



Candidates must complete this page and then give this cover and their final version of the extended essay to their supervisor.

|                                       |     |      |      |
|---------------------------------------|-----|------|------|
| Candidate session number              |     |      |      |
| Candidate name                        |     |      |      |
| School number                         |     |      |      |
| School name                           |     |      |      |
| Examination session (May or November) | May | Year | 2013 |

Diploma Programme subject in which this extended essay is registered: ITGS  
(For an extended essay in the area of languages, state the language and whether it is group 1 or group 2.)

Title of the extended essay: Social Media Technology: The Result of Financial Self-Interest with Consumers in Mind How do social and economic factors contribute to the evolution of social media technologies in the global community?

**Candidate's declaration**

*This declaration must be signed by the candidate; otherwise a grade may not be issued.*

The extended essay I am submitting is my own work (apart from guidance allowed by the International Baccalaureate).

I have acknowledged each use of the words, graphics or ideas of another person, whether written, oral or visual.

I am aware that the word limit for all extended essays is 4000 words and that examiners are not required to read beyond this limit.

This is the final version of my extended essay.

Candidate's signature: \_\_\_\_\_ Date: \_\_\_\_\_

## Supervisor's report and declaration

The supervisor must complete this report, sign the declaration and then give the final version of the extended essay, with this cover attached, to the Diploma Programme coordinator.

Name of supervisor (CAPITAL letters)

Please comment, as appropriate, on the candidate's performance, the context in which the candidate undertook the research for the extended essay, any difficulties encountered and how these were overcome (see page 13 of the extended essay guide). The concluding interview (viva voce) may provide useful information. These comments can help the examiner award a level for criterion K (holistic judgment). Do not comment on any adverse personal circumstances that may have affected the candidate. If the amount of time spent with the candidate was zero, you must explain this, in particular how it was then possible to authenticate the essay as the candidate's own work. You may attach an additional sheet if there is insufficient space here.

Does the candidate on a difficult topic that is very recent and does not yet have sufficient research done on it. He did a good job of finding the mass of modern information for facts that he was able to distill into an analysis of our society as a whole. At times the paper may seem to delve into stating the obvious, but the facts are necessary to understand their social consequences. Does a good job of looking at a global picture in his analysis.

This declaration must be signed by the supervisor; otherwise a grade may not be issued.

I have read the final version of the extended essay that will be submitted to the examiner.

To the best of my knowledge, the extended essay is the authentic work of the candidate.

I spent  hours with the candidate discussing the progress of the extended essay.

Supervisor's signature:

Date:

**Assessment form (for examiner use only)**

| Criteria                      | Achievement level |            |         |            |
|-------------------------------|-------------------|------------|---------|------------|
|                               | maximum           | Examiner 2 | maximum | Examiner 3 |
| A research question           | 2                 | 1          | 2       |            |
| B introduction                | 2                 | 1          | 2       |            |
| C investigation               | 4                 | 2          | 4       |            |
| D knowledge and understanding | 4                 | 2          | 4       |            |
| E reasoned argument           | 4                 | 2          | 4       |            |
| F analysis and evaluation     | 4                 | 3          | 4       |            |
| G use of subject language     | 4                 | 2          | 4       |            |
| H conclusion                  | 2                 | 2          | 2       |            |
| I formal presentation         | 4                 | 3          | 4       |            |
| J abstract                    | 2                 | 1          | 2       |            |
| K holistic judgment           | 4                 | 2          | 4       |            |
| Total out of 36               |                   | 21         |         |            |

**Social Media Technology: The Result of Financial Self-interest with Consumers in Mind**  
How do social and economic factors contribute to the evolution of social media technologies in the global community?

Candidate Number:

Information Technology in a Global Society

Word Count: 3,397

## **Abstract**

Social media companies and their media services, such as YouTube, have become increasingly popular among users. They have become an integral part of daily life and allow people to connect and communicate with any person on the network almost instantly. The less successful companies are pushed out of the market while the more successful media companies seem to prosper in the growing market for social media. The research question investigating the forces acting on social media is, "How do social and economic factors contribute to the evolution of social media technologies in the global community?" To investigate the question, it must be known why social media companies function, which is to produce revenue, something that is controlled by the number of users a site has. After identifying users as a key to success, it must be known what affects users, which would be society and culture. By locating the factors surrounding social media, what causes it to change is also known. Through this understanding, why the media changes becomes clear, which is why social media technologies must be driven to change in the global community by the effects of users and economics. The users are defined by the environment they live in which makes their culture. Acting on culture, the consumers place demands on social media companies that must be followed because the companies want to get revenue from having users. Social media technologies and users are affected by available technologies. When one aspect changes, social media must change with it in order to keep the consumers necessary to exist in the market and function as a business. This conclusion is significant because of the substantial dependence of society on the success of effective social media technologies to communicate in a diversifying world, and the technology's role in future communication.

Word Count: 300

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## **Introduction**

In June of 2011, Facebook achieved 750 million active monthly users for its social networking site (Kincaid) while other sites are in decline, such as MySpace with its 14.4% drop in users in March of 2011 (Arrington). This information then requires the question to be asked, how do social and economic factors contribute to the evolution of social media technologies in the global community? Clearly some social media companies, including Facebook must be doing something right in order to grow their user count while something is causing others to be less successful, which may be caused by a very similar factor that is affecting both companies. A logical reason that may explain this observation is how well a company designs a social media site that appeals to its users. One can conclude that a site that has features and uses that users strongly appreciate will have a larger customer base than a social media site that is deemed to be less popular. The concern here is that popularity among users is a temporary state that can be quickly lost when the site becomes stagnant and unexciting, making it boring. A social media site will not stay popular for long if it cannot keep the interests and meet the needs of users. This means that a media site will have to change according to the demands of the market, which are the demands of users that are affected by their social environment. This, however, does not explain why a social media company even cares about how many active users it has and any shifts in that number. It is possible that social media sites are competing for the most users, but this is true in a different sense. Economics can better answer this issue because, as a business, a social media company intends to make money, which creates the connection between users and corporate revenue. Thus, social media technologies must be driven to change in the global community by the effects of cultural and social influences on users and their relation to a company's financial drives.

The significance of this investigation is caused by the impact of the media technology on communication. With the increase of the technology's availability, more people are using it because they can contact a wider array of individuals. Communication is essential for ideas and information to spread. When the home telephone came into use, people could talk to any person with a phone from their own home. With the debut of the modern cellular phone, people could talk to any person with a phone given that the phone had signal coverage. Social media appears to be the next phase of improved human communications. It is then imperative that it be improved as much as possible to allow a strong transition to the next communication system without being entirely deserted.



## Background

Social media can be called, “a two way street that gives you the ability to communicate” (Nations). It gives users the ability to become publishers from their own homes in a manner that is fairly similar to using desktop publishing software. Social media is mainly used by people to socially interact with other people through a variety of internet connected devices including, computers, tablet PCs, and cell phones. By using social media, communication between individuals is less inhibited by the effects of distance and location, which is similar to the reasons why people use telephones. The popularity of social media is inherently controlled by its number of users. “MySpace lost 3.4 million people around 2009” (Dawn C. Chmielewski), which reflects how users have lost interest in MySpace for other sites, such as Facebook with its increase in users. The number of users on a site affects its revenue collected through advertising or other means, which means that Facebook now has the potential to produce greater profits than MySpace. Too many users however can cause a reduction in profits if there are not enough advertisements to cover the costs of running the business and its technologies. Company business decisions determine the number of users it maintains based on how the social media benefits the users and how accessible the users are to the media. While location does not limit communications, it has an effect on the forms of communication available to consumers, which media companies must consider when designing communications that may be geographically or culturally restricted. The result of this is some individuals may not receive equal access to communications based on the digital divide and the available forms of communication. From a financial standpoint, businesses must also consider how to handle the number of users through both company and user hardware and software. Social media companies can make money directly from consumers or through other means, which are both centralized around the number

of users. Facebook, for example, offers advertising on its sites by other companies which pay money for users to use the sites for free, which is why Facebook's slogan is, "It's free and always will be." Media companies make revenue through service fees, stocks, and investments which rely on usage to fulfill the needs of the business.

## **Analysis**

### **Economics**

Social media companies are businesses, which intend to draw profits through income. Businesses must actively compete in the market in order to make the most profits, and only the most competitive business will be able to receive the most earnings. There are several ways that social media companies can make money, but they all require use by consumers. Some media companies, such as dating services, charge a membership fee for the use of their communication systems. Cellular phone provider companies charge fees for using their networks, which is a clear example of how usage fees are easily accepted by consumers because of the observably large increase in cellular phone use in recent years. Another way to make profits is for a social site to charge developing fees that will allow certain applications to be advocated for by the site while also allowing users to have the best apps available. Many social media companies use advertising to generate a considerable amount of revenue. “Marketing experts are always working to find the best method to insert advertisements into the web experience without impacting users in a negative way” (Strickland), and this is because irritating advertisements and large usage fees will deter customers. All of these methods, however, require a large consumer base because it is the consumers that help make profits, and the more consumers the company has, the better off it can be. This is why social media companies must then adapt their products to their customers. Users also want the newest features and will lose interest in a company if it cannot keep up with the market’s competition. The result of a loss in users for the company is lost revenue. If the company loses revenue, it will have to work to get that profit back. If it cannot make up for the loss of profits, the company may lose its competitiveness. A company that cannot compete will have to try to reduce losses by reducing its size and number of

employees, which can reduce operating costs but may also reduce business effectiveness. The company can then be even less able to stay financially afloat and will either go under or have to sell its business. This can all be prevented by keeping the customers content and interested in the product by providing a product that draws rather than dissuades users.

## Society

Society and culture define the demands of consumers that use social media. People need to communicate which is why they use social media, so it must provide them with an adequate form of communication. However, different people need to communicate in different ways. “Engage or be left behind,” (Johnson) is the view of contemporary doctors toward reaching new patients through technology. Doctors can use social media to connect to new patients and provide information. Their uses can be covered by a simple blog, but other users may need more intricate communication systems. One company situated in India uses Cognizant, a company based version of social media, which raised its business effectiveness by 15% (Verghese). This company is an example of an organization that needs a diverse platform to communicate that has an abundance of features or be modified for projects, such as when there needs to be live streaming of video communication between project managers while they can also post notes about the project. Social media that is unable to be flexible with the company’s needs will not be useful and will be abandoned for a better product because the former would waste time rather than save it. Communication is also driven by the pace of society. A farming community would benefit from communications that are rapid but not obstructive because such a community would not desire to be rushed by technology. People in the city however would want rapid and instantaneous communication that could get their attention in the frenzied cityscape. They would

need communication that could keep up with their fast paced mindset. Cultural values or government standards can affect how people communicate. A country may support the monitoring of communications while allowing them to remain open. A social media company in such a country would have to be very adaptive to the needs of the people because what information needs to be gathered may change periodically. Many writers and educators use social media as a way to share information because it allows them to “go from simply content consumers to content producers by publishing information” (Curran and Lennon). For a desktop publisher, social media would have to be able to connect a writer to an assortment of readers that can access various publications and give feedback to the authors. A social media company must match the needs of its target group of people or organization. It must be useful and up to date for those users because that is why the users use it. Media designed for desktop publishers would not be helpful to someone that just wants to chat with their friends, which would result in users not being able to actively communicate with people that they want to. As the user’s needs change, the media services must adjust accordingly or the media will become too obsolete for the purposes of the consumer. Failure to adapt would result in the media being highly unsuccessful among users. Without the success of a wide customer foundation, the media company would have no way to make profits while meeting operating costs, which would defeat the purpose of operating a social media business. This is because the company needs customers to conduct business which is why the social media changes with the interests of the customers.

## Technology

Technology is both a consumer and producer level factor that influences social media because “acts of communication are typically formed as acts of consumption” (Fornäs and

Becker). At the producer level, social media companies must create software to fit their purposes in the market. It would be an unwise business decision to create an application for millions of people while only having an internet server that supports only a few thousand people. Likewise, if a company has a very powerful server, it would make better business sense to provide communication software that will be used by a larger number of people because the larger number of people will help the company raise more profits. A company would best use its resources by balancing the capabilities of its social software and the hardware associated with it, and then modifying the configurations as the target number of consumers shifts. On the consumer side of social media, the consumers only have a limited access to technology. Technology itself is limited mainly by finances and electricity. Electricity is affected by location because of the distance from the location of the power source, which would be the power plant. A distant location is farther away from the power which makes it more difficult to get the power to users. Similarly, a user in a location near the power source will likely be able to use the power more easily because of the shorter distance from the power source. Social media companies will have to design software based on the kinds of technology available based on the power supply, and if more power is readily accessible, stronger, more diverse forms of technologies can be used to communicate. Technology is also a consumer side consideration. A majority of consumers can only access technology within a certain limit of capability. This means that the average person will not carry a cell phone or tablet PC with a 3 GHz processor and several gigabytes of random access memory, but their desktop computers will be able to handle more graphics intensive programs due to the graphics card. Most people will have pocket devices that are fairly similar in capability and size depending on the class of device such as a tablet PC or smart phone. The handheld devices that people use run off of a battery with an active power supply for

only several hours of continuous use, which then requires that the applications they run do not drain the battery by making the processor run incessantly. This means the media company will either have to exclude this section of the market or adapt to the users and their technology.

Those devices will also need wireless access, which requires internet access, which can be found through cellular networks or internet service providers. Social media companies will have to design forms of communication that can match the capabilities of the commonly used technologies. By considering the average device, the most customers will be able to be reached, but this does not mean ignore the other device capabilities. Less capable devices will need communication options to run less intricate communications while there should be options for devices that have the extra power to run the intensive software. As technology changes, the media companies must change their technology as well because new devices may not support certain aspects of the old media software, but they can also include new support for additional program features.

### Political Refutation

Politics can cause changes to social media. Governments can restrict use of the internet and communication between people. Cellular network providers are required to allow the police to allow easy tracking and listening for users on their cell phones. Social media sites such as Facebook, YouTube, and Twitter are banned in China while there are Chinese alternatives to the sites that include internet censorship. Governments and companies can form agreements that place limits on consumers, such as allowing a government agency to monitor all user activity. Social media companies even support certain political groups through lobbying in order to influence government decisions in return for certain privileges. In order for a social media

company to operate in a country, it is subject to the rules and regulations within its borders and must abide by the country's laws to stay in business. By submitting to these regulations, the company and its products are being influenced by the country. There is no other way for the company to distribute its products without operating according to the demands of the country. This argument still does not say that politics is a central cause for the progression or even regression of social media. It is the people whom are the consumers of social media that cause it to evolve. The people also have an effect on the government and its decisions regardless of if it listens. The people were successful in making a difference when "phone calls and e-mail messages poured into Congressional offices against SOPA and PIPA" (Weisman), and in this instance the people were able to convince the United States government that individual privacy is a right and the acts were not passed. If the government separates users from their social interaction interests, then social media itself will reestablish itself around the users that support communication. Politics does not cause social media to change because social media is defined by the people that use it. They decide whether they like a form of communication and then where it should go. If the company that provides the communication does not keep pace with its consumers and the market, it will be pushed out of business.



## Evaluation of Sources

The most important source of research in the investigation is the journal article, *Participating in the Conversation: Exploring Usage of Social Media Networking Sites*. It is from the Academy of Marketing Studies Journal and is written by James Curran and Ron Lennon. The purpose of the journal is to provide intellectual beliefs about marketing and give information about current media trends. The article provides information about the uses of social media technologies and why people employ them, which is affected by why they enjoy using them. It also provides information about how people can become the news media by using social media as a more personal replacement. The article helps to provide information necessary to analyze more social aspects regarding the usage of social media networking and how it affects people. The article does not consider the negative aspects of using social media, which might include how information published by amateurs may not have correct information. The article could say how information on social media can also be biased to a particular argument. Knowing this could help elaborate on why some individuals are in opposition to the use of social media as a form of communicating certain ideas.

The second most important source of research in the investigation is the web page, "How do social networking sites make money?" found on HowStuffWorks. Jonathan Strickland, the author, is a senior writer for HowStuffWorks with a history in technology and a degree in English Literature. The article's purpose is to educate people interested in understanding how a social media company makes revenue. The article provides information about how a social media company can make money through charging fees, investments, or hosting advertisements. This information was important because an argument about money driving a business needs to be supported by facts of how money can be made and facts about the ways of making money. By

knowing how profits are made and the relation of consumers to profits, the necessity of having many users can be made clear. With this information in mind, a logical argument can be formed saying that consumers correlate to company earnings. The page does not include information about how revenue is spent, such as on wages and maintenance costs. Knowing this information would help to analyze the success of a media company in relation to its number of active users with some additional research into the number of users a social media site has.

## Conclusion

Social media technologies will continue to evolve because the companies that run them desire to stay in the market to produce revenue. The amount of revenue gathered is affected by the number of users that the social media site has. Because profits can either be drawn from usage fees, investments, or advertisements, having more users allows more capital to be collected. The users themselves are affected by their society and culture which can help forge the preferences of users and how they choose to communicate with the people around them. Society and culture also affects the forms of technology that are available to each individual that allows for various social interactions. Technology is also a consideration for the providers of social media because the producers have to produce communications that can be used by their consumers. Media providers must also consider how to use available of corporate technologies to support the use of the media in a manner that benefits both parties. Based on the findings of the investigation, social media companies must work to supply their users with communications that appeal to them and fit their needs based on the social drives that affect the consumers' usage styles if the company wants to be successful. As the needs and wants of consumers change, the media companies must adapt their social technologies to fit the demands of the market or risk losing the favor of users. Social media companies that want to sustain user numbers must understand that "there is no room for average and boundaries must continue to be pushed in order to meet and exceed the expectations of consumers" (Daily Post) if they want to remain established in the social market.

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