
Harnessing ‘Multiplier Effect’ To Magnify The Impact of Social Media Marketing

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ABSTRACT

The Generation Y under the influence of social marketing think and respond to marketing forces in a manner different from their traditional counterparts. Marketing and media research conceptualize multiplier effects under the sub-heads of viral marketing, content sharing and word-of-mouth publicity. This conceptual paper aims at magnifying the impact of social media marketing on consumers by exploiting the multiplier effect of online messaging by advertisers / marketers. A mix of content analysis and conceptual framework analysis are the prime qualitative research techniques used in the paper to draw inferences. Systemic search methodology using specific

key words is employed to deduce literature from secondary data repositories. The paper holds implications for social media advertisers and the consumers at large to draw maximum mileage out of the multiplier effect that this media tool entails.

Keywords: Generation Y, Multiplier effect, Social marketing, Social media, Viral marketing.

1. OBJECTIVES

To harness the multiplier effects of social media marketing and draw vital prescripts in amplifying its impact on the consumers for the benefit of marketers / advertisers.

2. INTRODUCTION

In contemporary times, one of the exemplifying outcomes of doing business online is the 'Multiplier Effect' which amplifies the input message through manifold channels. It is the prime factor driving some of the fortunes that have been internalized on the Internet. Marketing and media research conceptualize the 'multiplier effects' to include (a) content sharing (b) viral marketing and (c) word-of-mouth publicity. While these ideas hover around the literature for quite some time, the formal models to include measures of the impact of media communications (inclusive of multiplier effect) and media planning for assuring multiplier effect were only minimally accommodated. The weak representation of multiplier effects in context with marketing communications emerges from paucity of data. This problem is quickly vanishing in a networked world where online communications among consumers can be effectively tracked. The multiplier effect gains eminence under two circumstances:

(i) When the effect feeds itself into other marketing techniques

(ii) When the effect replicates itself repeatedly.

This paper encapsulates this multiplier effect which forms the basis for engagement of more and more advertising that is centered around social media marketing.

3. LITERATURE REVIEW

With mass media in vogue, the network effects could be ignored as the media and advertising industries could do no better than to identify aggregated bunch of consumers. The effect of this sort of spending then percolates throughout the economy (Mathieson & Wall, 1982), creating massive impacts at three different levels viz. at the (i) direct (ii) indirect and (iii) induced levels. This is what is referred as the multiplier effect.

However, in a digitized media world, the network effects are both paramount and measurable. These network effects are well studied and represented in economic models. The network effects represent the bridges / linkages of buying / selling through multiple parties. For instance, a consumer purchase of a car yields substantial money that go into paying for upholstery, steel and other

component parts. In turn, the makers of those parts use this revenue to pay for their labor charges, raw materials etc. This is termed as the multiplier effect in economics (Auerbach and Kotlikoff 1998).

In context to social media, consider the following instance. If you add one person to your Facebook or Twitter followers or your house e-mail list, then that person being linked to other people adds potential amplifiers to your message. This is because

not only can all those Facebook / Twitter followers interact with each other but also the people who haven't yet joined your community directly. When they interact with each other, then unknowingly they reinforce and strengthen that community and breed the message at a faster pace. Even if they don't talk about you and your brand, individual X still remembers that individual Y is the one whom he met over the Facebook page.

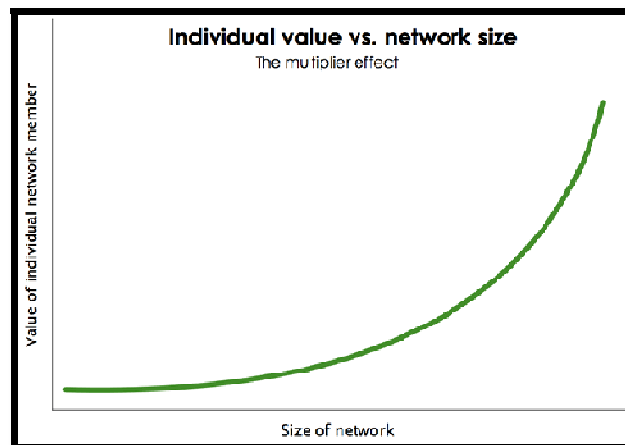


Fig 1: Graph representing the exponential increase in value of individual message with subsequent increase in network size via multiplier effect.

In the above model, each individual that you add to your network increases the valence / value of every other person associated in that network. This is the multiplier effect. Despite

Diamonds and Fletchers extensive studies, it has been proved that it is very hard to measure the multipliers accurately (Cooper et al, 1993). Before the advent of online advertising and social media, the media

multiplier effect was just a buzz. However, in due course of time, the media multiplier began pounding the consumers with the repetitive marketing message through all channels at the same time enabling better brand recall. Every time there is an injection of a new demand into the circular flow there are chances of multiplier effect to occur. This happens because an injection of 'extra' income leads to more spending, which, in turn, creates more income and the cascade of events continue. The multiplier effect, in this context, refers to the enhancement in final income arising as a resultant of any new injection of spending.

In economic and mathematical terms, the size of the multiplier depends upon (a) household's marginal decisions to spend termed as 'marginal propensity to consume' (mpc), or (b) to save, called the 'marginal propensity to save' (mps). It is significant to remember that whenever income is spent, it becomes someone else's income, and the cascade goes on. The presence of strategic complementarities or positive spillovers create a so called, 'social multiplier' where aggregate coefficients are greater than individual coefficients (as described by Becker and Murphy, 2000).

The general mathematical formula for calculating the multiplier using marginal propensities is as follows:

$$1 / 1 - mpc$$

In this case, if consumers spend 0.7 and save 0.3 of every Re 1 of extra income, the multiplier will be: $1 / 1 - 0.7$

$$= 1 / 0.3$$

$$= 3.33$$

Its interpretation: Here, the multiplier is 3.33, which means that every Re 1 of new income generates Re 3.33 of extra income.

4. RESEARCH METHODOLOGY

- Type of research paper: Conceptual paper
 - Research Design: Exploratory
 - Type of research: Qualitative research
 - Tools of qualitative research: (i) Content Analysis
- (ii) Conceptual framework analysis
- Data mining technique: Systemic search methodology
 - Source of Data: Secondary data repositories (online)

5. FINDINGS

Based on the research, some of the probable multiplier effects as applied to marketing via social media include the following prescripts:

- Maintain touch points with every person you connect with so that the triggering points are always in control.
- Be choosy & particular about whom you invite to follow you. Avoid wasting bandwidth inviting people at random.
- Reward customer loyalty via loyalty programs / incentives.
- Be cautious about losing any member because every lost member of the community decreases the value / worth of every other community member.

6. CONCLUSION

Consumers are more adverse than ever to repetitive advertising. Therefore, the marketers are becoming increasingly

sophisticated in their message outreach and how to influence their target market. As the monetary expenditure over media tools observe a paradigm shift from Print, TV and Radio based advertising to social, digital and other contemporary media forms, it is more imperative than ever to ensure how media works, both uniquely and synergistically. The 'media multiplier effect' is now extrapolated beyond traditional advertising to multichannel marketing, referring to both offline and online modes. Subsequently, the use of social media offers a 'media multiplier effect' that amplifies marketing messages beyond boundaries than traditional methods. Social media permits the marketing campaigns to find, communicate and connect with prospective customers on a one-to-one or one-to-many basis by influencing sales, customer relationships, website traffic, repeat purchases and effective brand recall.

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