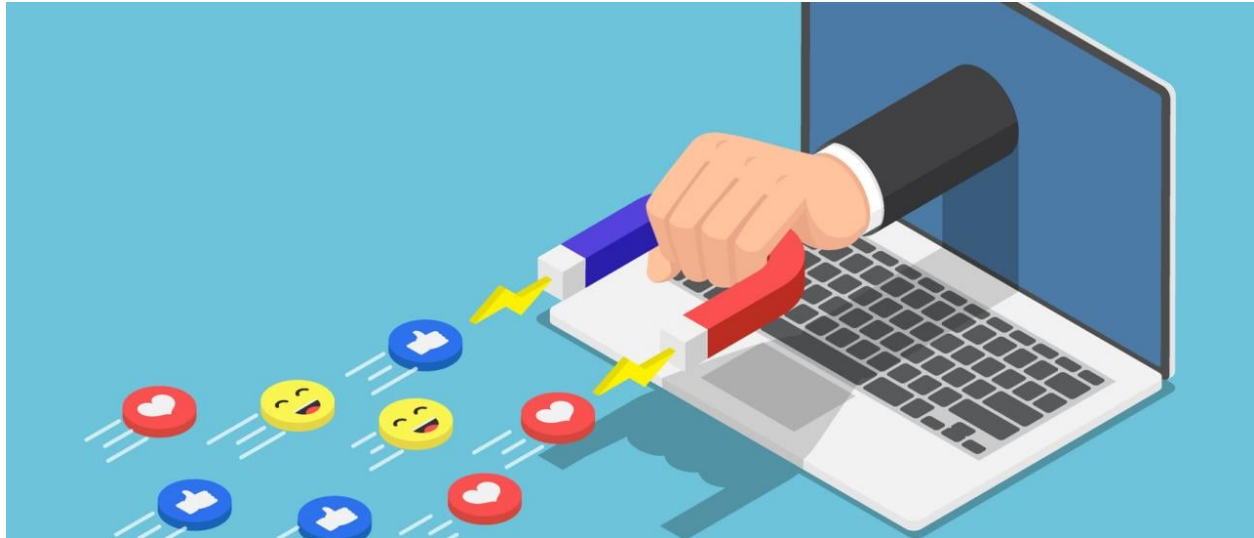# Social Media Strategy for David and Goliath

By Seo Yeon Song , INSEAD PhD Candidate, and Martin Gargiulo , INSEAD Professor of Entrepreneurship

When leveraging online influence, the identity of your audience should dictate how you engage with them.

The internet has radically democratised the means of marketing cultural products. Enormous advertising budgets are no longer necessary to get the word out about a new release; companies can connect directly with vast numbers of current or potential consumers through Twitter, Facebook or whatever virtual communities may be relevant for their target audience.

Indeed, one of us (Jamie) previously found that these changes have significantly eroded the size-based advantage enjoyed by dominant players in the culture industries. **Her 2017 paper** (co-authored by **Henrich Greve**, INSEAD Professor of Entrepreneurship), also the subject of **an INSEAD Knowledge article**, showed how in the world of e-book publishing, the Big Five companies (Hachette, HarperCollins, Macmillan, Simon & Schuster and Penguin Random House) derived less sales advantage from their relative clout than smaller presses did from user-generated buzz on Twitter and Amazon.

Our **new working paper** adds nuance to the earlier findings by isolating the impact of Twitter buzz on e-book sales. This allows us to perform apples-to-apples comparisons of how online communication within virtual communities drives consumer behaviour, for Big Five publishers vs. niche competitors. Our results indicate that while the structure of online cultural conversations may innately favour independent presses, the Big Five also have unique opportunities to leverage their influence.

How tweets drive e-book sales

We accessed US e-book sales figures for 2014 and 2015 from Author Earnings (now **Bookstat**), an organisation proclaiming itself "the trade publishing industry's pre-eminent independent data reporting and author advocacy watchdog group". We also collected a total of more than 18,000 tweets and retweets mentioning e-book titles during the same period.

We obtained complete follower information for the Twitter accounts in our dataset. This allowed us to gauge network redundancy – the extent to which users receive messages on the book from multiple users in their community – and the degree of variance in community members' reception of the book (i.e. controversy).

Prior to undertaking our study, our belief was that network redundancy would be good for sales overall, but especially for the smaller (or, as we term them, "specialist") publishers. This is because potential adopters of cultural products such as books would likely need reassurances from other online community members. As it turned out, we underestimated how one-sided redundancy's benefits are – it did not help the Big Five at all, but significantly increased sales for indies. (See Figure 1.)

Stung by the hive-mind

Members of close-knit communities attach greater symbolic significance to their group affiliation. It's often said that the internet is an ideal venue for people to "find their tribe". Bonding with others over an esoteric interest (which could be anything from arthouse cinema to an underground fashion brand) can affect one's self-identity. Over time, both the tribe and its animating passion(s) become an increasingly central part of who one is. Compared to mass-market generalists, specialist companies are in a better position to target these tucked-away hives and start them buzzing.

At the same time, specialist cultural products that fail to elicit harmonious approval from the hive are unlikely to be adopted as totems of group affiliation. Hard-core members will therefore stay away from them in droves.

Fittingly, we found that controversy within the niche community was bad for specialist publishers' book sales since it creates dissent within a cohesive group. For the Big Five, however, it had the opposite effect. (See Figure 2.) Heated debates not only pique public interest but also encourage consumers to form and defend an opinion about what otherwise could have been just another boring, overexposed book.

Figure 1. Effect sizes for *network redundancy* with respect to publisher category
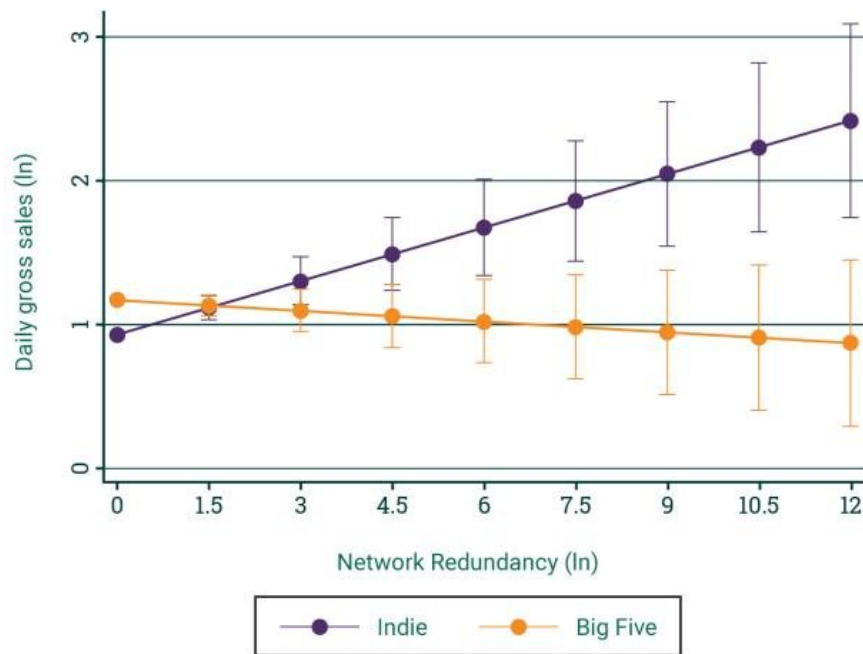
Figure 2. Effect sizes for *controversy* with respect to publisher category
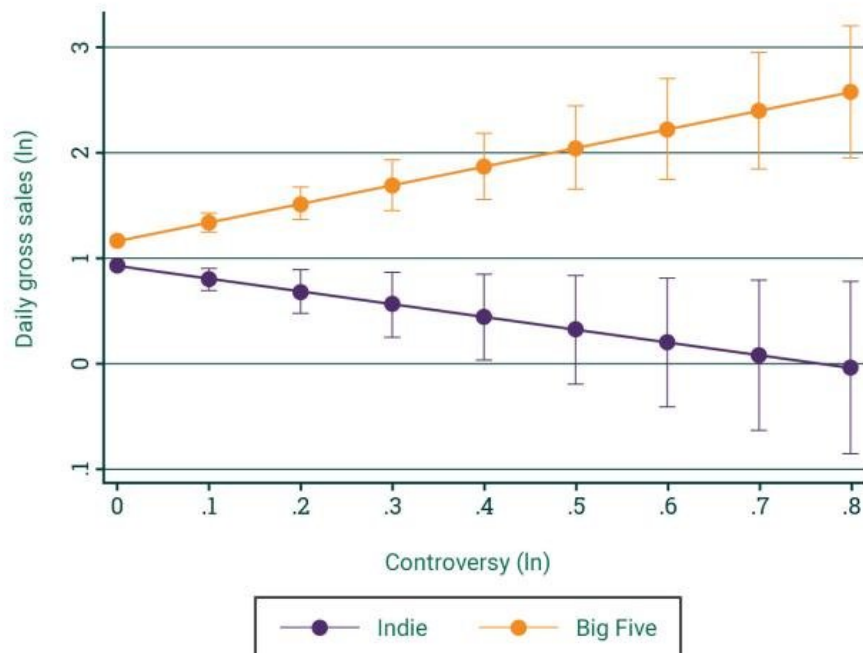
To extrapolate, generalists in the cultural space inherently command a greater share of attention than specialists. They can capitalise on that

advantage by promoting passion – which may include passionate criticism – about their products.

Specialists, however, are more successful when they play to, or pander to, pre-existing passions among highly engaged, cohesive communities. In a sense, their job is easier, because their target audience is ready to buy products that provide symbolic affirmation of their identification with the "tribe". However, attempts to curry favour with these groups hinge upon the consensus of the communities themselves.

Simple vs. complex contagion

Generalist consumer behaviour appears to conform to the pattern of "simple contagion" from social network theory. In simple contagion, a single exposure carries enough influence to accomplish a change in state, in this case from non-consumer to consumer. Since buzz begets more buzz, expanding consumer exposure as it spreads, controversy is an effective marketing tool for generalists. This could be the reason redundancy didn't boost sales for the Big Five. If someone is not predisposed to consider buying a generalist product, it doesn't matter whether they are exposed to several sources touting that product, or just one.

Conversely, specialist communities' buying behaviours reflect "complex contagion", i.e. a message must come from multiple mouthpieces before it can move the needle. Awareness of a product is necessary but not sufficient to motivate purchase. Before they buy, members must be thoroughly reassured that a product bears the collective seal of approval.

David, keep away from Goliath

In short, our paper finds that cultural producers large and small can achieve high ROI from online engagement – provided they do it in a manner appropriate to their size.

Viewing our findings in light of the 2017 paper, we can speculate that smaller cultural producers are more competitive online because digital tools such as Twitter help them find niche audiences, i.e. communities formed around distinct, closely shared passions. But ease of engagement does not necessarily translate into success. Specialists must carefully cultivate connections with community members and avoid taking polarising stances. Our results suggest that they should approach the mainstream cautiously, if

at all. When a countercultural product's symbolic value is diluted by association with the masses, hard-core tribalists will either lose interest or turn against it.

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