with a company so the more located in a single community the easier it is. Ciprian (2015) states "Social media marketing plays an important role in generating leads thus increasing sales to the business" (p. 96). With such large numbers of people involved in social media communities enabling communication between various individuals, it is common for a discussion between people about a product or service to happen. Companies are interested in this aspect of social media as Jarvinen & Taiminen (2016, p. 164) indicate that 60% of consumers investigate products and services online before committing to purchase. Making brand avocates inadvertent marketing tools because people often seek advice within their communities on products or services (Tiago & Veríssimo, 2014, p. 704). Making the preceptory nature and naturally occurring convergence of social media important to companies and their economic growth.

Discussion

Companies use individuals, their connections, and virtual communities generated out of shared interest to benefit economically. This confirms that the collaborative nature of social media is attractive to companies (boyd & Ellison, 2007, p. 219). This is further supported by Paniagua & Sapena (2014) statement that "the social marketing resources (e.g., conversations, sharing, presence) are transformed into financial performance capabilities (e.g., sales)." (p. 721). The exploitation of the social media relationship with the consumer is purely for economic benefit.

Individual profile information taken from social media is converted into an economic benefit by companies. It is done by the collection of user-generated information, unknown to the user, harvested by commercial organisations, a process that creates an inequitable balance of power (Langlois, 2013, pp. 93-94). The driver to collect information is purely for economic benefit to the company (boyd & Ellison, 2013, p. 8; Tiago & Veríssimo, 2014, p. 704). This imbalance of power was exposed in the media in a story about Cambridge Analytica, using an external company to create a social game enabled access to individual users preferences and connections to on-sell to companies for commercial gain (Riley, Frier, & Baker, 2018). The economic benefit is derived from a collection of individuals' information exploiting the consumer relationship.

Virtual communities developed by social networks are used to exploit relationships with consumers to gain economic benefit for companies because of the large membership. The convergence in social media creates large numbers of different communities to grow

from a single connection of one user with a lot of interests (Papacharissi, 2011, p. 305). This coupled with continuing membership numbers growing from 50% of the world already at the companies disposal (Ciprian, 2015, p. 96). Means by using effective participatory culture management to develop cultural perceptions as an inexpensive method of marketing, saves company money (Fuchs, 2010, p. 769; Langlois, 2013, p. 101; Tiago & Veríssimo, 2014, p. 704). Confirming that companies engage with social networking sites to develop exploitative relationships with potential customers.

Limitations of the research

No negative online feedback statistics. The studies do not review the results of poor interaction or feedback and crisis management processes. Even though Dijkmans et al. (2015, pp. 59,64) and Killian (2015, p. 546) make mention of the two-way interaction and the ability for a consumer to create a negative report, no investigation is conducted on the long-term effect.

No statistics supporting financial outcomes. Dijkmans et al. (2015, p. 60) discuss limited studies done to determine the actual impact on the generation of income and trust building and suggests that more studies be conducted in this area. Paniagua & Sapena (2014, p. 721) agree that there is little data to compare what return social media has for business.

Development of behavioural data. Jarvinen & Taiminen (2016, p. 174) suggest more investigation on how behavioural data from social media marketing can be better harnessed for profitability.

Shortage of studies on private data collection. Currently, few studies examine the result of relentless information gathering of personal and community data to grow commercial income. The need for in-depth studies on data collection was demonstrated in the media by the recent Cambridge Analytica event (Riley et al., 2018).

Conclusions and Future Study

This paper examines how companies employ social networking sites and online platforms to engage with existing online communities to develop exploitative relationships with potential consumers. Companies do this by using the participatory culture of online communities and convergence capabilities of social media to promote branding, and goods and services without the normal associated costs of marketing. The paper exposed that there are many more studies to be conducted to determine the effects of negative feedback, evaluate if social media marketing is increasing income, how behavioural data can increase profitability, and the result of personal data collection.

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