Impact of Social Media on Connected Transactions

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Abstract:
In the context of the thriving development of social media all over the world, this paper combines today’s development of new media in trade, occupies a gradually important position in the background, will the perspective of the big into small, and discusses today’s development of social media on China’s market in this aspect of the related transactions have an important impact. This paper examines the relationship between social media and connected transactions from three aspects: company profile, the company’s social media attention, and the impact of social media attention on connected transactions, and then provides policy suggestions for social media to promote the development of connected transactions from different perspectives, such as the perspective of social media platforms, the perspective of the government regulators, and the perspective of listed companies.

Keywords: social media; connected transactions; market reflection; accounting information

I. Background of the study
With the rapid development of new media in today’s era, new media economies are gradually expanding into people’s lives. Different social media, such as email, WeChat, telephone, SMS, etc. All kinds of social media bring great convenience to people’s lives. This paper focuses on the impact of various types of social media on connected transactions in new media finance. This paper will discuss the related parties in connected transactions, the difference between transferring labor or obligations and ordinarily transferring them, and the different impacts on the five types of connected transactions. As technology gradually steps into people’s lives, technology also gradually occupies a lot of people’s entertainment time and entertainment. For example, the increased status of games in people’s lives has also brought huge profits to game manufacturers and operators. Major game operators have been constantly innovating and developing their games to make more people use their games for entertainment in exchange for high profits. However, these changes do not necessarily bring more profits to the game but will cause a certain degree of player loss, reputation decline, and other bad situations. The purpose of this paper is to explore whether the late large-scale rectification of the game can make more people use their games for entertainment, and give appropriate feasibility suggestions for the present problems.

II. Research status
Domestic research on social media started late, mostly focusing on the impact of social media after replacing traditional media, characteristics, etc., such as Jin Dehuan (2017)[5] Research through data disclosed by public channels such as the Oriental Wealth Network found that in an environment with a low degree of information incompleteness, the level of stock investor cognition improves, the cost of equity financing decreases, and the value of the company rises. Ya-Hui An (2018)[6] Using data from social media posts to represent investor perceptions, it is found that investor participation in social media affects the level of their perceptions, and the company’s valuation becomes more accurate. Li slowly (2024)[11] In the analysis of countermeasures for the development of business enterprise management mode in the new media era, it is mentioned that under the general trend of new media finance, the management of business enterprises is bound to make some columns of changes to cope with the problems that exist in the development. Jia Jiaqi. (2023)[12] By analyzing the motivation and performance of shell listing in the new media industry, it is found that because the rate of updating and iteration in the new media industry is extremely fast, the major enterprises must even seize the opportunity and actively participate in the market to obtain more benefits and prestige. Chen, Hui-Ning. (2023)[13] The advantages of IP-based operation mode are proposed in the analysis of IP-based operation of new media financial and current commentary hosts.
III. Study of the relationship between social media and connected transactions

1. Company profile

NetEase Company, a well-known large enterprise in China, also stands out in many fields, such as news, email, entertainment, etc. This paper mainly focuses on the game field of NetEase. NetEase has many excellent and famous game products under its banner, which is mainly because the webpage company has seized the first opportunity; NetEase games came into being when China encouraged and guided the development of the game industry and when players had no choice but to choose overseas games in China’s domestic game market, which was empty. NetEase is famous for its game business. As early as 2001, the company set up an online game business department and began the difficult process of trying to develop its games. After more than 20 years of innovation and development, the company has become one of the top gaming companies in the world. By 2022, NetEase will have more than 100 games in operation, including classic self-developed games such as Fantasy Journey to the West, Journey to the West with Big Words, and Harry Potter: The Magic Awakens, as well as agency games such as My World and Encounters with Light. Many hot games are popular overseas. At present, NetEase’s online game field is mainly engaged in the long-term operation of classic IP through independent research and development of new types of games, the main role of the player’s character “resurrection” in the game, and continues to enter the overseas market, broadening the market, to obtain long-term income.

2. Analyze the impact of connected transactions on the game

Connected transactions are a common business practice in the broader gaming industry, involving converting resources, transferring services, or changing assets between a gaming company and its related parties. From a gaming perspective, connected transactions exist in a variety of forms, such as licensing of game rights, partner development of games, shareholder distribution agreements, shared marketing technologies, or sales platforms. The following are a few aspects of connected transactions analyzed from a gaming perspective:

First, property sharing: In general, some game companies may share property rights to game characters, story plots, graphics, and paintings with other related companies to allow their affiliates to develop new games or spin-offs using specific assets at a lower cost.

Second, game development: Game development requires many social resources and abundant expertise. Game companies can cooperate with relevant and excellent development studios in the market through connected transactions to jointly develop games. To minimize the risk and huge investment of development by a single company.

Thirdly, regarding marketing and promotion, the game company may enter into agreements with its associated distributors or retailers to sell the game more efficiently and at a lower cost. This may include terms of sale, promotional support, or sharing of marketing data.

Fourth, cross-platform cooperation: With the diversification of the major gaming industry in recent years, games can be released through multiple platforms, such as PCs, consoles, mobile devices, etc. The game public can negotiate and agree with the associated platform providers, which in turn allows the game to be released and optimized on more platforms.

Fifth, cost sharing: Connected transactions can help game companies share the costs of game production, distribution, and operation.

Sixth, risk management: With connected transactions, risks will be spread across different connected entities. Helps to minimize the impact of a failed or frustrating game on the entire gaming company.

Seventh, tax planning: Pricing and profit sharing of games can be adjusted through connected transactions, minimizing the tax burden.

It can be seen that connected transactions play an important role in the gaming industry because they can help companies improve operational efficiency, reduce production costs, diversify the risk of failure, and maximize the use of social resources. However, the construction and conduct of connected transactions must be carefully managed to ensure compliance with national laws and regulatory requirements.

IV. Policy recommendations on social media for the development of connected transactions

1. From the perspective of social media platforms

As an important channel for information dissemination, social media needs to ensure the accuracy and timeliness of the financial information provided. Social media needs to provide financial information accurately and promptly, and if social media’s provision of information fails to meet these two requirements, several outcomes can occur as follows. Firstly, investors may not be aware of and concerned about some of the upcoming risks. This can lead to a large degree of investment failure,
which not only affects their interests but, in the long run, will also affect the investor market’s attitude of distrust towards the information provided by social media. Secondly, financiers may miss out on the best financing opportunities because of the lack of timely information from social media. In addition to missing out, there will be large financial losses. Thirdly, when this kind of erroneous and risky information is widely disseminated in the financial market, it will be much more difficult for the relevant supervisory organizations to regulate. It will take a lot of human and financial resources to clean up the financial market to ensure that consumers and suppliers have equal information[1]. Therefore, social media information must be accurate and timely, and the relevant departments, such as the Internet watchdog, can be responsible for checking the information of the financial industry regularly to ensure that our country’s economy can develop more efficiently.

2. From the perspective of government regulators
Government regulators play a crucial role in ensuring financial markets’ stability and protecting firms’ interests. The important role of government regulators has been shaped by the phenomenon that in today’s market economy, financial markets dominate, and corporations are, more than ever, one of the main driving forces of the market economy.

To ensure the stability of the financial market and guarantee the interests of companies, government regulators must fulfill the following requirements. First, government regulators should ensure the fairness, impartiality, and transparency of competition and cooperation in the financial market by formulating, establishing, and enforcing relevant regulations in various financial industries. For example, China’s China Securities Regulatory Commission is responsible for the development and implementation of securities market regulations, not only to effectively protect the legitimate rights and interests of investors but also to prevent some of the market’s man-made malicious manipulation and other improper behaviors, thus maintaining the stability of China’s financial industry market and security[2]. Secondly, government regulators should also protect the legitimate rights and interests of companies and promote the healthy development of companies through the supervision of companies. For example, China’s State Administration for Market Supervision and Administration (SAMSA) is responsible for supervising the business behavior of companies, which not only protects the rights and interests of consumers within the scope of the law but also protects the legitimate rights and interests of companies that are entitled to the benefits of the law[3]. Finally, government regulators can also influence the operation of China’s financial market through macro-control policies and other means to promote China’s economic and social stability and prosperity. For example, the People’s Bank of China influences the money supply of the whole country and even the world by adjusting the interest rate and the reserve requirement ratio, thus influencing China’s financial market[4].

3. From the perspective of listed companies
The image and reputation of a public company on social media directly impact all aspects of the company. This paper focuses on the impact on five areas: stock price, sales, recruiting, and customer relations of the company.

Share price: the positive image and reputation of companies on social media can influence the perception and value assessment of companies by major investors, which in turn affects the share price of listed companies. If a listed company has negative news or comments on social media, this can lead to the emergence of behaviors that can cause the company’s share price to go up and down (especially down).[7]

2. Sales: Consumers of all types may choose not to purchase a company’s products or services if they see more negative information about the company on social media because of the existing uncertainty and distrust. [8]

3. Recruitment: Big data suggests that job seekers may look up information about a company on social media before finding a suitable career. [9] If they find relevant, unacceptable, and many negative comments or news, they may choose not to apply for a job, leading to a lack of vitality in a company’s personnel.

4. Customer relations: A company with a more negative image on social media may lead to many lost customers. Therefore, a listed company needs to pay much attention to its image and reputation on social media to maintain and enhance its image through an efficient and appropriate PR approach, strategy, and management.[10]

Bibliography


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