

Social Media Success Factors and Firm Performance

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In 2013, an estimated number of 1.7 billion people used social media worldwide at least once a month. The rising interest in social media by consumers led to an increased use by companies, searching for ways to interact with customers, prospects, and advocates (eMarketer 2013). To justify expenses for social media, marketers need to determine the impact corporate social media activities have on firm performance and to identify the most promising ones. Research focused on the impact consumers' social media activities have on performance (e.g., Dhar and Chang 2009) or on single elements, e.g., content, of corporate social media activities and their impact on performance (e.g., Kumar et al. 2013). What is missing is a systematically derived classification of determinants for social media success. Also, there exists no solid operationalization for any of these in a social media context. The objectives of this research are (1) to derive activities for companies to pursue in social media, (2) to propose an operationalization of these, and (3) to demonstrate their impact on firm performance, i.e., stock return.

The identified success factors are accessibility, authenticity, interactivity, proactivity, and rich content. To empirically test the relationship between the success factors as independent variables and performance as dependent variable, Facebook and Twitter pages of the Fortune 500 are examined, covering a period from June 2010 until December 2014. Using vector autoregressive modeling, data are being analyzed and first results will be presented at the conference. This study is the first that provides researchers with an operationalization of social media success factors and gives marketers guidance on social media activities to choose for maximizing firm performance.