

# Social Media Management

## 社會媒體管理

### Business Models and Issues of Social Media Service

1001SMM06

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Fri. 7,8 (14:10-16:00) L215

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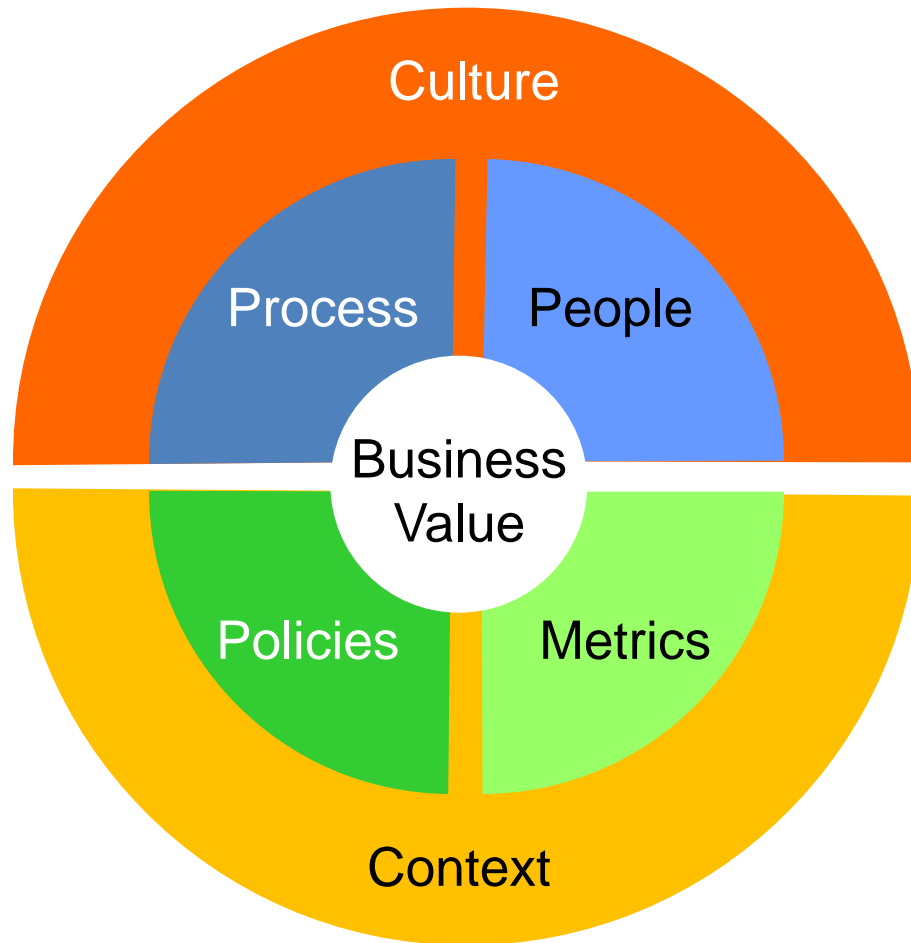
# 課程大綱 (Syllabus)

| 週次 | 日期        | 內容 (Subject/Topics)                                       |
|----|-----------|---|
| 1  | 100/09/09 | Course Orientation for Social Media Management            |
| 2  | 100/09/16 | Web 2.0, Social Network, and Social Media                 |
| 3  | 100/09/23 | Theories of Media and Information                         |
| 4  | 100/09/30 | Theories of Social Media Services and Information Systems |
| 5  | 100/10/07 | Paper Reading and Discussion                              |
| 6  | 100/10/14 | Behavior Research on Social Media Services                |
| 7  | 100/10/21 | Paper Reading and Discussion                              |
| 8  | 100/10/28 | Midterm Project Presentation and Discussion               |
| 9  | 100/11/04 | 期中考試週   |

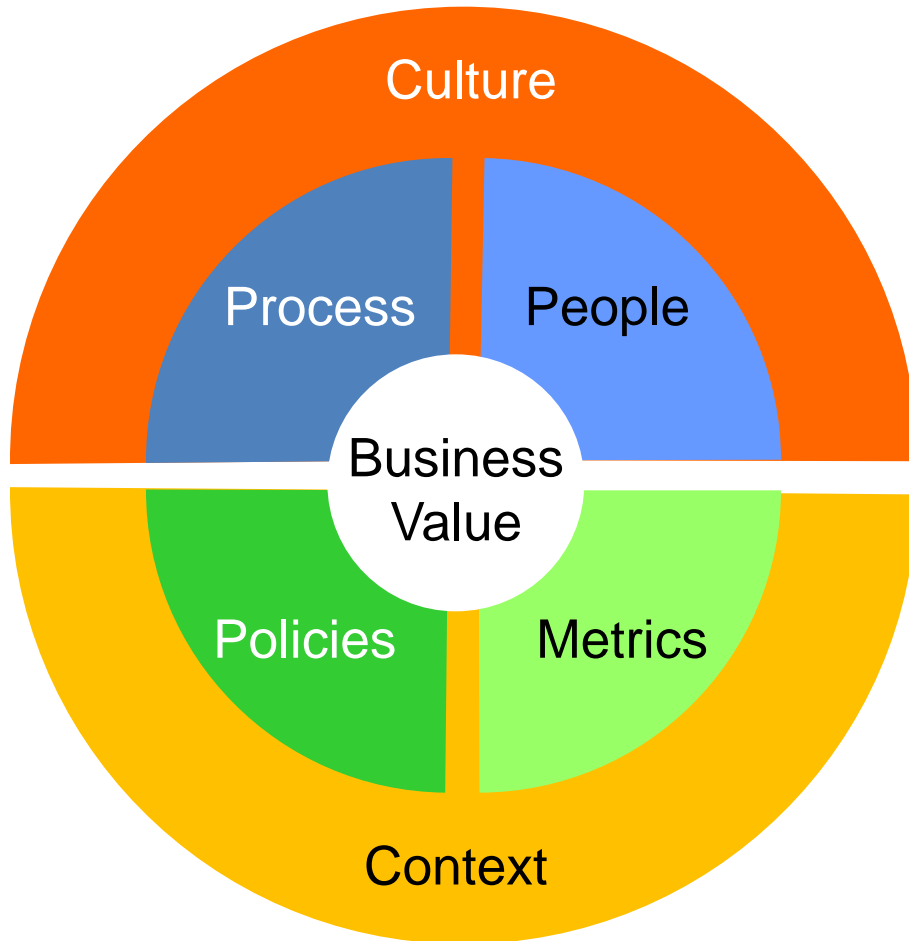
# 課程大綱 (Syllabus)

- 10 100/11/11 Business Models and Issues of Social Media Service
- 11 100/11/18 Paper Reading and Discussion
- 12 100/11/25 Strategy of Social Media Service
- 13 100/12/02 Paper Reading and Discussion
- 14 100/12/09 Social Media Marketing
- 15 100/12/16 Paper Reading and Discussion
- 16 100/12/23 Social Network Analysis, Link Mining, Text Mining, Web Mining, and Opinion Mining in Social Media
- 17 100/12/30 Project Presentation and Discussion
- 18 101/01/06 期末考試週

# Social Media Management Framework



# Social Media Management Framework



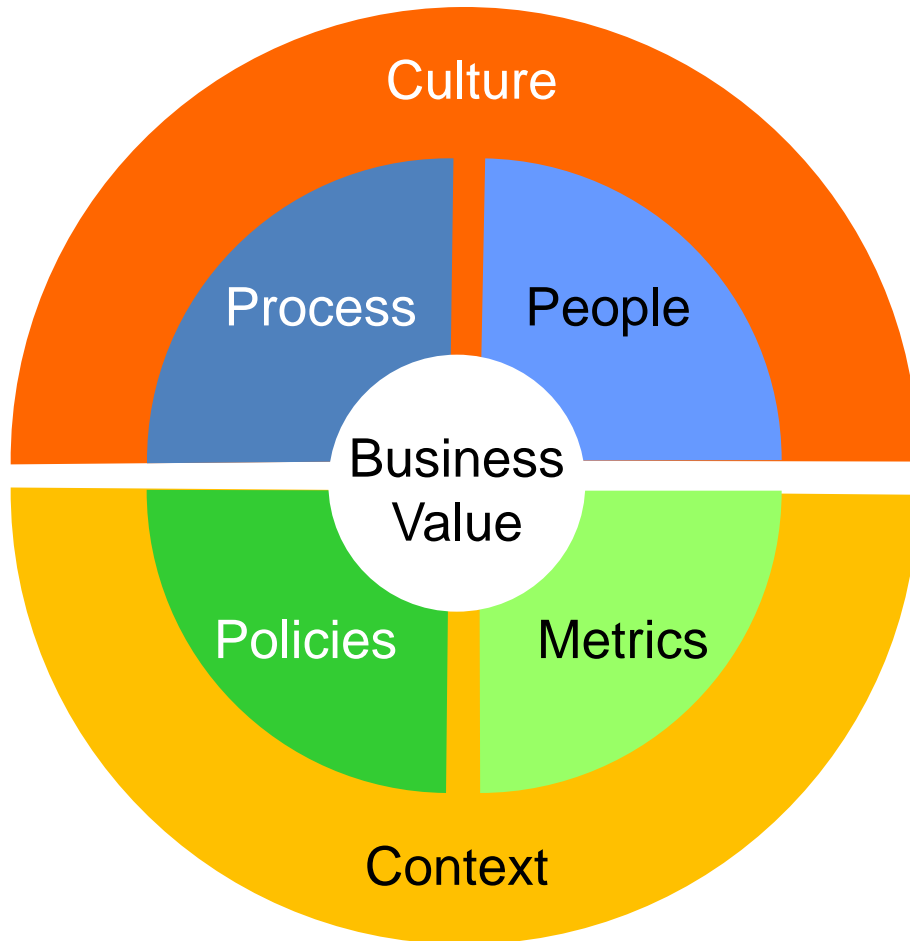
## Culture

- Habits and behaviors
- Ways of working
- Subcultures

## Context

- Business environment and objectives
- Regulatory environment

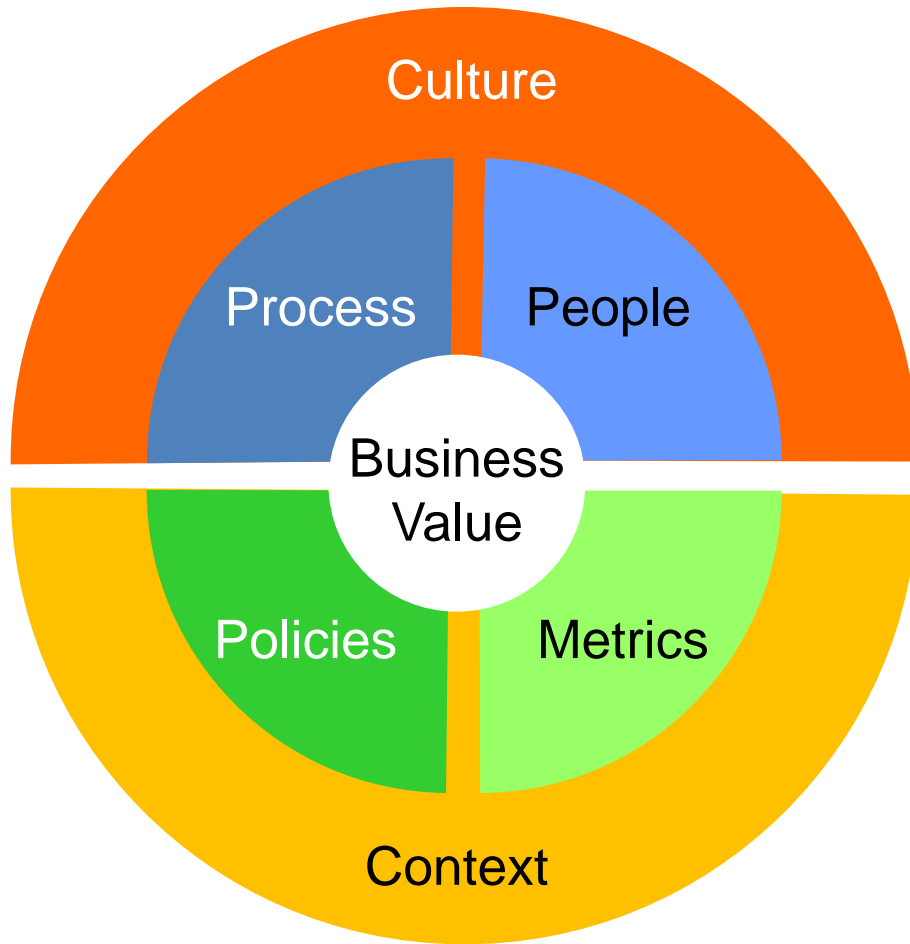
# Social Media Management Framework



## Process

- **Leadership:** Degree to which leadership for social media decisions is formalized and accountability for business outcomes is clear
- **Alignment:** Degree of alignment between various agendas to ensure resources and funds are appropriately allocated

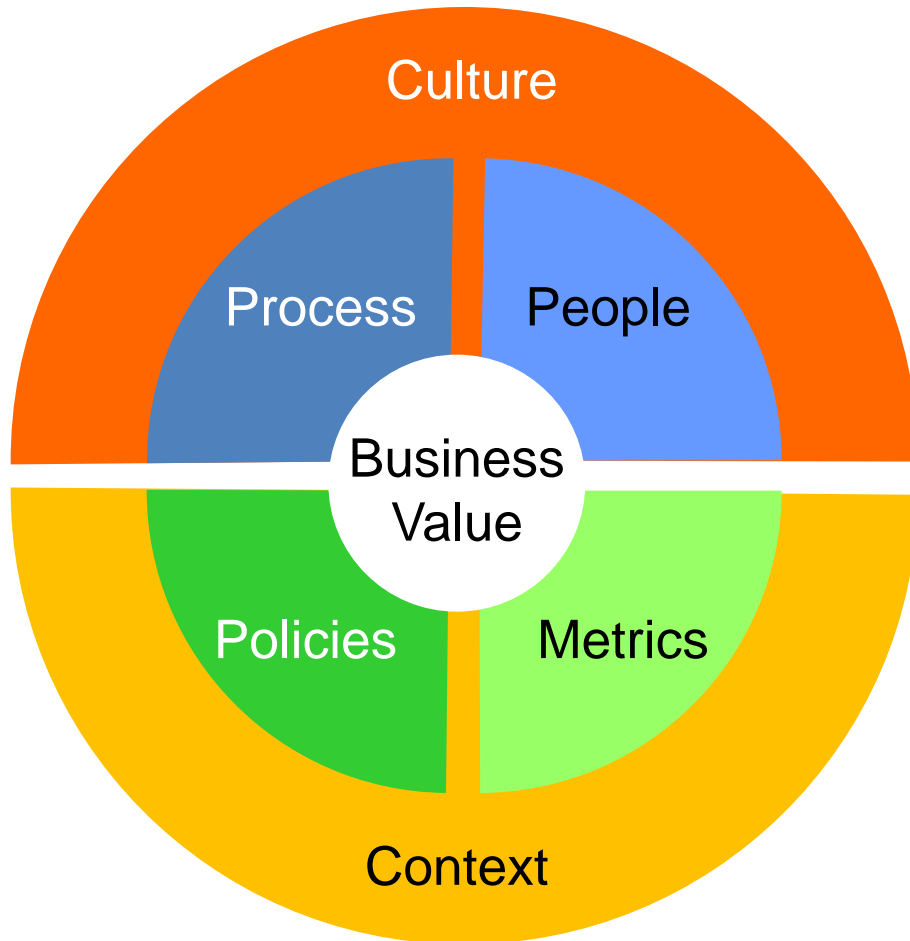
# Social Media Management Framework



## People

- **Training and Development:** Adequacy and accessibility of training and professional development
- **Leverage:** Extent to which best practices are identified, shared and utilized
- **Roles:** Clarity and adequacy of roles and responsibilities

# Social Media Management Framework

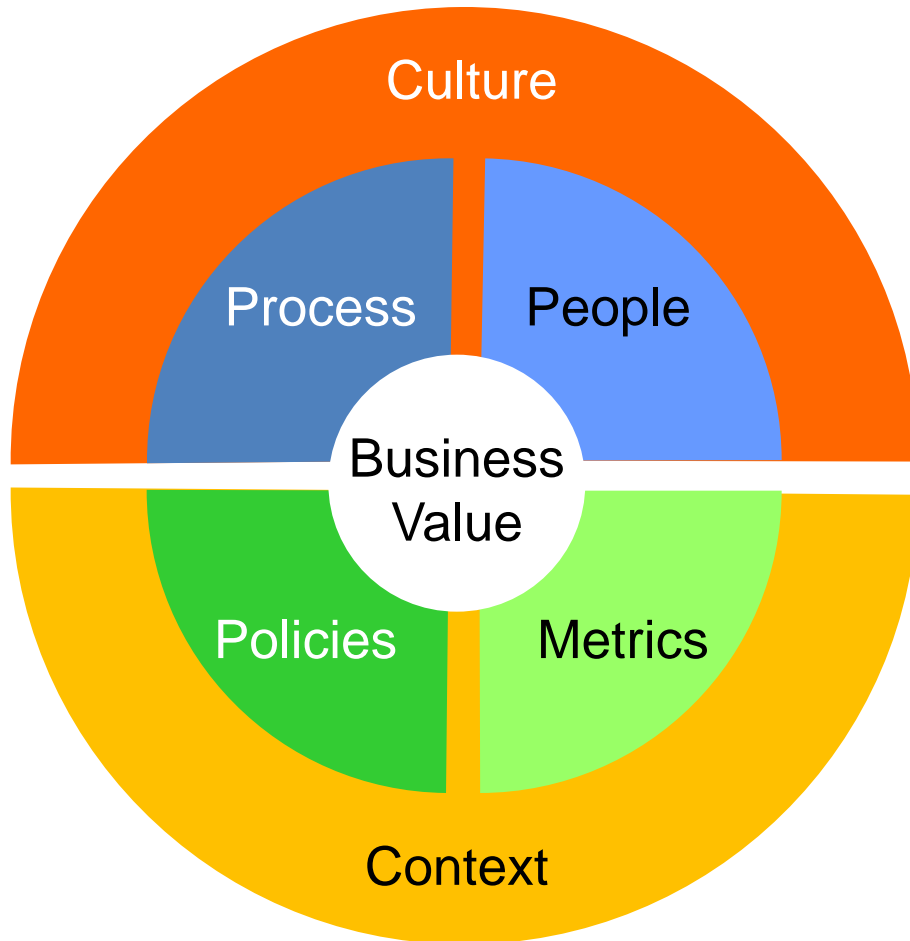


## Policies

- **Clarity:**  
Degree to which policies clarify boundaries for employees
- **Empowerment:**  
Degree to which policies empower employees to achieve business outcomes, consistent with the cultural, regulatory and business realities
- **Differentiation:**  
Degree to which policies support differentiation of the organization in the market



# Social Media Management Framework



## Metrics

- **Resource Management:**  
Level of visibility into the efficient utilization of social media assets (people and technology) and level of efficiency achieved
- **Performance Management:**  
Degree to which results are measured and behavior rewarded for success or failure in achieving performance targets
- **Financial Management:**  
Level to which costs are tracked and controlled, and the degree of ownership by the business for social media costs

# Model

- “a simplified description and representation of a complex entity or process.” (WordNet 2.0)

# Business

- “the activity of providing goods and services involving financial, commercial and industrial aspects.” (WordNet 2.0)

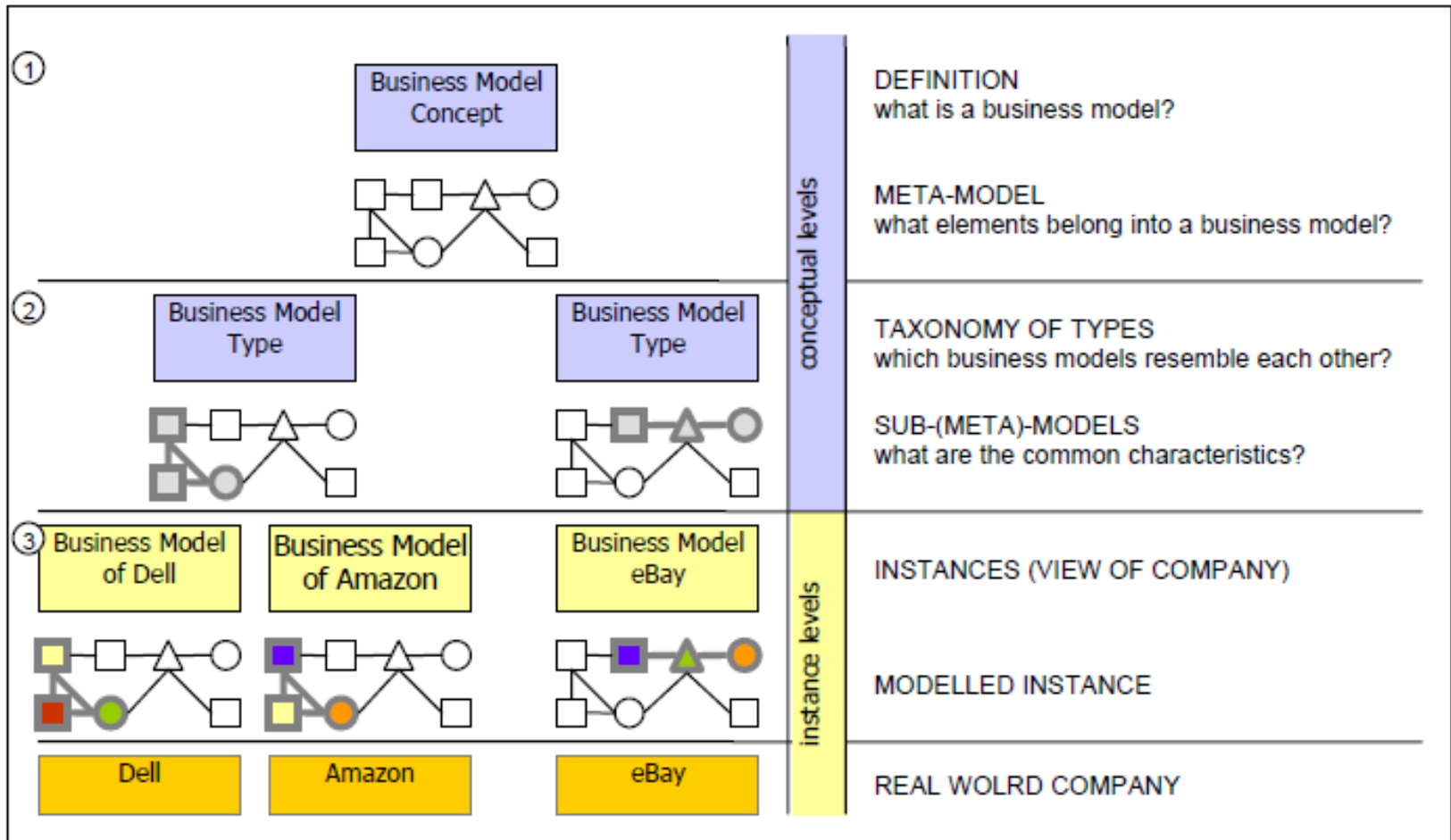
# Business model

- A business model is a **conceptual tool** containing a set of **objects, concepts and their relationships** with the objective to express the **business logic** of a specific firm.
- Therefore we must consider which **concepts and relationships** allow a simplified description and representation of **what value is provided to customers, how this is done** and with which **financial consequences**.

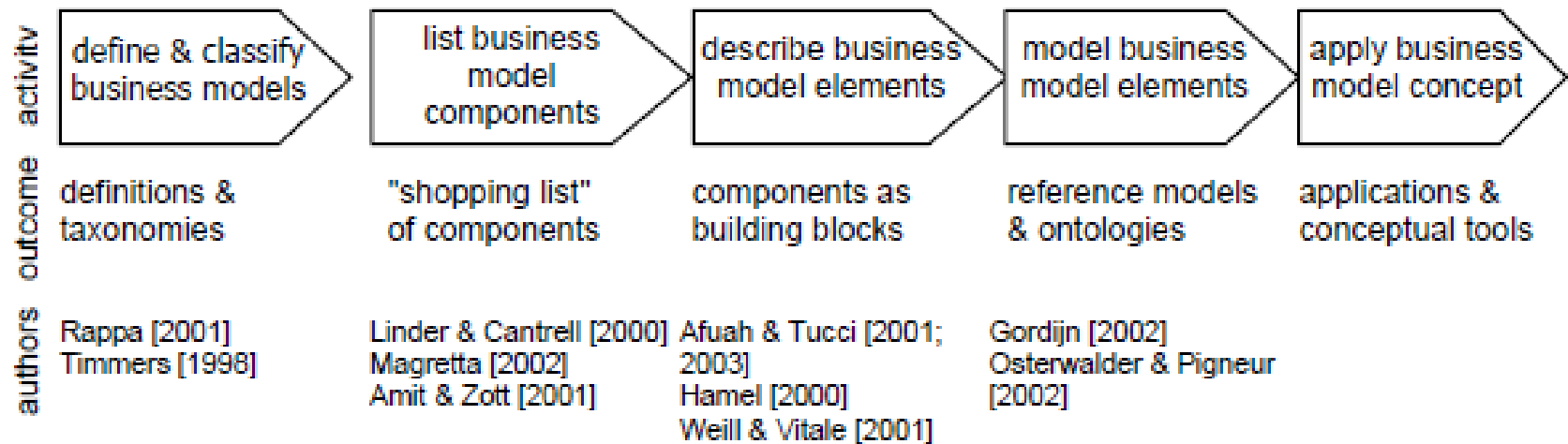
# Occurrences of the Term "Business Model" in Scholarly Reviewed Journals

| <b>Year</b> | <b>In Title</b> | <b>In Abstract</b> | <b>In Keywords</b> | <b>in Full Text</b> |
|-------------|-----------------|--------------------|--------------------|---------------------|
| 2003        | 30              | 159                | 10                 | 667                 |
| 2002        | 22              | 109                | 2                  | 617                 |
| 2001        | 11              | 100                | 7                  | 609                 |
| 2000        | 16              | 67                 | 1                  | 491                 |
| 1999        | 3               | 42                 | 1                  | 262                 |
| 1998        | 1               | 19                 | 0                  | 128                 |
| 1997        | 1               | 14                 | 0                  | 66                  |
| 1996        | 0               | 14                 | 0                  | 57                  |
| 1995        | 0               | 4                  | 0                  | 36                  |
| 1994        | 0               | 2                  | 0                  | 18                  |
| 1993        | 0               | 5                  | 0                  | 18                  |
| 1992        | 0               | 2                  | 0                  | 15                  |
| 1991        | 0               | 1                  | 0                  | 10                  |
| 1990        | 0               | 4                  | 0                  | 7                   |

# Business Model Concept Hierarchy



# EVOLUTION OF THE BUSINESS MODEL CONCEPT



# Business Model vs. Business Process Model

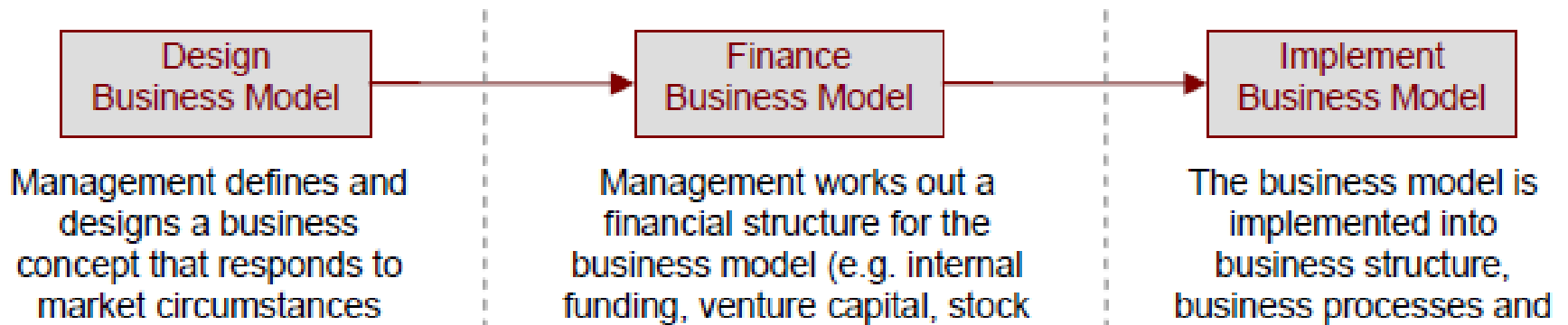
- Business Model
  - a view of the firm's logic for creating and commercializing value
- Business process model
  - how a business case is implemented in processes



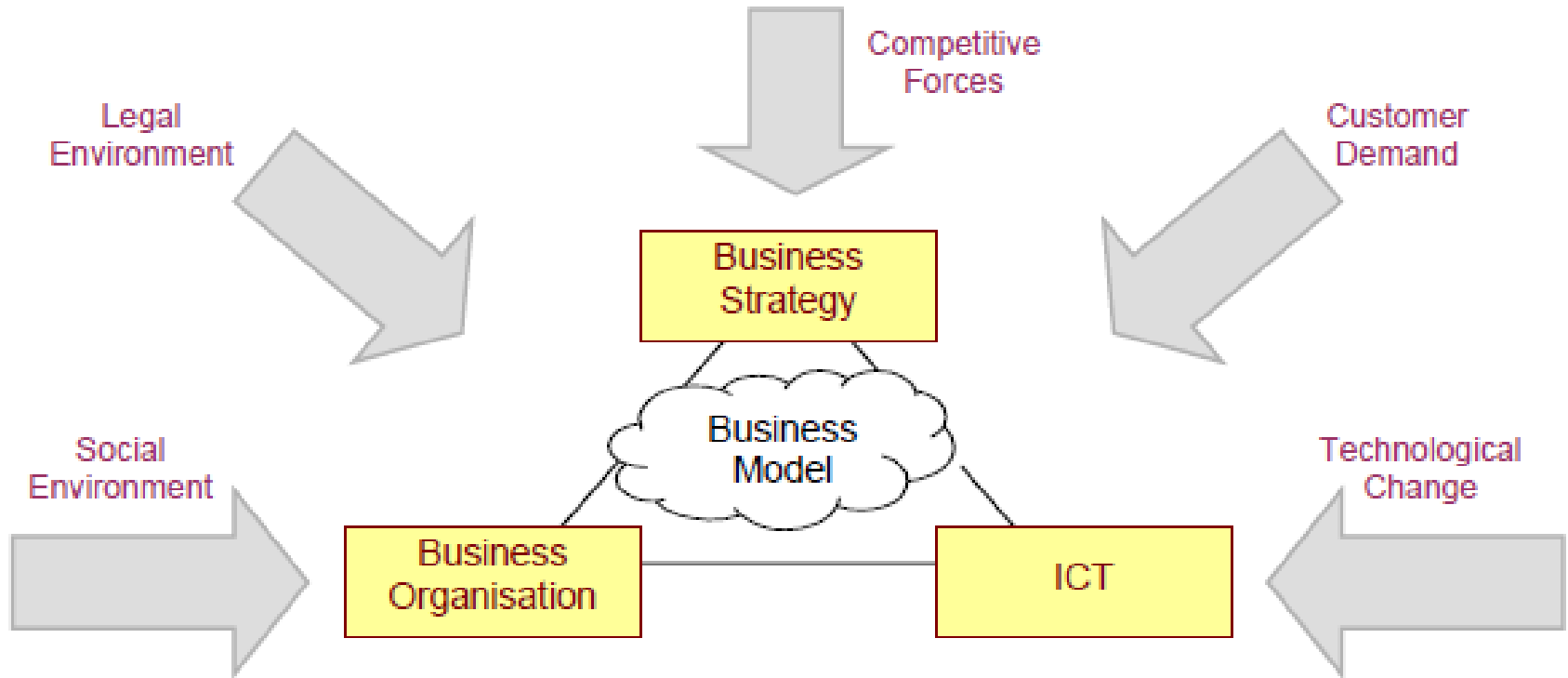
# Business model vs. Strategy

- Business models
  - a system that shows how the pieces of a business fit together.
  - an abstraction of a firm's strategy
- Strategy
  - includes competition

# Implementing Business Models



# The Business Model's Place in the Firm



# Nine Business Model Building Blocks

| Pillar                    | Business Model Building Block | Description   |
|---------------------------|-------------------------------|---|
| Product                   | Value Proposition             | Gives an overall view of a company's bundle of products and services.   |
| Customer Interface        | Target Customer               | Describes the segments of customers a company wants to offer value to.  |
|                           | Distribution Channel          | Describes the various means of the company to get in touch with its customers.  |
|                           | Relationship                  | Explains the kind of links a company establishes between itself and its different customer segments.                        |
| Infrastructure Management | Value Configuration           | Describes the arrangement of activities and resources.  |
|                           | Core Competency               | Outlines the competencies necessary to execute the company's business model.  |
|                           | Partner Network               | Portrays the network of cooperative agreements with other companies necessary to efficiently offer and commercialize value. |
| Financial Aspects         | Cost Structure                | Sums up the monetary consequences of the means employed in the business model.  |
|                           | Revenue Model                 | Describes the way a company makes money through a variety of revenue flows.   |

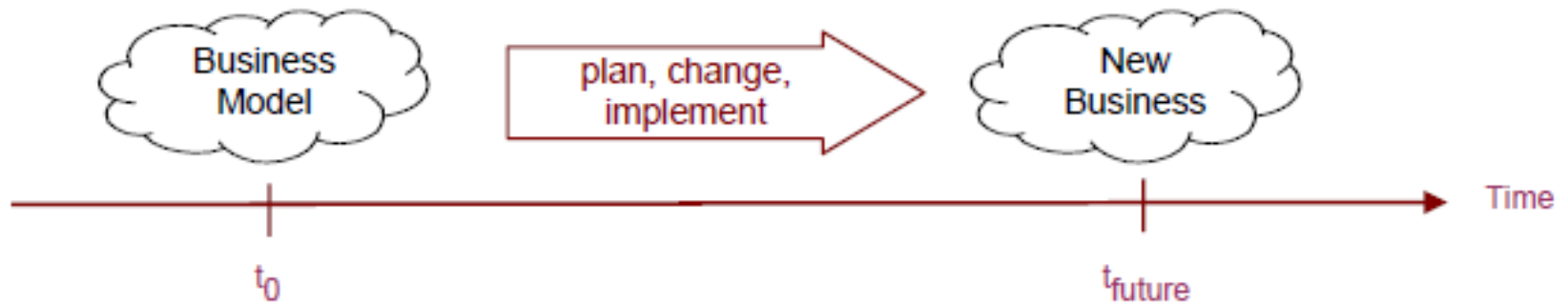
# Domains Addressed in Business Models

| Business model ontology | Stähler 2001      | Weill and Vitale 2001                  | Petrovic, Kittl et al.   | Gordijn 2002           | Afuah and Tucci 2003                      | Tapscott, Ticoll et al. 2000 | Linder and Cantrell 2000     |
|-------------------------|-------------------|--|--------------------------|------------------------|---|------------------------------|------------------------------|
| Value Proposition       | value proposition | Value Proposition, strategic objective | Value Model              | Value offering         | Customer Value                            |                              | value proposition            |
| Target Customer         |                   | Customer Segments                      |                          | Market Segment         | Scope                                     |                              |                              |
| Distribution Channel    |                   | Channels                               | Customer relations model |                        |   |                              | channel model                |
| Customer Relationship   |                   |  | Customer relations model |                        |   |                              | commerce relationship        |
| Value Configuration     | Architecture      |  | Production Mode          | e3-value configuration | connected activities, value configuration | b-webs                       | commerce process model       |
| Capability              |                   | Core competencies, CSF                 | Resource Model           |                        | capabilities                              |                              |                              |
| Partnership             | Architecture      | e-business schematics                  |                          | Actors                 | sustainability (team-up strategy)         | b-webs                       |                              |
| Cost Structure          |                   |  |                          | Value exchange         | cost structure                            |                              |                              |
| Revenue Model           | Revenue Model     | Source of revenue                      | Revenue Model            | value exchange         | pricing, revenue source                   |                              | pricing model, revenue model |

# Domains Addressed in Business Models (cont.)

| Business model ontology | Hamel 2000                            | Mahadevan 2000    | Chesbrough and Rosenbloom 2000 | Magretta 2002                                    | Amit and Zott 2001          | Applegate and Collura 2001                  | Maitland and Van de Kar 2002         |
|-------------------------|---------------------------------------|-------------------|--------------------------------|--|-----------------------------|---|--------------------------------------|
| Value Proposition       | Product/market scope                  | Value stream      | Value proposition              | What does the customer value?                    | Transaction component       | Product and Services offered                | Value proposition, assumed value     |
| Target Customer         | Market scope                          |                   | Market segment                 | Who is the customer?                             |                             | Market opportunity                          | Market segment                       |
| Distribution Channel    | Fulfillment & support, info & insight |                   |                                | How can we deliver value at an appropriate cost? |                             | Marketing/sales model                       |                                      |
| Customer Relationship   | Relationship dynamics                 |                   |                                |  |                             | Brand and reputation                        |                                      |
| Value Configuration     | Core processes                        | Logistical stream | Structure of the value chain   |  | Architectural configuration | Operating model                             |                                      |
| Capability              | core competencies, strategic assets   |                   |                                |  |                             | Organization and culture, management model) |                                      |
| Partnership             | suppliers, partners, coalitions       |                   | Position in the value chain    |  | Transaction component       | Partners                                    | Companies involved in creating value |
| Cost Structure          |                                       |                   | Cost structure                 | What is the underlying economic vale?            |                             |   |                                      |
| Revenue Model           | pricing structure                     | Revenue stream    |                                | How do we make money in this business            |                             | Benefits to firm and stakeholders           | Revenue Model                        |

# Planning, Changing and Implementing Business Models

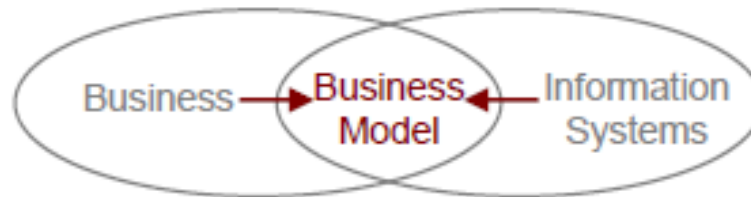


The management analyzes the current business model's adequacy to environmental pressures and designs a new business model

The new business model becomes a goal to achieve and guides planning, change and implementation

# Business Strategy and Information Systems Alignment

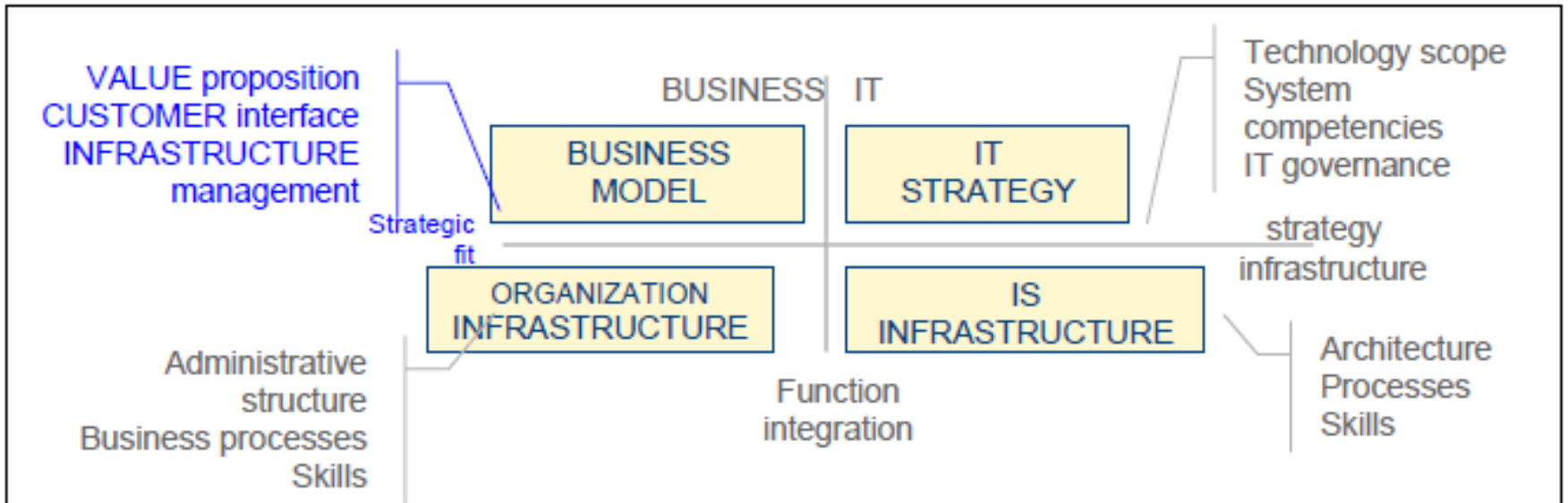
Managers are aware of the use of Information Systems to realize goals, exploit opportunities and obtain competitive advantage



Information Systems support the company's business model and are targeted on areas that are critical to successful business performance



# Business and IT/IS Alignment



Adapted from [Henderson and Venkatraman 1999]

# Infrastructure Alignment

| 9 INFRASTRUCTURE SERVICES        | Application Infrastructure | Communications Management | Data Management | IT Management | Security | Architecture and Standards | Channel Management | IT Research and Development | Training and Education in IT |
|----------------------------------|----------------------------|---------------------------|-----------------|---------------|----------|----------------------------|--------------------|-----------------------------|------------------------------|
| 9 BUSINESS MODEL BUILDING BLOCKS |                            |                           |                 |               |          |                            |                    |                             |                              |
| Value Proposition                |                            |                           |                 |               |          |                            |                    |                             |                              |
| Target Customer                  |                            |                           |                 |               |          |                            |                    |                             |                              |
| Distribution Channel             |                            |                           |                 |               |          |                            |                    |                             |                              |
| Relationship                     |                            |                           |                 |               |          |                            |                    |                             |                              |
| Value Configuration              |                            |                           |                 |               |          |                            |                    |                             |                              |
| Capability                       |                            |                           |                 |               |          |                            |                    |                             |                              |
| Partnersh                        |                            |                           |                 |               |          |                            |                    |                             |                              |
| Cost Model                       |                            |                           |                 |               |          |                            |                    |                             |                              |
| Revenue Model                    |                            |                           |                 |               |          |                            |                    |                             |                              |

Adapted from Weill and Vitale [2002]

# Application Portfolio Management

|                      | Strategic | Key Operational | Support | High Potential |
|----------------------|-----------|-----------------|---------|----------------|
| Value Proposition    |           |                 |         |                |
| Target Customer      |           |                 |         |                |
| Distribution Channel |           |                 |         |                |
| Relationship         |           |                 |         |                |
| Value Configuration  |           |                 |         |                |
| Capability           |           |                 |         |                |
| Partnersh            |           |                 |         |                |
| Cost Model           |           |                 |         |                |
| Revenue Model        |           |                 |         |                |

Adapted from Ward [1988]

# Business Models and Goals for Requirements Engineering

| 9 BUSINESS MODEL BLOCKS | Goal 1 | Goal 2 | Goal 3 | Goal 4 |
|-------------------------|--------|--------|--------|--------|
| Value Proposition       |        |        |        |        |
| Target Customer         |        |        |        |        |
| Distribution Channel    |        |        |        |        |
| Relationship            |        |        |        |        |
| Value Configuration     |        |        |        |        |
| Capability              |        |        |        |        |
| Partnersh               |        |        |        |        |
| Cost Model              |        |        |        |        |
| Revenue Model           |        |        |        |        |

# Business Model and Balanced Scorecard

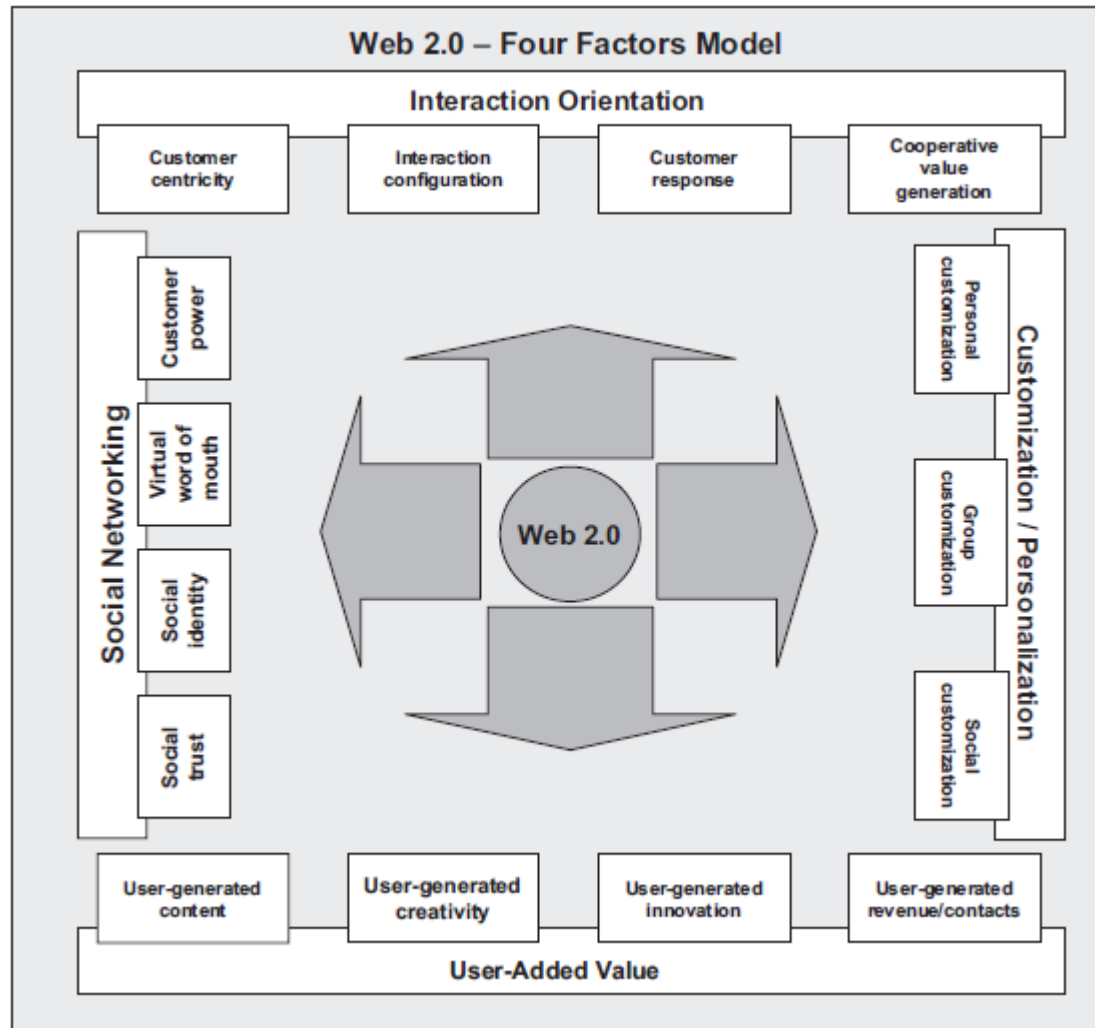
| 9 BUSINESS MODEL BLOCKS | Indicator | current score | target score | alarm level |
|-------------------------|-----------|---------------|--------------|-------------|
| Value Proposition       |           |               |              |             |
| Target Customer         |           |               |              |             |
| Distribution Channel    |           |               |              |             |
| Relationship            |           |               |              |             |
| Value Configuration     |           |               |              |             |
| Capability              |           |               |              |             |
| Partnersh               |           |               |              |             |
| Cost Model              |           |               |              |             |
| Revenue Model           |           |               |              |             |

Adapted from Kaplan and Norton [1992]

# The 4C Typology of Internet Business Models

|  |   |
|--|---|
| <p style="text-align: center;"><b>Content</b></p> <p><b>Definition:</b><br/>Firms collecting, selecting, compiling, distributing, and/or presenting online content</p> | <p><b>Value proposition:</b><br/>Providing convenient and user-friendly access to various types of content</p> <p><b>Revenues:</b><br/>Mostly online advertising (but increasingly subscription and pay-per-use)</p>  |
| <p style="text-align: center;"><b>Commerce</b></p> <p><b>Definition:</b><br/>Firm initiating, negotiating, and/or fulfilling online transactions</p>                   | <p><b>Value proposition:</b><br/>Providing a cost-efficient exchange place for buyers and sellers of goods and services</p> <p><b>Revenues:</b><br/>Sales revenues, commissions</p>                                   |
| <p style="text-align: center;"><b>Context</b></p> <p><b>Definition:</b><br/>Firms sorting and/or aggregating available online information</p>                          | <p><b>Value proposition:</b><br/>Providing structure and navigation for Internet users to reduce intransparency and complexity</p> <p><b>Revenues:</b><br/>Mostly online advertising</p>                              |
| <p style="text-align: center;"><b>Connection</b></p> <p><b>Definition:</b><br/>Firms providing physical and/or virtual network infrastructure</p>                      | <p><b>Value proposition:</b><br/>Providing the prerequisites for exchange of information over the Internet</p> <p><b>Revenues:</b><br/>Online advertising, subscription, time-based billing, volume-based billing</p> |

# The Web 2.0 - 4 factors model



# Activities for embracing the Web 2.0 in existing Internet businesses

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| Factor                        | Activity   |
|-------------------------------|--|
| Social networking             | <ul style="list-style-type: none"><li>• Build your own social networking – e.g. by creating blogs, forums and chats for your website</li><li>• Check and comment on postings on networks (e.g., review platforms)</li><li>• Present your company on relevant social networking platforms</li></ul> |
| Interaction orientation       | <ul style="list-style-type: none"><li>• Be highly responsive and available 24 hours</li><li>• Provide users a reward for interaction (social status, prizes, rebates)</li><li>• Encourage positive <u>and</u> negative feedback</li></ul>  |
| User-added value              | <ul style="list-style-type: none"><li>• Integrate the following tools on your website: user reviews, user-generated information (wikis), media uploads (videos etc.)</li><li>• Offer incentives</li><li>• Use metadata that tracks clicks, recommendations, behavior etc.</li></ul>                |
| Customization/personalization | <ul style="list-style-type: none"><li>• Make good use of available user information as a base for customization efforts (e.g., build track profiles based on customer history)</li><li>• Focus on making customization/personalization easy to use</li></ul>                                       |

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# Relevance of the Web 2.0 factors for individual business model types

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## Web 2.0 Factor

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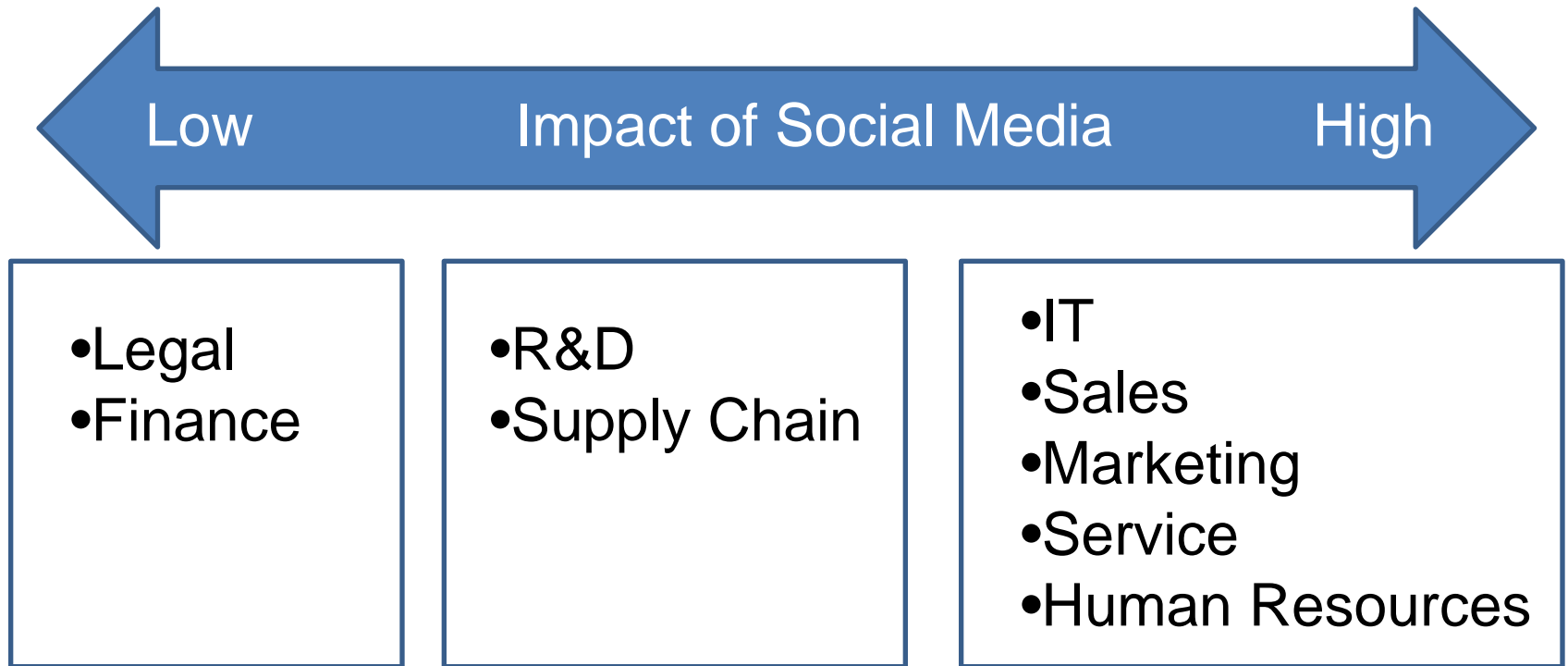
| Business model | Social networking | Interaction orientation | User-added value | Customization/personalization |
|----------------|-------------------|-------------------------|------------------|-------------------------------|
| Content        | ++                | +                       | ++               | +                             |
| Commerce       | —                 | ++                      | o                | +                             |
| Context        | +                 | —                       | o                | +                             |
| Connection     | ++                | +                       | o                | +                             |

---

++: very high relevance; +: high relevance; o: medium relevance; —: low relevance.

# Impact of Social Media

Social Media Affects Business Functions Differently



# References

- Robert Wollan, Nick Smith, Catherine Zhou, The Social Media Management Handbook, John Wiley, 2011.
- Alexander Osterwalder, Yves Pigneur and Christopher L. Tucci, “Clarifying Business Models: Origins, Present, and Future of the Concept”, Communications of the Association for Information Systems (CAIS), Vol. 15, No. 1, May 2005, pp. 1-25.
- Bernd W. Wirtz, Oliver Schilke and Sebastian Ullrich, “Strategic Development of Business Models: Implications of the Web 2.0 for Creating Value on the Internet”, Long Range Planning, Volume 43, Issues 2-3, April-June 2010, pp. 272-290.