Like economy. What is the economic value of likes?

Ágnes Veszelszki

Associate Professor, Institute of Behavioural Science and Communication Theory, Corvinus University of Budapest, Hungary

Email: agnes.veszelszki@uni-corvinus.hu

The most prominent social button is the “like”, which was introduced by the social networking site Facebook in February 2009. In social media, liking is a so-called predefined communicative act, which has created a recommendation and like culture. The interactions of users with contents and with one another (in other words, the practices of everyday life, such as the consumption of goods and information) have become part of databases. Accordingly, the paper seeks to answer the following questions: How can likes be converted to revenue? Is it worth buying page and post likes? Is there any distinction between good and bad likes (cf. public customer service on social media sites)? If so, what makes a(n economically) good like? In sum, what is the economic (and communicative) value of likes?

**Keywords:** web 2.0, social media, Facebook, social button, like economy

1. Introduction

Anne Helmond and Carolin Gerlitz, authors of the paper “The Like Economy”, remark: “The Like is always a collective. It is more than +1.” In response to the question of why are likes relevant for the economy, they claim that likes “allow the instant transformation of user engagement into numbers on button counters, which can be traded and multiplied but also function as tracking devices” (Gerlitz – Helmond 2013: 1348). The study at hand seeks to provide insights into the content engagement of online users by focusing on the social media service Facebook (cf. Larsson 2017), especially on liking (the so-called “virtual thumbs-up”) and by using the SWOT analysis as a framework.

2. From Web 2.0 to Like Economy

The term “Web 2.0” – the “participatory and collaborative version of the web” (Beer 2009: 985) – has become a common buzzword in information science (O’Reilly 2005). It differs from
the so-called “Web 1.0” both technologically and socially: the former object-oriented approach is replaced by a more individual-oriented network (Peters 2009: 15). “Although largely a marketing term, some of the key attributes associated with Web 2.0 include the growth of social networks, bi-directional communication, various ‘glue’ technologies, and significant diversity in content types” (Cormode – Krishnamurthy 2008).

Relying on the definition of Kaplan and Haenlein (2010: 61) “social media is a group of Internet-based applications that build on the ideological and technological foundations of web 2.0, and that allow the creation and exchange of user generated content.” Social media has become so pervasive in society that it is easy to forget that this form of communication became global only around 20 years ago. Myspace was launched in 2003, Facebook in 2004, Twitter in 2006, Instagram in 2010, Pinterest and Snapchat in 2011, and Periscope only in 2015. In other words, in 2017 even the oldest and most popular social networking website was less than 15 years old, and the youngest one was only a year old (cf. Rampton 2016). Still, during this one and a half decade, social networking websites have had a tremendous impact on society and on how people communicate and think. Danah Boyd uses the term “networked publics”, referring to “publics that are restructured by networked technologies” (Boyd 2010: 39).

The essence of Web 2.0 is interactivity: the social media services are based on community, where participants produce and assess all the content (user-generated content, UGC; Beer 2009: 986; Peters 2009; Jenkins et al. 2006). This concept, however, is questioned by Larsson (2017), who points out that “we are perhaps seeing a shift in the scholarly community – a shift that would entail the placement of emphasis on audiences as active recipients or users, rather than as creators of content” (Larsson 2017: 3). Picone (2015) suggests that the digital audience is conceptualized rather as active recipients of content: they are clicking, liking and sharing “ready-made journalistic content rather than creating their own” (Larsson 2017: 3).

Today the largest social networking website with the highest number of users in Hungary is Facebook.¹ It is frequently referred to in common talk, it is the largest marketing platform, its Messenger application is a highly popular IM tool, and the portal itself is synonymous with the Internet for many users (cf. Veszelszki 2017b). There are three essential ways to interact with content on Facebook: liking (or reacting to it), commenting and sharing.

As one of the most typical forms of Web 2.0, social networking websites have substantially transformed both the way communities organise themselves and the operation of marketing

¹ Facebook had more than 2 billion users in Q1 2017 (Facebook 2017).
communications. In the early days of internet marketing, in the age of the “Hit Economy”, information was linked through hits. Every hit and click represented a visitor of a web site and revenue was generated through banners (Van Pappelendam 2012; Gerlitz – Helmond 2013). According to Gerlitz and Helmond, the second great era was the “Link Economy”, where the quality and quantity of links was weighed (Gerlitz – Helmond 2013: 1351). The third era is the “Like Economy”, which is determined by social buttons (which are used in Digg and Reddit as well), but the most important and most popular such button is the “like”, introduced by Facebook in 2009 (“an image displaying a thumbs-up symbol accompanied by the word ‘Like’”, Roosendaal 2011: 4). Affective relations now become tangible in a wide variety of manifestations (Arvidsson 2011), and liking is one of them. In the Like Economy, “the social is of particular economic value, as user interactions are instantly transformed into comparable forms of data and presented to other users in a way that generates more traffic and engagement” (Gerlitz – Helmond 2013: 1349). Quoting Röttgers’ (2009: 91) variation of Descartes’ proposition: I am seen, therefore I am; or even: I am liked, therefore I am.

In the following sections, the paper specifically examines the marketing communications of business Facebook accounts from the perspective of likes. In this context the “like” button is used for two purposes: following the given business page (or user) and marking the published content.

3. The SWOT analysis of likes

The topic of likes is analysed here in a 2×2 SWOT matrix, a popular method used in case studies.

3.1. Strengths: Social media as marketing space

Besides global, large- and medium-sized enterprises, the so-called “recommendation culture” provides opportunities for smaller businesses as well (cf. the potential visibility of content in networked publics; Boyd 2010). At the start, new Facebook users have completely equal opportunities: they have the same default profile settings that can be customised to their needs. Naturally, however, there are vast differences between the human and financial resources available for a sole-trader and a multinational company for editing such a profile. The role of paid ads has significantly increased since Facebook started to continuously decrease organic reach to push profile managers towards buying paid and targeted advertising. Compared to the
production and marketing costs of outdoor or television ads, Facebook advertising is one of the most cost-effective and efficient way of reaching the target audience.

Facebook’s competitive advantage comes from customised ads. Facebook has precise information about the demographics and computer/mobile using habits of nearly 2 billion people, which it can offer to advertisers. Users are providing “endless and virtually unlimited information about their everyday lives” (Beer 2009: 997). Highly targeted advertising has become a reality: whereas previously advertisers only suspected the whereabouts of their customers (based on events, websites, etc.), now they know this exactly, based on well-defined parameters.

This is a process that Joseph Turow describes as ‘marketing discrimination’, which occurs as ‘marketers increasingly use computer technologies to generate ever-more-carefully defined customer categories – or niches – that tag consumers as desirable or undesirable for their business’ (Turow 2006: 1). Once these niches have been established then businesses can treat different niches differently to maximize efficiency, profit [...].” Beer 2009: 990

This leads us to the topic of Web 3.0 or the semantic web: the world of personalised services and, of course, advertisements. Precise information about the customers also enable remarketing, that is, the repeated addressing of previously engaged customers.

Knowing their interests, Facebook can even reach most ad avoiders. In fact, the strategy of making ads look identical with user-produced content in 2016 was specifically aimed at the stronger engagement of this user group.

Facebook is apparently innovating the toolset of a centuries-old marketing technique: content marketing. The essence of content marketing is to “influence a target group’s behaviour by sharing useful (valuable and relevant) content with them, made specifically for them, to the benefit of all parties involved” (Szupor 2013; Content Marketing Institute s. a.). This can be done with the purpose to provide assistance (answer questions, help make decisions, give advice), to improve users’ lives (e.g., a fitness page) or to entertain. Content marketing is successful if it manages to make a profit and produce measurable, quantifiable results by sharing the useful content. In a Hungarian context, entertaining content is produced (or at least shared) for example by the dubious opinion leaders like ‘Tibi atya’ or ‘Kasza Tibi’ (but the list could be continued with Instagram celebrities as well). Micro-celebrities with many social media followers also act as opinion leaders (cf. Marwick – Boyd 2010; Senft 2008), which can be quite profitable for them: marketers increasingly often contact online opinion leaders to
make subtle or direct reference to a product or service in consideration of financial support or certain products (or product samples). This technique is called influencer marketing.

Facebook also provides new opportunities for organic marketing which, in essence, means that companies share valuable content to improve brand transparency and visibility, and their representatives take part in the (online) dialogue enabling consumers to create a personal commitment toward the company, organisation or person (e.g., dialogues promoting product development).

### 3.2. Weaknesses: The limits of likes

One of the weak points of Facebook as a marketing space is banner blindness, that is, users’ immunity to banners on the page: even though they liked the Facebook page of a company, later they fail to respond to the content published there (or such content is not even displayed on their screen). In addition, certain users (who have never registered on Facebook or have intentionally left it) are unreachable for Facebook administrators (but not for Facebook) (Roosendaal 2011).

A like is not equal to the conclusion of a deal or the sale of a product – not even in the case of the much-praised content marketing or organic marketing. Even if users become active followers of a company’s page where they find the content valuable or interesting, this is no guarantee that they will buy any product from the company. As Howell (2013) puts it, “just because a consumer connects with a brand on social media, it does not necessarily mean they are a loyal buyer to that brand but that they may have ulterior motives for connecting with them.”

There are certain product groups (e.g., fashion, cosmetics, gastronomy, travelling) with which users identify themselves more easily, so they are quicker to click on the like button as well. The concept of social media magnetism means that a “brand is so powerful that people go out of their way to be affiliated and associated with it because it gives them a sense of style, cache and panache” (Turner – Shah 2010: 21; cf. Howell 2013). Kemp et al. (2012: 509) stress that “through a process of matching or pairing, consumers often select products and brands that are congruent with their self-images”. This is not true, however, for fast-moving consumer goods (FMCGs) and B2B products, the manufacturers of which find it more difficult to attract likers (who may not even be potential customers) and which often demand well-designed social media
campaigns (such products include toilet papers, baker’s yeast, steel bearing or tracking radars; see Image 1).


Naturally, the high number of likers does not guarantee business success: quantity does not equal quality. It is better to obtain and retain fewer active (participating, liking, sharing) followers than many likers who later disappear. Recent articles have even questioned the value of likes: customer engagement looks more important in terms of “active involvement,” suggesting it can lead to “deep commitment” (Crosby 2017). In addition, we must also bear in mind the rule of patience: social media marketing produces results only in the long run (it is more like a marathon than a sprint; Gunelius 2011).

3.3. Opportunities: What is the future of Facebook likes?

Facebook retrieves data on the individual user and their user activity. The ubiquity of Facebook clearly shows the opportunities for expansion. The networking principle suggests that the Facebook plugin will be built in further websites and webshops where cookies can trace the activity of even more Facebook users (and even non-Facebook users) (Roosendaal 2011; 2012; Facebook + Media 2010).

Apart from data technologies, communication methods will also be used to obtain more information about the target audience. Interactivity (the defining feature of internet communication; cf. Larsson 2017; Downes – McMillan 2000; Kiousis 2002) will be further
deployed. The continuous and conscious publication of content can inform companies on their potential customers: what content they share, on what topic, with what hashtags, what they comment on and like, etc.

3.4. Threats: The drawbacks of online corporate communication

Intersubjectivity, a concept mentioned among others by Brubaker and Vertesi (2010), means that the identity created on social networking websites is not isolated but is a result of intersubjective relations: the followers or likers of a page contribute to it with comments, likes, photos and tags (*collaborative authorship of the self*). However, users can choose what type of virtual identity building content is published on their profile (cf. Veszelszki – Parapatics 2016). Personal profiles can be modified: content can be left unchanged, highlighted, made visible or invisible, or deleted. This profile page (news feed) curating activity can be referred to as an active face-work in the digital era (Bullingham – Vasconcelos 2013; Goffman 1967; Larsson 2017). By contrast, any editing or moderation on corporate profiles (deletion of certain content) is monitored by users with particular attention. A well-known rule of online PR says that negative comments posted on the company’s Facebook profile should never be ignored or deleted without response because this can be regarded as censorship and can potentially backfire on the public perception of the company.

This leads to the topic of customer service delivered on Facebook, which represents a competitive business advantage, if operated efficiently. Before the emergence of social media, customer service had been very resource- and labour-intensive, but in social media even small businesses can operate highly responsive 24/7 customer services without making large investments.

Customer service delivered on the Facebook page of the company means that both the complaint and its handling becomes public. This is a double-edged weapon. Mistakes can easily backfire by going viral. This is exactly what happened with United Airlines in April 2017. Hundreds of thousands of users (and dozens of news portals) shared with indignation the photos showing that (due to overbooking) a passenger was dragged off the plane by the security guards leaving him with two broken teeth (Image 2). Negative social media posts are especially typical to the airline sector: 47% of all posts are negative and only 20% are positive (Rampton 2016).

Image 2. Passenger injured and dragged off a United Airlines plane
By contrast, though less frequently, good strategies can also go viral, such as the airline miscalculating the flight distance or Tesco and the infamous worm (Mashable 2016). A Tesco customer complained that he discovered a worm inside the wrapping of a cucumber he bought. His humorous complaint received an even funnier response from a man named Rob working at Tesco Customer Care. The case escalated to the pseudo-funeral of the worm (Images 3 to 6).
A dominant topic of the 2010s, namely fake news (cf. Allcott – Gentzkow 2017; Brodnig 2017) and the related and heavily discussed filter bubble phenomenon (Pariser 2011; Bakshy et al. 2015; Zuiderveen Borgesius et al. 2016) can easily depreciate likes. The way social networking websites display news and how users read them also contribute to the spread of hoaxes, clickbaits and fake news (cf. Aczél 2017; Nelson 2017; Veszelszki 2017a). Many users do not even open the link but like it or share it without thinking, thus spreading false information of fraudulent websites.

Further threats depending on external factors include that Facebook, although originally it was created specifically for university students in 2004, shows the symptoms of aging: its users are increasingly dominated by middle-aged and older people. As a result, younger generations, especially teenagers (the so-called Millennials) are eager to find new forms of communication which are less known and used by their parents, grandparents and teachers. A clear sign of this is how Facebook runs after Snapchat: the largest social networking website continuously copies the latest innovations of Snapchat, the company targeting the younger generations with its ephemeral messaging service (Ingram 2016; 2017).

4. Conclusions: Likes and Facebook reactions
The questions raised in the introduction can be briefly answered as follows: to obtain the loyalty of users, companies need a well-considered communication strategy tailored to the target audience. However, a lot more than this is required for selling products. Influencer marketing can be directly profitable for opinion leaders active in social media but not necessarily for companies advertising through them.

The most relevant social media principles are the following: long-term strategy, careful planning, conscious implementation, thorough information about and respect for the potential target audience, content which is valuable and interesting for the target group and has a real impact on the group’s behaviour. Furthermore, selling is easier if the product is attractive and easy to identify with.

However, no phenomenon can be evaluated in itself. Passive consumption of content is the most common activity on social media (especially on Facebook), followed by predefined communication activities (liking and sharing). The least common activity is making comments, which require active contribution (based on a survey conducted in 2018, cf. Veszelszki 2019). This reflects the strength of user commitment towards the content.2 The likes of recurrent active users who visit the page even without ads are especially valuable for marketers. Likes have become a new standard of value. According to Arvidsson (2011)

> [...] the remediation of social relations that has accompanied the rise of consumer culture has effectively managed to transform the nature of affect, from something private or at least located in small interaction systems, to something that acquires an objective existence as a value creating ‘substance’ in the public domain. Social media have taken this process one step further."

During spring 2016, Facebook introduced reaction buttons (love, haha, wow, sad and angry, and some temporary reactions: e.g. the purple flower for gratitude, thankfulness on Mother’s Day; see Image 7) as an expansion of the “Like” button, to replace the unilaterality and monotony of likes. “Love” is the most popular of all reactions, accounting for more than half of all reactions shared on Facebook (Bell 2017).

Images 7. Facebook Reactions

---

2 Comparing Facebook reactions and Instagram likes is a possible extension of this analysis.
A Facebook plan suggests that from 2017 the reaction buttons will have a more definitive role in the News Feed:

Over the past year we’ve found that if people leave a Reaction on a post, it is an even stronger signal that they'd want to see that type of post than if they left a Like on the post. So we are updating News Feed to weigh reactions a little more than Likes when taking into account how relevant the story is to each person.” Bell (2017).

Thus, any sentiment sends an even stronger signal than like, so in the future companies will not only have to count with the (marketing) communication effect of likes but also with the impact of other reactions.

References


