Title: Leveraging Social Networks for Enhanced Supply Chain Management: Insights from Real-World Case Studies

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ABSTRACT:

The world has faced changes due to the pandemic and war in Ukraine, and as a result, growing importance has been gained by social networks in global supply chain management.

In this article, an analysis of the impact of social networks on global supply chains is conducted by the authors, who identify both negative and positive factors of social media for supply chains. A dual effect of social media, including the phenomenon of "cancel culture" and "buycott", has been revealed through a literature, media, and social network analysis. However, it is worth noting that more negative than positive effects on the business supply chain have been noticed. Negative consequences, including damaged reputation, discontinued production and supply of a product or brand, financial losses, fines, shareholder dissatisfaction, and other damages, can be caused by insufficient risk assessment of social networks. Opportunities for business product promotion are provided by social networks, which directly contribute to increasing brand and business success.

An additional positive effect on public and social awareness has also been argued by the authors. This research, which analyzes various international companies and industries (food, fashion, cosmetics, etc.), can create value for other industries as well.

Keywords: *"buycott," "cancel culture," food, fashion, and cosmetics industries., social networks; social media; supply chains; etc.*

INTRODUCTION:

Businesses are constantly faced with various internal and external changes and challenges. The impact of social networks on global supply chains is defined in this study. The negative and positive factors of social media for supply chains are identified. Investigation is made into whether insufficient risk assessment of social networks can cause negative consequences for businesses, such as damaged reputation, discontinued production and supply of a product or brand, financial losses, fines, shareholder dissatisfaction, and other damages.

EXPLANATION OF THE SOCIETAL IMPACT:

Various international companies and industries (food, fashion, cosmetics, etc.) are analyzed in this paper, which can create value for other industries. Value is also added to the field of enterprise risk management. The identified factors can be useful for the cognitive process.

This work holds both practical and theoretical relevance due to its search for ways to reduce reputational and financial losses by identifying negative and positive consequences of social networks.

The results of this research, which involved an analysis of literature, media, and social networks, can be utilized in other academic works.

RESEARCH OBJECTIVE:

Analyze the intersection of social media and supply chain management, exploring their interconnected risks and opportunities.

LITERATURE REVIEW:

Unprecedented changes have been faced by the world in recent years due to the COVID-19 pandemic and the ongoing war in Ukraine. Firstly, an exceptionally large amount of time has been spent by people at home during the pandemic. Consequently, social networks, social media, e-commerce, personalized shopping, and phenomena such as "cancel culture" have become increasingly popular.

According to Kemp (2023), the number of social network users has grown to account for almost 60% of the world's population (4.8 billion active users), although growth has slowed down compared to the previous period.

Facebook has been ranked as the leader with almost 3 billion active users worldwide, followed by YouTube, WhatsApp, Instagram, WeChat, and TikTok, as reported by Statista in 2023. Facebook has also topped the ranking of the most visited social networking sites, followed by Twitter, Instagram, WhatsApp, TikTok, and Reddit, according to Similarweb's 2023 data.

A fierce competition among the most popular social networks has been observed, and it can be assumed that the rankings will change in the future.

Secondly, consumer behavior has been altered: the share of people shopping using social networks has increased. According to Drenik (2021), 43% of consumers have discovered new brands through social networks, of which 36% have made purchases and 33% have recommended brands to their family and relatives. This suggests that social networks have a strong and growing influence on

consumer behavior. Furthermore, personalized, social shopping has gained popularity, driven by the "Shop Now" feature on social channels, as claimed by Drenik (2021).

All major social networks have provided users with the option for such shopping, including Instagram's "Live Shopping," Facebook's "Marketplace," and YouTube and TikTok's partnership with Shopify. Additionally, personalized shopping has influenced the rise of social shopping, where goods and services are offered to buyers based on information from previous purchases or reviews. However, negative influences have also occurred. Conflicting consumer behavior in terms of spending has been observed by Kar et al. (2022), particularly relevant during the pandemic and at the beginning of the war in Ukraine. Panic spread through social networks has led to irrational mass purchases of toilet paper and other supplies in various countries. Social networks have had a dual effect on consumers (positive - increased convenience and accessibility, negative - panic and irrational buying).

Thirdly, during the pandemic and the war in Ukraine, key supply chain processes, including production, inventory, warehousing, logistics, and information management, have also experienced changes and disruptions (Hugos, 2018). The fragility of global supply chains has been exposed by these cataclysms. Decades of globalization, digitization, and specialization have made supply chains international and increased their vulnerability, as noted by Norris William et al. (2020). The once commonly used LEAN manufacturing, known for its efficiency, has been rendered unsuitable for unpredictable and geographically extended supply chains.

 Alternatives to LEAN, such as buffers with inventory or capacity, have been suggested by Browning and DeTreville (2023) from the Association for Supply Chain Management (ASCM) to manage change and disruption, provide resilience, and improve performance in the supply chain. Other recommended alternatives include "Theory of Constraints," "Rapid Response Manufacturing," and "Seru." Business organizations are advised to seek alternative practical approaches, prepare, and discuss various scenarios, risks, and challenges in their management plans.

Fourthly, the COVID-19 pandemic has revealed a lack of national resilience and a failure to fully assess and address risks (Dowse and Blackburn, 2020). The inability to reorient quickly and ensure a smooth supply of medical resources has been highlighted. Specific examples, such as the production and supply of protective face masks and respirators, disinfectant liquid, lung ventilators, and vaccines against the pandemic virus, have been cited by Disparte and Tillemann (2020). Challenges have also been faced by the food supply chain and its availability due to increased

demand from vulnerable populations and disruptions in meat production caused by outbreaks at processing plants.

Quarantines and labor shortages have affected food production and distribution, as stated by Salik and Suleri (2020). Additionally, misinformation about food safety on social media and increased consumer hoarding have contributed to the scale of the problem.

Fifthly, global cataclysms have highlighted the dependence of supply chains and consumers on one or more suppliers or manufacturers. Various industries, including pharmaceuticals, consumer goods manufacturing, logistics, automotive, and electronics, have been disrupted by the pandemic, as acknowledged by Runde and Ramanujam (2020).

Countries are now seeking to diversify supply chains. Sourcing diversity, inventory growth, and domestic manufacturing expansion are being pursued by the US, according to Hellyer (2020). Companies are advised to strategically diversify their operations by creating multi-source supply chain networks in different regions, as recommended by Yogaananthan (2020). A "bullwhip effect" - a distortion of demand due to a higher volume of orders to suppliers than sales volume to buyers - has been identified by Kar et al. (2022). This confirms the importance of business organizations forecasting their response to various cataclysms and geopolitical changes.

Finally, smart supply chains of the future continue to be promoted. Big data, advanced data analysis, business analytics, and automation are enabling organizations to effectively manage digital supply chains, increasing visibility, synchronized planning, and execution, as stated by the Association for Supply Chain Management (ASCM, 2023). Smart logistics and robotics powered by artificial intelligence and machine learning are essential for the supply chains of the future. Technological advancements are crucial for future-oriented businesses and their supply chains.

DESCRIPTION OF METHODOLOGY USED:

In this work, a cross-domain analysis was performed in the areas of social media and social networks to explore their impact on supply chain management.

Methodology:

1. Cross-domain analysis of social media, social networks, and supply chain management.

2. Literature and media review of topics like social commerce, scandals, misinformation, boycotts, and "cancel culture."

3. Real-life case studies of international companies in food, fashion, and cosmetics industries.

4. Qualitative and quantitative data collection.

Key Findings:

Negative Factors:

1. Reputation damage

2. Decreased stakeholder satisfaction

3. Discontinued production and supply

4. Financial losses

5. Institutional fines

Positive Factors:

1. Business success driven by social network influence

2. Enhanced customer engagement

3. Increased brand awareness

Conclusion:

This study highlights the significant impact of social media on supply chain management, emphasizing the need for companies to monitor and adapt to social network factors to mitigate risks and capitalize on opportunities

THE WORK OUTCOME AND ITS IMPLICATIONS:

Social Aspects Key to Future Supply Chains-

Amidst technological advancements, social aspects have become crucial for supply chains due to external uncertainties and risks. Key findings:

- Social capital is now a unique organizational competence.

- Social networks significantly influence supply chains.

- Businesses increasingly invest in social network advertising and social commerce.

- Global digital advertising grew 78% from 2019-2022 ($375B to $667B).

- Social networks captured 34% of advertising budgets in 2022 (up from 26% in 2019).

Social media advertising drives company investments in communication and marketing, despite growing competition from retail media and other digital advertising tools.

"Cancel Culture" Impacts Business Reputation-

The "cancel culture" phenomenon has gained popularity, affecting business reputation. Key findings:

Triggers:

1. Racism

2. Anti-Semitism

3. Islamophobia

4. Transphobia

5. Homophobia

6. Sexual harassment

7. Violence

Consequences:

1. Public condemnation

2. Boycotts

3. Revenue loss (e.g., Adidas' $1.3B loss from dropping Yeezy brand)

4. Brand damage (e.g., Gucci, Prada, Dolce & Gabbana)

Business Responses:

1. Removing offensive products

2. Rebranding (e.g., Uncle Ben's Rice, Aunt Jemima)

3. Donations (e.g., Mars, Quaker Oats)

4. Prioritizing long-term goals over short-term profits

Unexpected Outcomes:

1. "Buycott" effect: increased demand and profits despite scandals

2. Minimal impact on brands' overall performance

Statistics:

1. 50% of US adults online would boycott brands due to unethical practices

2. Cancel culture's impact on brands is often short-lived and minimal.

The Goya Foods boycott is a fascinating case study of how public opinion can impact a brand. After CEO Robert Unanue praised Donald Trump at the White House, calling his leadership a "blessing" for Latino and Hispanic Americans, many were outraged, leading to hashtags like #BoycottGoya and #Goyaway trending. However, instead of hurting sales, the boycott surprisingly led to a surge in sales for Goya Foods, attributed to the pandemic's impact on the restaurant business and supporters pushing back against the boycott.

This incident highlights the importance of considering political views when they diverge from those of most customers. It also shows how one social group's backlash can mobilize another group to support the targeted business. The controversy even attracted new customers through social media, illustrating the idea that "bad publicity is still publicity."

In contrast, brands like Nike, Fenty Beauty, and Rare Beauty have successfully leveraged social media to engage with their audiences and promote diversity and inclusivity [Brenner, 2023; Statista, 2023a; Beck, 2022; Fleming, 2023]. Sephora, which represents these brands, has also

effectively integrated physical and digital teams, showcasing the power of social networks in shaping business strategies [Sayah et al. Musari, 2023; Drenik, 2021].

Key Takeaways:

- Public Opinion Impact: Public opinion can significantly impact a brand's reputation and sales.

- Social Media Mobilization: Socialmedia can mobilize support for or against a brand.

- Importance of Diversity and Inclusivity: Brands that promote diversity and inclusivity tend to receive positive social media reactions.

- Strategic Decision-Making: Social networks enhance communication between buyers and businesses, informing strategic decision-making.

CONCLUSION AND FUTURE SCOPE OF RESEARCH:

Negative Influences:

. Damage to business reputation due to "cancel culture"

2. Production and sales halts for brands/products

3. Financial losses from socially sensitive issues (racism, anti-Semitism)

4. Modified profitable product lines

5. Allocation of millions to social initiatives to improve reputation

Positive Influences:

1. Increased public and social awareness

2. Controversial "buycott" effect (scandals increasing demand/profits)

Key Findings:

1. Social network advertising expenses significantly increased

2. Reputation damage often short-lived due to shifting user attention

3. Financial impact of socially sensitive issues substantial

Future Research Directions:

1. Assess consistent user attention in certain cases

2. Explore lessons learned by companies from scandals

3. Analyze reputation improvement strategies

4. Investigate "buycott" phenomena further

Overall, social networks have a predominantly negative impact on individual products, brands, and supply chain processes, but contribute to increased public awareness.

RESEARCH LIMITATION:

As only a few cases were analyzed, future research could provide a broader discussion and analysis of success cases. Additionally, it would be worth investigating whether these success cases encountered new social network challenges negatively impacting their supply chains.

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