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Implications of Revenue Model
for Social Networking
Sites and Beyond

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Implications of Revenue Model for Social Networking Sites and Beyond

Pinaki Dasgupta*

Abstract

Social Networking has become a new buzzword in day to day life of youngsters and gained immense popularity during the past few years. Many network sites such as Facebook and MySpace are claiming to have millions of members and the membership is increasing day by day. The paper aims to understand and classify the complex revenue model of the social networking sites (SNS). A comparative case based approach has been taken to review many social networking sites in order to answer the question of how social networking sites create value for their users and how they can capture it. In particular, how social networking sites can generate revenues through advertising, subscription, and transaction models and managerial implications, providing examples from case studies and recommendations for leveraging the value created through these services.

JEL Classification:

Keywords: Social Networking Sites, Revenue Model, Business Model, Online Advertisements, Micromarketing, Long Tail, Web 2.0

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Implications of Revenue Model for Social Networking Sites and Beyond

1. Introduction

Social networking sites (SNS) today...

The advent of Web 2.0 and the shift towards user focused and user generated content (Pagon and Quigley 2005) has led to birth of several products like Social Networking Sites (SNS), Bots, Mashups, Wikis and Blogs. But, amongst all SNS today have become most popular and is a cultural phenomenon (Iyengar, Han and Gupta 2009) where the essence of youth gets captured at its veritable best. SNS (general category is referred as user generated content) provide the platform for sharing videos, photos and blogging. This user-generated content is expected to generate revenue worth \$4.3 billion by 2011 (Gangadharbatla 2008) and has been able to contribute the maximum in growth. More than 55% of teens online use social network and 48% of them visit SNS daily or more (Lenhart and Madden 2007).

Sites like Facebook, Myspace, Friendster, Xanga and Bebo have been able to generate tremendous word of mouth and a large traffic of user on their sites. Perhaps the flexibility provided by these sites to users, to create their own page and flexibility to do things on the website makes SNS a popular and preferred platform for the youth. Lenhart and Madden (2007) argue that SNS sites are popular for a variety of reasons like helping stay in touch with friends, make new friends or even flirt with someone. Feelings of affiliations and belongings, need for information, goal achievement, self identity, values and notions of accepted behaviour are some of the other reasons for which people join SNS (Ridings and Gefen 2004). Categorisation of reasons for people adopting technology such as SNS are Internet self efficacy, need for cognition, need to belong and collective self esteem (Gangadharbatla 2008).

One of the major challenges for a SNS is about sustainability. The question that is most often asked, whether there is a business model¹ that can generate revenue for these sites? Though, SNS today are generating millions as traffic on their website, but do they

¹ B. Fransico, "Cracking the Social Network Code (July 25, 2006)", URL: <http://marketwatch.com/News/Story/Story.aspx?guid=%7BAA7046A8-9D8B-471B-852E-5B6C6100ED40%7D> (accessed 25/04/11)

convert to revenues? Can a technological product like SNS survive the current market place, on the basis of revenue model, developed in late 90's in? If this revenue model is sustainable then can it be duplicated for new sites and will it guarantee them profit or not?

*"In the most basic sense, a business model is the method of doing business by which a company can sustain itself -- that is, generate revenue. The business model spells-out how a company makes money by specifying where it is positioned in the value chain."*²

Michael Rappa from the Institute for Advanced Analytics, North Carolina State University talks about following sources to generate revenue from the internet as a medium:

- + Brokerage
- + Merchant
- + Manufacturer
- + Advertising
- + Infomediary
- + Community
- + Affiliate
- + Subscription
- + Utility

So far most SNS seem to have relied on advertising or subscription based model for revenue generation and a select few explore the other options on a very limited basis.

The three most popular sites MySpace, Facebook and Wikipedia³ are social media related and seem to have almost similar approaches to revenue generation, barring Wikipedia. Facebook on its press section claims a user base of more than 500 million active users, 50% of their active users log on to Facebook in any given day and every subscriber has an average of 130 friends and people spend over 700 billion minutes per month on

² Micahel Rappa, "Business Models on the web", URL: <http://digitalenterprise.org/models/models.html> (accessed 25/04/11)

³ Social Networks/Blogs Now Account for One in Every Four and a Half Minutes Online (June 15, 2010), URL: http://blog.nielsen.com/nielsenwire/online_mobile/social-media-accounts-for-22-percent-of-time-online/ (accessed 26/04/2011)

Facebook⁴. MySpace another popular SNS is one of the still most popular sites in the USA with a subscriber base of over 125 million users (Steiner 2009) worldwide. But by 2010, Facebook had even beaten MySpace in the USA⁵.

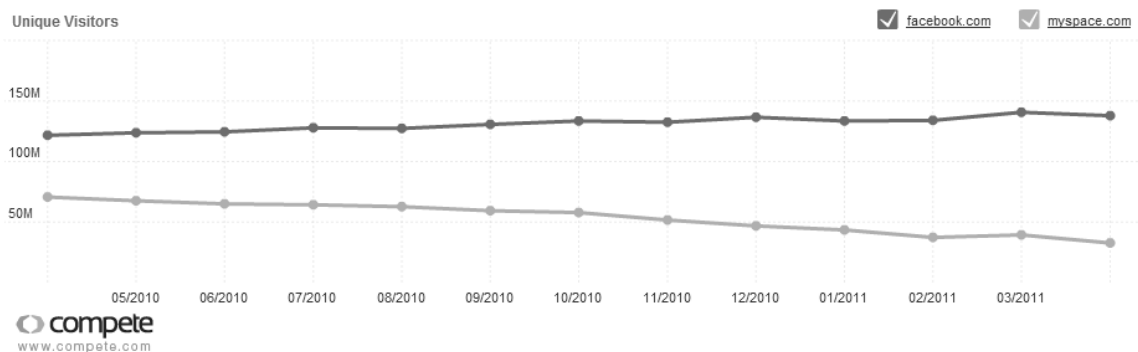


Fig 1: Site Analytics Profile: Facebook versus MySpace
 Source: *compete.com*

In a month on month comparison between Facebook and MySpace it is clearly evident that Facebook has been gaining ground steadily against MySpace.

Wikipedia another offspring of the Web 2.0 is more about being a knowledge platform. It is open source software and its home page claims to have 3,634,396⁶ articles in English. The site largely depends on donations and content inputs from members. The site is also available in several languages beyond English which make the acceptability of the site more.

2. Functional classification of SNS

Leitner and Grechenig (2008) in an analysis of five SNS have identified the following classification:

- *Shopping Social Networks:* The main focus here is on shopping. *Stylehive.com* is a social networking platform that focuses on products and shopping. The latest in contemporary fashion is offered through the site. The revenue stream for stylehive.com comes through the partner companies that participate in the numerous affiliate programs on the site.

⁴ Facebook Pressroom, URL: <http://www.facebook.com/press/info.php?statistics> (accessed on 26/04/11)

⁵ Techcrunch.com (January 22, 2009), URL: <http://techcrunch.com/2009/01/22/facebook-now-nearly-twice-the-size-of-myspace-worldwide/> (accessed on 05/05/11)

⁶ Wikipedia Home Page, URL: http://en.wikipedia.org/wiki/Main_Page (accessed on 9/5/2011)

- *Business Social Networks:* In an analysis of *xing.com* which has over 10 million⁷ registered users the company has closed communities of private clubs, academic clubs or corporate clubs. It offers personal profiles, groups, discussion forums, event coordination and other common social community features. The revenue source for the site is through premium account fees and onsite advertising.
- *Photo Sharing Social Networks:* In the days when SNS like Facebook or Orkut was not there, *Flickr* was the pioneer in introducing the concept of photo sharing and thereby creating an online community. The revenue model for the site comes from advertising on the site
- *White label Social Networks:* The advantage with white label social network is the advantage and flexibility it provides to the users to create their own networks around specific interests.

*"This is software you can brand and integrate tightly into your existing domain. The user experience should be near seamless, therefore any company can have their own MySpace."*⁸

Ning.com offers its users the flexibility of creating their own custom social network for a particular topic or need catering to specific audiences. Revenue model for *ning.com* is either adhosting by companies on subscriber's website or where the users want to control ad content a subscriber fee is charged.

- *Student Social networks:* As such there are limited sites dedicated to students since most social networks purportedly cater to this community. *Studivz.com* in Europe, particularly in Germany is however quite popular in this community. The site customizes to the student's requirement right from creation of his own home page to getting access to alumnus etc. The revenue model comes from advertising sources.

⁷ The company claims on its website homepage about 10 million subscribers (May 2011), URL: <http://www.xing.com> (accessed 20.05.11)

⁸ List of "White Label" or "Private Label" (Applications you can Rebrand) Social Networking Platforms, Community Platforms (12/2/2007), URL: <http://www.web-strategist.com/blog/2007/02/12/list-of-white-label-social-networking-platforms/> (accessed 20.05.11)

Bernoff and Li (2008) talk of the power of groundswell and how companies can use them in various situations to cultivate and channelize for their own good. Some of the major applications as proposed by them are:

Table 1: Using Social Applications in Different Departments

Manager's Role or department	Typical Groundswell objective	Appropriate Social Applications	Success Metrics
Research and Development	Listening: Gaining insights from customers and using that input in the innovation process	<ul style="list-style-type: none"> • Brand monitoring • Research communities • Innovation communities 	<ul style="list-style-type: none"> • Insights gained • Usable product ideas • Increased speed of development
Marketing	Talking: Using conversations with customers to promote products or services	<ul style="list-style-type: none"> • Blogs • Communities • Video on user generated sites 	<ul style="list-style-type: none"> • Better Market awareness • Online "buzz" • Time spent on sites • Increased sales
Sales	Energizing: Identifying enthusiastic customers and using them to influence others	<ul style="list-style-type: none"> • Social networking sites • Brand Ambassador Programs • Communities • Embeddable widgets 	<ul style="list-style-type: none"> • Community membership • Online buzz • Increased sales
Customer Support	Support: Enabling customers to help one another solve problems	<ul style="list-style-type: none"> • Support forums • Wikis 	<ul style="list-style-type: none"> • Number of members participating • Volume of questions answered online • Decreased volume of support calls
Operations	Managing: Providing employees with tools so that they can assist one another in finding more effective ways of doing business	<ul style="list-style-type: none"> • Internal networks • Wikis 	<ul style="list-style-type: none"> • Number of members participating • Increased operational efficiency • Decreased volume of e-mail

Source: *Harnessing the Power of Web: Josh Bernoff and Charlene Li, MIT Sloan Management Review*

It is noteworthy to observe in Table 1 (Row no.3) above that the sales issue clearly highlights the groundswell as identification of customers as the authorized spokesperson for the brand. Particularly for the SNS this is relevant owing to the nature of the business model that encourages more and more users to join and spread the word.

Murchu, Breslin and Decker (2004) have also discussed about classification through registration based versus connection based and the importance of user profile based on social versus professional.

3. The Rationale of Revenue model based classification of social networking sites

One of the major challenges for the SNS's is their sustainability. Enders et al (2008) have tried to compare the Long Tail (Anderson 2006) and SNS sustainability to online companies. They have highlighted 15 platforms and their revenue and business model which in some case is hybrid and in some generic.

Table 2: Overview of selected SNS

Name	Context	Revenue Model	Users (in Millions)	Origin
aSmallWorld	Social	Advertising	.15	Sweden
Bebo	Social	Advertising	22	US
Classmates.com	Social	Advertising/Subscription	40	US
Draugiem	Social	Advertising/Transaction Fee	.8	Latvia
Facebook	Social	Advertising/Transaction Fee	13	US
Friendster	Social	Advertising	36	US
Linkedin	Business	Subscription/Transaction Fee	8.5	US
Myspace	Social	Advertising	130	US
Orkut	Social	Advertising	37	US
Passado	Business /Social	Advertising	4.7	UK
Plaxo	Business	Subscription/Sale of product or service	15	US
Ryze	Business	Advertising	.25	US
Spoke	Business	Advertising	35	US
Stayfriends	Social	Advertising/Subscription	3.5	Germany

Xing	Business Advertising	1.45	Germany
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Source: The Long Tail of Social Networking. Revenue models of social networking sites; Albrecht Enders, Harald Hungenberg, Hans-Peter Denker (2008)

Table 2 gives an overview of how platforms have considered hybrid based approach as the most common form of revenue model. Facebook today has been able to focus on hybrid models for revenue. On one hand of the spectrum they have a highly effective and well structured advertising revenue model and on the other end there are online shoppers on Facebook who are subscription based.

Figure 3, a screenshot of the Facebook ads-marketing website features options that prospective advertisers can consider as options to advertise. From promoting a site or page or application or event, Facebook provides a range of advertising option, a representation of the fact that the company is serious about advertising based model of revenue. The circled part of the site highlighted through the arrow illustrates the same.

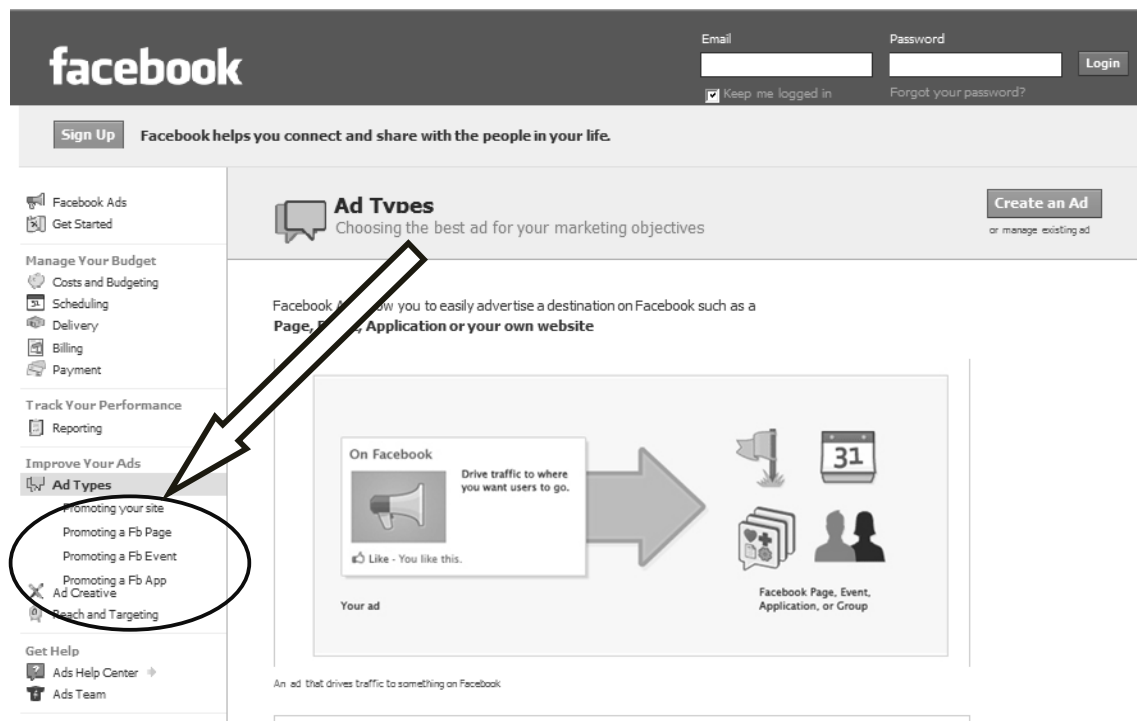


Fig 2: Screenshot of Facebook adsmarketing

The internet has thrown up various options of revenue model but for SNS where the users are the mainstay of the platform they will have to pull in the advertisers (if it is a advertising model) or they should have reasons to pay (it is a subscription based

model). Jelassi and Enders (2005), Dubosson-Torbay et al. (2002), & Laudon and Traver (2007) have all proposed various classification for internet based model. But the one that specifically gets closer to explaining a feasible option for SNS is the model based on categorization proposed by Laudon and Traver (2007) into three categories:

1. Advertising model
2. Subscription model
3. Transaction model

Enders et al. (2008) have also talked about other alternatives to revenue model like selling user data (however it will be intrusion of privacy) or possibility of charging time based fee (however faster broadband connectivity will make this redundant).

Finally, revenue model for any SNS is a function of the traffic on the platform and the involvement that the members have on the site. Yang, Kim and Dhalwani (2007) quote "stickiness in minutes" (average stay) as a term to describe the duration of stay of the member. Knowledge at Wharton (2006)⁹ however seems skeptical about the rise and rise of SNS but then are quick to add about the operational ease of entry and exit. This makes SNS a major challenge from sustainability point of view.

*"In the case of MySpace and Facebook, Marketing Professor, Wharton Business School, Leonard Lodish points out, the cost of gaining new customers is practically nothing because users join voluntarily and provide their own content through their profiles. In addition, the cost of running the sites' web servers is relatively low. If a classic advertising or subscription revenue model is used, he says, low-cost social network sites could be highly profitable"*¹⁰

But, many SNS like Orkut today are struggling to provide for relevance and meaning to their members because of which the stickiness factor goes down. End result, advertisers travelling westwards for greener pastures. Figure 3 is an indication of how Facebook has seen a steady rise as compared to Orkut in India in the last two years particularly.

⁹<http://knowledge.wharton.upenn.edu/article.cfm?articleid=1463&CFID=9333991&CFTOKEN=63335745+&jsessionid=a8308aea7790215d271a>

¹⁰ MySpace, Facebook and Other Social Networking Sites: Hot Today, Gone Tomorrow? (03.05.06) URL: <http://knowledge.wharton.upenn.edu/article.cfm?articleid=1463&CFID=9333991&CFTOKEN=63335745+&jsessionid=a8308aea7790215d271a> (accessed 21.05.11)

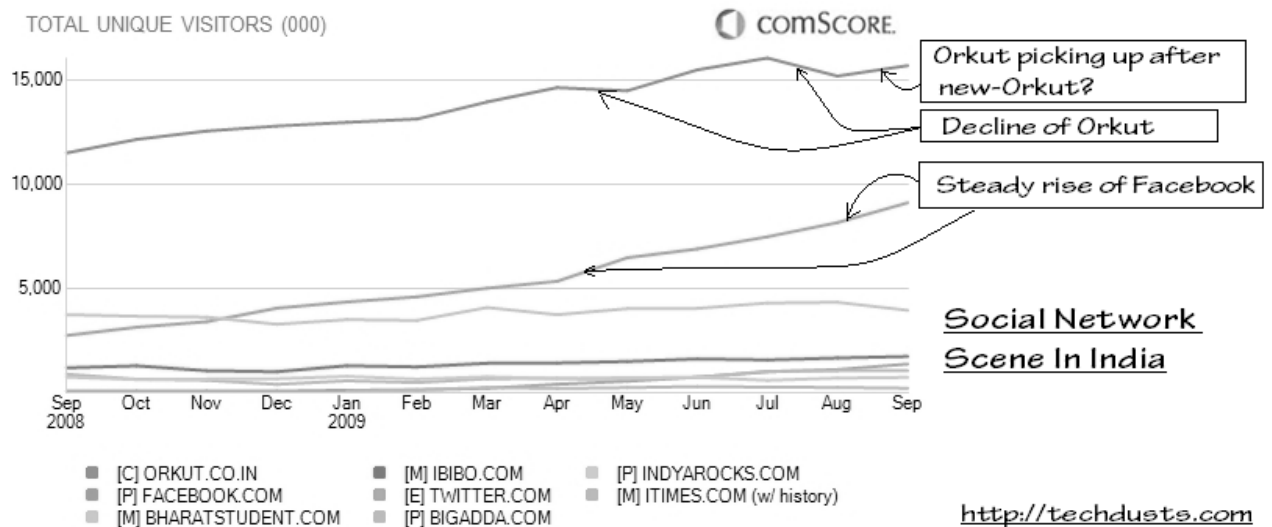


Fig 3: Orkut’s Fluctuating Traffic in India versus Facebook’s steady growth

Source: <http://techdusts.com/2009/11/21/the-rise-fall-of-indias-youth-icon-orkut/>

Referring back to Prof. Leonard Lodish’s statement that operating cost of running SNS is low and with user defined profile the focus of SNS must be on increasing the average stay of the members on the platform. Hence **the core issue of stickiness as raised by Yang, Kim and Dhalwani (2007) will be the challenge** for the SNS. Refer to Table 3 for sample online SNS and average stay of traffic in minutes.

Table 3: Sample Online Social networking sites and their characteristics

Name	Classification(based on the main focus)	Average stay (aka Stickiness, in minutes)
MySpace	General	25:58
Facebook	College/High School students	13:12
Xanga	Blogging	08:21
Flickr	Sharing Photos	06:17
LinkedIn	Business	06:56
Ning.com	General	08:02

Source: T. Andrew Yang, Dan J. Kim, and Vishal Dhalwani. "Social Networking as a New Trend in e-Marketing"; *Proceedings of the IFIP International Conference on Research and Practical Issues of Enterprise Information Systems (CONFENIT 2007)*

Table 3 above is an indication of the average time spent by members on the various SNS. This being a 2007 data, the order would have in 2011 but nonetheless gives an indication of average time spent by user. Murchu, Breslin and Decker (2004) therefore

believe that Communication and Collaboration, searching and browsing, user rating and trust will be important factors that will be the basis to evaluate the popularity of the site, resulting in stickiness.

4. Revenue model versus Business model; Lessons from the dot com burst of 2001

There is an often repeated debate on business model and revenue model. Will the robustness of any business model be a function of a strong revenue model? Will the business model have a sustainability factor built in? The Dotcom bust of 2001 perhaps is an eye-opener to this.

The static nature of the Web 1.0 and over speculation on the business models was the prelude to the dotcom bubble burst in the fall of 2001 (O'Reilly 2005). Everybody made the mistake of over forecasting the growth of the internet (Carberry 2008) and according to Professor David Kirsch of the University of the Maryland, no one could predict the future and there was no basis on which the prediction could actually be done. Infrastructure investment exceeded capacity and the economies of scale originally projected earlier did not happen (Pagon and Quigley 2008). Most businesses were purely surviving on external investment (mainly from equity investor) and there were no profits from operations.

The absence of operating profit was an exceptional scenario, which means most business model did not have a well defined revenue model. Also, for some companies even though the revenue model was in place, the block by block building approach was fast forwarded (McDill 2010). Private equity funders were more than willing to put in their money to see these start up grow faster and with larger profits to share. So, in retrospective start up's during this phase either closed because they could not make profits or where there seemed a possibility of making money, the over speculation killed the business.

During the days when Web 1.0 was gradually dying a natural death, saw around the same time, advent of Web 2.0 which will be interactive and would allow the users to create his own webpage, edit, add, correct and augment his page. Later as Web 2.0 got more popular it was able to generate two clear roadmaps. The business model and the revenue model as an output of the Web 2.0.

The business model came from “off springs” of the Web 2.0, like SNS, Mashups, Wiki, Bots etc. Take for instance the case of Mashups. A mashup is a Web page or application that uses and combines data, presentation or functionality from two or more sources to create new services¹¹. One such collaboration between *housing maps.com* with *Google Maps* that makes *Craigslist rental* and home purchase searches refined and useful¹². Traditional Web 1.0 based static websites also had to undergo transformation to compete with the more interactive and competitive outputs of Web 2.0. The conservative and conventional Michelin Guide (www.viamichelin.com) transformed itself into a more user friendly and interactive site with inputs like co-creation and community building built in, after competitors like Google Maps and TripAdvisor came (Chiang et al 2009). Large organisations began integrating inputs of Web 2.0 to their Web 1.0 version as a source of increasing revenue/margins (EIU, 2007).

The revenue model part of Web 2.0 perhaps was clear as the nature of the Web 2.0 platform got the visitors. With more visitors came the advertisers, with targeted advertisements, sponsorship or charging fees and selling products followed (Messina 2008). Today larger networks like Facebook are attracting billions of dollars in advertising revenue. Facebook’s revenue for 2009 was expected around \$500 million¹³.

However, there are pitfalls to the model too, both from within the industry and externally too. Internally, there are many SNS with various contextual natures who continue to threaten each other. Externally alternate and better products and the mine fields of targeted advertising threaten SNS. Intrusion into privacy, absence of clear regulation and ethical issues are some of the negatives that the SNS carry. Light and McGrath 2010 have discussed about the Ethics and social networking site Facebook through the complex and diffused nature of ethical responsibility and the consequent implications for governance of SNS.

5. Some myths busted

There are some misconceptions about revenue from the internet and it is important to look at them too:

¹¹ Source: Wikipedia, URL: [http://en.wikipedia.org/wiki/Mashup_\(web_application_hybrid\)](http://en.wikipedia.org/wiki/Mashup_(web_application_hybrid)) (accessed: 03/06/11)

¹² Source: Building Social Networks: Lenders should leverage Web 2.0 concepts to enhance their web strategy by playing nice with others; Mortgage Technology, Vol. 13, Issue 7

¹³ Source: At \$6.5 billion Facebook is now worth more than CBS, Adam Ostrow, 2009, URL: <http://mashable.com/2009/07/13/facebook-65-billion-valuation> (accessed: 03/06/11)

Having a large user base or traffic on the site will not generate revenue. A striking example is that of Yahoo with 500mn plus subscribers on the site, yet it is unable to get a firm grip.

I will put in Ads: The fact is that users are “inert” to click advertisements unless and until it is very compelling to them, which is very rare. A user visits the web page of his interest and ignores the advertisement on these pages. Eye ball study of web user concluded that people don’t read entire web pages from top to bottom, left to right. People navigate to the exact section and click. And with usability getting to ever higher levels and the content getting more relevant, users are almost hypnotized¹⁴.

I will have users subscribe by paying: In social networking sites subscription models are a question, especially with users having free access to most SNS.

Merchandising: Many sites are offering customized goods to their clients such as pictures to put up on t-shirts or mugs or teddy bears. Although this might be costly, but margins will be high if done in volumes and shipping be within a manageable geographical area.

Revenue-Sharing: How to share the revenue with users totally depends on the technology used. This is true for websites that are solely thriving on user generated content. Also it will be unwise to assume that the average people on the SNS will create content that is commercially viable. Those who do, have relevant skills, training, raw talent or motivation¹⁵. Hence, the aspect of revenue sharing is restricted only within a select few.

Web Guru Seth Goldstein feels that banner advertisements are usually disregarded and he quotes that “Advertisers distract users; users ignore advertisers” There are presumptions that advertisement is a long term sustainable growth model for SNS and it is beneficial for the advertiser and shall generate enough curiosity for him to give more and more advertisement. However in reality, users have shown little interest in clicking on standard advertisements.

¹⁴ Source: Ad Revenue Model, Matt Macall, 2007, URL: <http://www.askthevc.com/wp/archives/2007/11/ad-revenue-models.html> (accessed: 03/06/11)

¹⁵ Source: The user generated content myth by Scott Karp, 2007, URL: <http://publishing2.com/2007/10/26/the-user-generated-content-myth/> (accessed: 03/06/11)

6. The way forward

In spite of Seth Goldstein’s pessimism, advertising as a revenue source will continue to dominate the SNS. While users have a tendency to demand free services (Enders et al, 2008), it will be imperative for them to attract large and/or highly differentiated viewership for revenue maximization (Laudon and Traver 2007). Since users of the SNS will ignore advertisements or may click sporadically (sometimes randomly) on the banner advertisements, it will be profitable only with high website traffic (Canzer 2006).

Advertising on SNS can be through affiliate models or banner advertisements. Affiliate models will steer the traffic to an “affiliate” website and will receive a referral fee or a percentage of fee from the resulting sales (Laudon and Traver 2007). Banner advertisements allow websites to place advertisements on the site in exchange for a fee (Canzer 2006).

Once the advertisements have been placed on the platform, it will be important to measure their effectiveness too. Table 4 illustrates the common measures for online advertisements that can be used as a tool for measuring the effectiveness of online advertisements. Of particular importance are the Cost per impression and cost per click, which are a direct consequence of how users respond to banner advertisements and affiliate websites.

Table 4: Common measures of revenue collection in online advertisements

Measures	Meaning
<i>Cost-per-mille</i>	<i>Cost-per-mille</i> is the cost per thousand for a particular site. A Web site that charges \$15,000 per banner and guarantees 600,000 impressions.
<i>Cost-per-action</i> (Google, e-bay)	<i>Cost-per-action</i> is considered the optimal form of buying online advertising from a direct response advertiser's point of view. An advertiser only pays for the ad when an action has occurred. An action can be a product being purchased, a form being filled etc.
<i>Cost-per-impression</i>	<i>Cost-per-impression</i> is a phrase often used in online advertising and marketing related to web traffic. It is used for measuring the worth and cost of a specific e-marketing campaign.

**Table 4: Common measures of revenue collection in online advertisements
(contd)**

Cost-per-click (Yahoo)	Cost-per-click is an Internet marketing formula used to price ad banners. Advertisers will pay Internet publishers based on the number of clicks a specific ad banner gets.
Cost per conversion	Cost per conversion is an advertising and marketing term, describing the cost of acquiring a customer, typically calculated by dividing the total cost of an advertising campaign by the number of conversions. The definition of "conversion" varies depending upon the situation; it is sometimes considered to be a lead, a sale, or a purchase.
Cost Per Time	Cost Per Time refers to a form of Internet advertising, where the buyer pays for an advertisement to be placed on a website for a set amount of time. It differs from cost per impression, in which a buyer pays for the ad to be displayed a set number of times. Cost for time permits the ad to be displayed unlimited times over the term of the contract. Some contracts may allow for a guaranteed minimum number of impressions. The time can be as little as a day or as long as a year.

Source: Social Networking as a New Trend in e-Marketing, T. Andrew Yang, Dan J. Kim and Vishal Dhalwani, University of Houston-Clear Lake, Houston Texas, In Proceedings of CONFENIS (2)'2007. pp.847~856

Perhaps as consumers get habituated to more and more freebies either through the SNS or through more SNS, it has eventually led to a weaker digital revenue model (Berman et al, 2011) and this where the challenge will be.

In conclusion

Like successful brands, where the product (content) is at the heart of the brand, SNS too have to follow suit. It is important to rethink on the need of the customer and their product. As people are more interested in each other and less on the advertisement in the site¹⁶ it will be quite a challenge for the SNS to attract traffic to the advertisements. Most advertisements today suffer from low response rates; take for example, for standard banner ads strike rate is under 1% and searches are not geared to brand advertising¹⁷. However, advertisements will continue to dominate as a major source of revenue model.

¹⁶ Goldstein at IAB: Marketers can't ignore Social Media, Mark Walsh, 2008, URL: (accessed: 09/06/11)

¹⁷ Goldstein at IAB: Marketers can't ignore Social Media, Mark Walsh, 2008, URL: (accessed: 09/08/11)

The SNS and drivers to SNS will therefore decide the content and the product mix that the SNS can offer. The drivers to SNS are functions of the consumer need set, broadly identified as:

- Need for socialization
- Need for uniqueness
- Need for knowledge
- Need to save time
- Need to cut cost

The challenge will be to engage the traffic on the site to the advertisements. Based on the need sets identified above, it will be critical for SNS and also marketers to build their marketing communication accordingly. The opportunity will emerge from the overall experience of the subscriber, how SNS embrace new distribution platform and accordingly are able to expand their revenue model (Berman et al. 2011).

The imperatives for the SNS will be to understand how subscribers to SNS illustrate these need drivers on the platform. For instance, need for uniqueness has several personality and non personality drivers. These uniqueness drivers are a reflection through the individual's homepage, which the marketers can use as the basis for micromarketing. This provides a sense of individualism to the subscriber and helps create a viral effect, which in the long run means more traffic. This aspect also provides further scope for researchers to understand how advances have been made in this context.

But for now, the revenue model will predominantly continue to be the classic advertising revenue model with the subscription based and transaction model interplaying in between.

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