Social networks & new media

The influence of connected customers

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Parts of this report are based on research carried out under the Dutch Research Delta in cooperation with TNO and KPN.

Summary

Social networks and new media are becoming more important, because a larger number of customers use these platforms and influence each other through these communication channels.

# Online social networks and new media generate very interesting customer data

› **Social networks** consist of groups of people that are linked to each other.

› **New media** offer technological possibilities to communicate with each other.

› Analyses of large **networks** can offer interesting customer insights for companies.
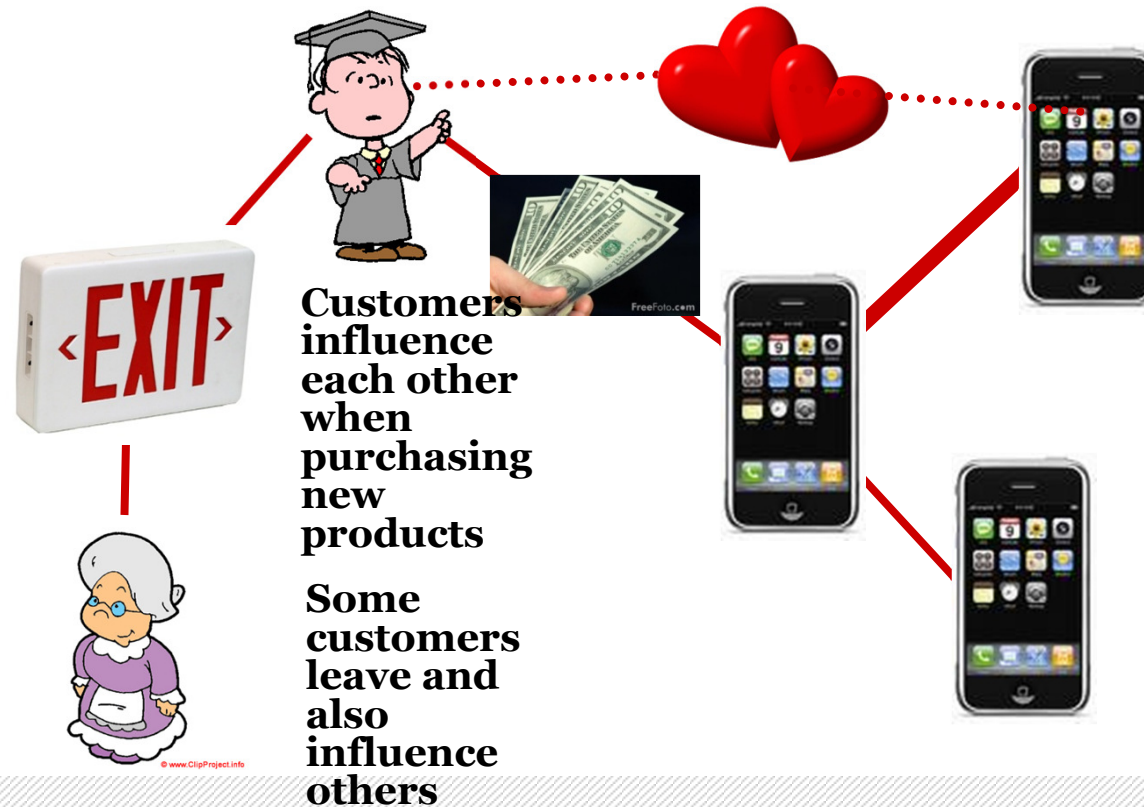
A good analysis starts with the right Key Network Indicators (KNIs)

1. Degree centrality = number of direct relationships (popular term: 'friends').
2. Closeness centrality = average number of steps in which all others are reached.
3. Betweenness centrality = number of times somebody is in between a pair of others.

Van den Bulte & Wuyts 2007
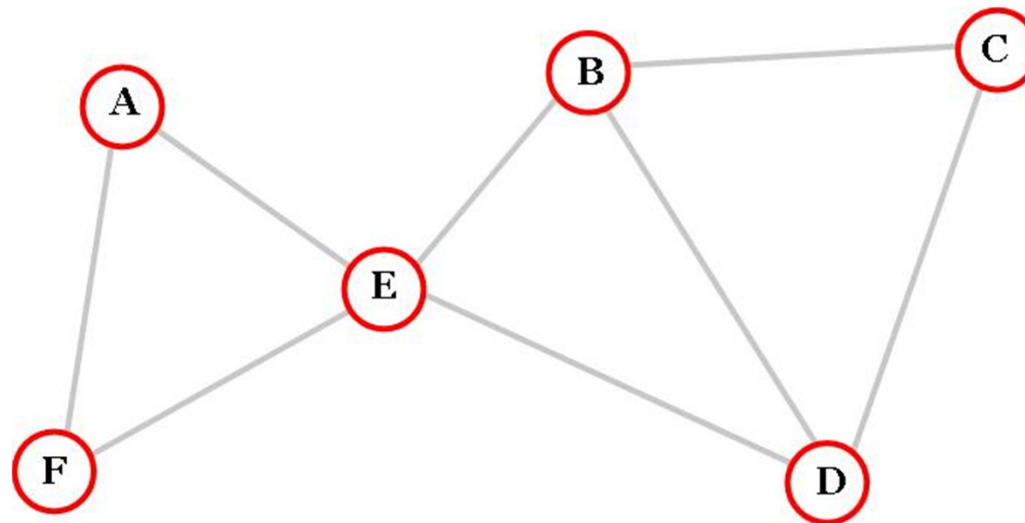
Individuals in a social network influence each other's behaviour, but not always to the same extent

Customers influence each other when purchasing new products

Some customers leave and also influence others

Risselada, Verhoef & Bijmolt 2011a
Nitzan & Libai 2011

Within social networks people with strong relationships are the best ambassadors for products

1. Influence within a social network is determined by the strength op the relationship between customers and the extent of customer similarity.
2. Heavy users are not (always) the right target group for a social media campaign. Also opinion leaders and extrovert types turn out not to be significant influencers.
3. (Potential) customers influence each other within a social network both in a positive (adoption) and negative (churn) sense.
4. Customers being committed to a company do have a positive but not a negative influence on their network.
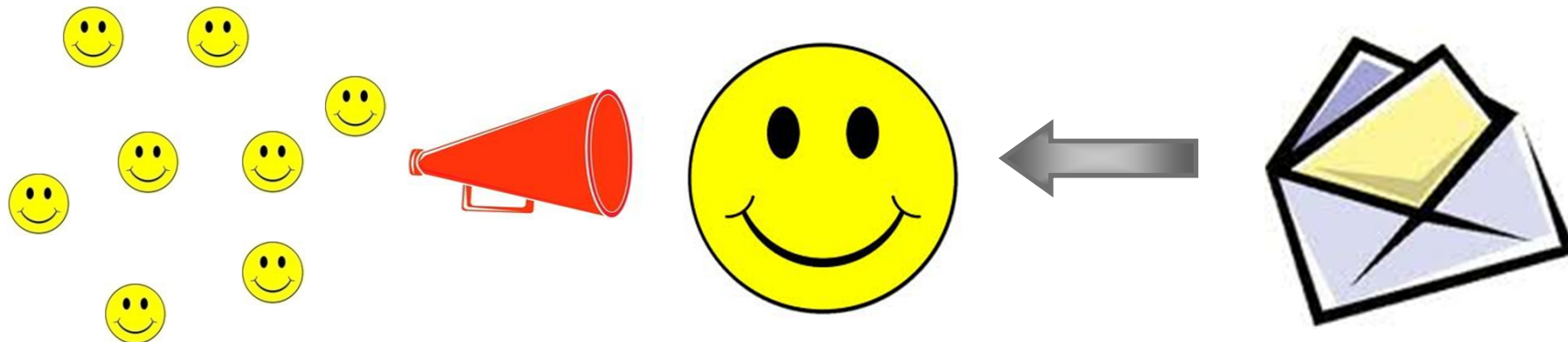
Advice: target the communication on target group customers with many strong relationships to cause as much impact as possible in a social network through them.

university of groningen

faculty of economics and business

customer insights center

Social influence does not have any effect on the impact of direct marketing

› Social influence and direct marketing turn out to not strengthen or weaken each other: they are two independent processes!

Advice: continue using direct marketing as a valuable tool in addition to the communication via social networks, one does not replace the other.

Risselada 2012, p.54

Introduction

How social networks & new media work