Using Social Media to Build Community
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EXECUTIVE SUMMARY

This paper reports on a study of social media use by North American insurance firms. Following the framework of a recently published paper on effective social media employment, we look specifically at three insurers with different approaches to Web 2.0. Relative to what has been reported before in other industries, all have effective social media programs, but there are definite differences in their ability to build communities around their Internet efforts. Based on those differences, we can draw some conclusions on the effectiveness of different social media strategies.

Keywords: Social media, Web 2.0, Facebook, Twitter, YouTube, Insurance, Virtual customer environment (VCE)

BACKGROUND

The rapid growth of Web 2.0 applications over the past few years has had important implications for businesses and how they use the internet. In spite of the massive coverage related to these technologies, however, scholarly research on the topic, particularly in relation to commercial applications, has been limited. Businesses looking to better compete through new means have embraced Web 2.0 but have lacked reliable studies on exactly how and why such applications will help them.

This paper reports on part of a wider study of social media use in the North American insurance industry. We adapted and applied a methodology for evaluation of social media use by business to gain a sense of how Web 2.0 technologies have been employed by different firms in the same industry, essentially looking at the range of practice. As analyzed through an appropriate conceptual foundation, such studies can begin to categorize social media use and provide guidelines for others.

Web 2.0 is the term we use to generally refer to second-generation technologies allowing more interaction and collaboration between and among providers and users. The applications and benefits can be seen in multiple areas of the business, including internal purposes, customer-related purposes, and in relations with external partners/suppliers (Bughin, Chui, & Miller, 2009). This paper centers on the customer-related applications, sometimes referred to in the literature as virtual customer environments (VCEs). VCEs can be extremely useful in terms of building a sense of community with customers, something long recognized as valuable to an organization. Web 2.0 simply allows the community to be built in new and more effective ways.

The concept of community is a major theme in modern sociology. The traditional foundations for defining community consisted of geographic proximity, ethnicity, social class, or political distinctions. Boorstin (1974) suggested that the definition of a community was shifting away from a geographic and interpersonal collective, however, toward a loose gathering based on consumption of brands in the consumer society that followed the industrial revolution. Similarly, Cohen (1985) defined community on the basis of shared meaning and not geography or other structural elements.

In a general sense, community represents a group of people who have something in common with one another that differentiates them from other groups. It is the boundaries that ultimately define the community and, for Cohen, the boundaries are created symbolically in the minds of the community members. Community is symbolically constructed and based on a system of values, norms, and moral codes. The symbols of a community are seen as mental constructs that provide people with the necessary means to formulate their own meaning. Rituals confirm and strengthen social identity and sense of belonging.