Mobile Applications for Social Media: Analysis of Critical Success Factors

Bachelorarbeit

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Table of Contents

3   Introduction

Information and communication technology (ICT) is changing society again and again. Social networks have rapidly evolved from a niche phenomenon to giant internet basics. Just fourteen years ago a group of Harvard students around Mark Zuckerberg founded the social network Facebook. Meanwhile tis online community is one of the most successful companies in the world and has 2200 million members worldwide. Besides Facebook there are many other very successful online social networks. They have completely different ways and orientations. All of these companies have fundamentally changed the way people portray the Internet, share content, evaluate products and services. This development is not limited to the private sector, it also offers new opportunities in communication fields for companies and their brands. In recent years numerous public relations, human resource and branding experts used these new digital communication tools and started a dialogue with their customers and users in various ways. (Schulten et al.; 2012)

At the same time the number of smartphones has increased rapidly. Just a few years ago simple cell phones were everywhere, now smartphones and other mobile devices are shaping our daily life. Today every second human in the world owns one and almost everybody in Germany. Mobile applications are running on mobile devices. This bachelor work deals with mobile applications in the area of social networks. Nowadays many accesses to these social networks are already available via mobile applications. The aim of this bachelor work is to explore the connection, interplay and relationship between mobile applications and social networks. In particular I would like to analyze and explain the critical success factors of social networks as well as of mobile applications. These are the research questions of this work:

"Which relationship exists between mobile applications and social networks? What are the critical success factors of social networks? Which are the critical success factors of mobile applications and especially what is their role and influence for social networks? What is the role of mobile applications in the business model of social networks? How will this role and relationship change in the future? "

Mobile applications are software programs that run on mobile devices such as smartphones or tablets. A social network is an online service that hosts an online community. In this network users can communicate with each other and interact in virtual space. Technically seen social networks used as platforms for the mutual exchange of opinions, experiences and information. This results in a demarcated social network of users with content generated by them. (Hausler; 2007) There are different types of social networks. For example there are text, job, photo or video based social networks. There are also social networks who consist of blogs like Tumblr.

In the first chapter I want to share some basic informations about mobile applications and social networks. Therefore I will give an overview about definitions, characteristics, developments and classification of mobile applications in section 3.1. Thereby I will classify my topic in the general content. After that I will shortly define the sector social in section 3.2. Subsequently I will give an overview to the current situation in the social sector. Mainly this chapter consists of two parts. In the first part I will explain the current influence and meaning of mobile applications for social networks and in the second part I will introduce and explain the biggest social network platforms in 2018.

After introducing social networks and mobile applications and explaining their current situation I want to try to answer the research questions. In order to reach that goal I have to analyze the business models of social networks with their influence of mobile applications. Because there are much more informations about European and American social networks available, I will focus on them and I will neglect the other social networks. For an intensive analysis I will subdivide the model in three main components (4.1) Value Creation (4.2) Target market and (4.3) Revenue. In 4.1 I will show the different value propositions of social networks. A successful social network needs a mass of active users in combination with income. To reach that goal social networks need users and companies who are active on their platform and are ready to pay. Therefore I will separate between the value propositions of social networks to normal users and companies. I will explain both interests and motivation. In the next section I explain the target groups of social networks, specifically the geographic and demographic composition of major social networks. In section 4.3 I will focus on the different revenue models and income ways of social networks. Thus I will give an overview about the referral-based, commission-based, subscription and especially the advertising model. I will analyze the advantages and disadvantages as well as the possible critical solutions for problems of these revenue models. I will clarify the mobile importance for income for social networks. Lastly I will give an overview about the different types of advertising in social networks (paid, owned and earned media). Based on these findings, I will crystallize the critical success factors of social networks and their mobile applications in section 5. Concluding I will answer the research questions. Afterwards I will explain the limitations and will give an outlook for the future of social networks. This will be accompanied by a description of possible future research. Finally I will summarize everything again in a conclusion in section 7.

In the next few years and decades, new mobile devices will release in the market again and again. Therefore it would be useful to analyze the flexibility and future opportunities of social networks.

Our general system dramatically changed from the agricultural and industrial to a global information and knowledge society. In the course of globalization, international interdependencies are increasing in economy, politics, culture, environment, communication and almost all other areas. That is why information and communication technology (ICT) become more and more important. Also the beginning of digitization is supporting this development. With the simultaneous expansion into new business fields, better algorithms and even more personal advertising, social networks have terrific future prospects and growth opportunities. Certainly the competition will be very tough and only the best and most flexible social networks will survive.

Facebook is already the biggest advertising platform in the world in front of all TV channels, newspapers and all other advertising ways. By that you can see that social networks are already the focus of the marketing sector and this will increase even further. Therefore social networks will become the central component of marketing worldwide.

8   Conclusion

In summary, it can be stated that: Since the development of computer and network technologies, the influence of technological innovations on social and economic life is continuously increasing. Especially the development of smartphones in combination with wireless internet, new mobile applications and the rise of social networks are responsible for this growing influence.

First I have roughly classified the topic and set out the reasons for the rise of mobile applications, while I have demonstrated this rise by using clear statistics. After that I have done the classification and descriptions of my topic after Han et al. (2016). In the current situation of social networks the tremendous can be noted and indispensable influence of mobile application. The size of social networks is also impressive with hundreds of millions of users.

The network effects of social networks are very critical, because with increasing memberships the utility rises and the cost per user decreases. This further supports rising and successful social networks and leads to enormous problems for stagnant and unsuccessful ones.

In relation to the value creation it can be noted that it defines the social network and is the heart of the business model. Every social network has to answer the key questions itself for this purpose: For what costumers do need their products and for what are they willing to pay?

A successful social network needs a mass of active users in combination with income. For that social networks need users and companies who are active on their platform and are ready to pay. Value propositions for both groups have to be offered. Conflicts of interests have to be solved.

The target group is different from social network to social network in relation to geographic, demographic and social composition of users. In general users are younger than the populations average. Professional networks are different from the general composition of users. Their users are older, higher educated and richer. YouTube, Tumblr and Instagram are addressed more to younger persons. The age of Facebook users is predominantly balanced, they reach all age classes.

There are many possible ways to generate cash flows. The most common one is the advertising model. In the meantime most cash flows are generated from mobile advertising (78 %). (Digital Market Outlook; 2016) Not all kinds of advertising on social networks cost money. There is a distinction between paid, earned and owned advertising. Professional networks are also using the subscriptions model. Both models have advantages and disadvantages.

There is not one only but a lot of the critical success factors of social networks. All success factors are displayed on the previous graphic. The main success factor is the interplay, consistency and compatibility of the three components and integration of the mobile applications inside the social network.

For the future social networks have terrific future prospects and growth opportunities. But certainly the competition will be very tough and only the best and most flexible social networks will survive. Inside the marketing sector social networks are already the focus and this will increase even further. Therefore social networks will become the central component of marketing worldwide.