

The Social Media And Marketing Strategies: How It Impacts The Small And Medium-Sized Enterprises' Business Performance?

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ABSTRACT

The purpose of this paper is to identify the social media marketing strategies adopted by the small and medium-sized enterprises (SMEs) in Malaysia. In addition, it also investigates the impacts of the implemented social media marketing strategies on the business performance. The social media comes with a new marketing platform and create more opportunities for business practitioners. However, most of the SMEs faced challenges in developing their marketing strategies. For this study, the Technology, Organization and Environment (TOE) model by Tornatzky & Fleischer (1990) is used as a theoretical framework with some minor alterations. Thirty-six interviews were conducted with SME owners in Malaysia. The thematic and content analysis were used in analysing the data. Findings from the study revealed that social media marketing has positive impacts on business performance; both in the financial and the non-financial aspects. It was also found that the SMEs have different marketing strategies for each of the social media platforms that they use; namely the Facebook and the Instagram. Nevertheless, a few of the SMEs faced difficulties in maintaining the same marketing efforts for both platforms equally. As this study only focuses on the SMEs in Malaysia, it is therefore possible to explore the same on the SMEs from other developing countries for future studies. This will consequently support the generalization of findings in terms of marketing strategies and practices particularly for the SMEs in developing countries. Finally, in-depth interviews with SME owners and managers have contributed to a greater understanding and new literatures in related areas.

Keywords: Social Media, Marketing Strategies, SME, Business Performance

1. INTRODUCTION

The social media has become an advanced marketing platform in the world (Coremetrics, 2010). Its potential can be seen in Malaysia as the country has almost 19,000 Facebook users (Internet World Stats, 2016) and Facebook is becoming a popular choice of promoting businesses nowadays. Facebook allows communication to go beyond a private one-to-one conversation to a more public many-to-many conversation (Atanassova and Clark, 2015; Derham et. al, 2011). According to Barnes (2010) the social media becomes an essential platform to derive marketing strategy due to its interactive nature (Kaplan and Haenlein, 2010) that allows for collaborations (Prohaska, 2011) as well as its fast and efficient way in gathering information (Wright et. al, 2010).

Tsimonis and Dimitriadis (2014) have stated that through the use of social media, business organizations are able to have good customer relationship management either with the existing or prospective customers, while identifying issues and solutions through collaborative interactions between online communities. Apart from that, the social media may require new lines of communication and responsibilities due to the challenges that exist in social media marketing strategy (Denning, 2010; Kaplan and Haenlein, 2010).

2. LITERATURE REVIEW

The SMEs play a significant role in economic development and employment for a majority of countries in the world (Karanasios and Burgess, 2006). The same situation is evident in Malaysia, whereby the economic growth is contributed by the SMEs (Chelliah et. al, 2010; Hashim, 2015). According to the Malaysia Economic Planning Unit (2015), in the Eleventh Malaysia Plan Report for the period of 2015 -2020 it was signified that the SMEs contributed to about 97.3% of the total business establishments and 33.1% of the country's Gross Domestic Product (GDP). Nevertheless, the SMEs are often haphazard,

informal, intuitive and unstructured, characterised by change and flexibility (Carson et. al, 1995; Hill and Wright, 2000). However, the social media could potentially synergize valuable market intelligence to fill the SMEs resource gap and minimize uncertainties by leveraging their real-time market knowledge, resource-matching ability, learning and market capability (Atanassova and Clark, 2015).

Social media is defined as “a group of internet-based applications built on the ideological and technological foundations of Web 2.0 and that allows for the creation and exchange of user generated content” (Kaplan and Haenlein, 2010, p. 61). Social media platform includes social networking tools (e.g. Facebook, Instagram, Twitter), professional networking sites (e.g. LinkedIn), media sharing sites (e.g. Youtube), commerce communities (e.g. Amazon) as well as blogs and discussion forums (Agarwal and Yiliyasi, 2010).

The use of Facebook by the SMEs as part of their business strategies has been a subject of study in a number of prior research. As highlighted by Bhanot (2012), amongst the function of Facebook includes but not limited to for selling and buying, communication, business transactions, promoting, innovation, problem solving, customer care, human capital, information technology as well as for leading the shifts in business culture. Apart from that, Facebook is also used for promotions through the social network (Beloff and Pandya, 2010; Handayani and Lisdianingrum, 2011), as well as online marketing (Cheng et. al, 2010). Facebook is not only use for external communication with the customers, but, it is also use for internal communication and communication, as stated by Meske and Stieglitz (2013).

Word-of-mouth (WOM) is one method of promotion that should not be underestimated in telling customers of the arrivals of new products and services. This is due to the fact that a shared experience is important when it comes to making decisions by the customers (Gil-Or, 2010). Sometimes, the WOM expressed in the social media is more powerful in influencing people’s decision on whether to buy a product or use a service, as compared to the information disseminated by the enterprises themselves (Hyllegard et. al, 2011). These are part of the underlying factors for SMEs owner to use the social media in promoting their business and services (Ainin et. al, 2015).

Nobre and Silva (2014) in their study have mentioned that having an appropriate social network strategy is vital for the SMEs as the social network is a means for dissemination of information in many different ways and for sociability to take new direction. It is also beneficial to these business owners due to its low costing in connecting these enterprises without any barriers to the current and prospective customers (Hennig-Thurau et. al, 2010). In the same study, it was also mentioned that the social network can be seen as being the ‘gate-keepers’ to transmit information, communicate and being accessible to the customers. As put forward by Becker et. al (2013), it has been widely accepted SMEs’ business world that the social network is providing us with a new way of communicating with the existing and prospective customers. This will lead to reputation building and business image branding by these enterprises.

3. RESEARCH APPROACH

This study solely focuses on the qualitative approach in which in-depth interviews were conducted with SME owners in Malaysia. In this study, a purposive sampling of SME owners was undertaken in order to recruit participants who are significant users of the social media (Shiell et.al, 2009). In total, 36 participants were involved in the interview sessions. The selection of participants was made through the SME directories and online search through the social media as well as business websites. The participants were selected in accordance with these three (3) criteria in order to be eligible for this study:

- Number of employees between 5 and not more than 75. The definition of SME is based on the definition by the SME Corp. Malaysia (2016).
- Independent management. Typically the owner is also a manager of the business;
- Adopt social media networking such as Facebook, Instagram, Pinterest, as well as others for marketing.

The interviews were conducted from end of February 2016 to early August 2016. The participants were invited for the interview sessions through email, personal message, the Whatsapp application and phone calls. Introductory message were sent to all the selected participants to invite for the interview session, explaining the aims of the study, the estimated duration of the interview session, and the way the interview session will be conducted. A total of 72 invitation messages were sent either through emails, personal messages, the Whatsapp application and phone calls to potential participants. Out of the 72 invitations, 41 invitees have responded positively to participate in the interview sessions. However, five (5) participants withdrawn at the last minute due to several factors. Thus, the actual interview sessions were conducted with only 36 participants. Table 1 present the summary of responses rate of the participants involved in the interview sessions.

The selected SMEs were from around Malaysia. For this study, the participants were selected according to the different zones within which they are based. The SMEs were divided into four (4) zones, namely the East coast, the West Coast, the North, and the South. This study mainly focuses only on the SMEs in Peninsular Malaysia. Table 2 shows the profile of the SMEs.

The findings from this study were analysed using the content and thematic analysis. They shed light on the way the social media influenced the marketing strategies of these SMEs as well as the impacts to business performance.

4. RESULTS AND DISCUSSION

An appropriate marketing strategy is essential for the SMEs. Perhaps, the social media becomes a competitive and fierce market amongst the SMEs which requires them to strategize their marketing activities.

Out of the thirty-six (36) participants involved in these interview sessions, a majority of them were SME owners of bakeries and apparels businesses. Each of the sectors, for example the bakeries or the café operators have different marketing strategies as compared to SME owners who sell souvenirs or operates laundry services. The geographical factor is also found to have a significant influence on the marketing strategies implemented by these SMEs.

4.1. Marketing Strategies

Renton et. al, (2015) in their studies on entrepreneurial marketing have indicated that small business owners would rather focus on their business practices particularly building the business and communication identities. Nevertheless, the medium-sized

Table 1: Summary of responses rate in Malaysia

Items	Quantity
Number of invitation	72
Positive responses received	41
No response	24
Refused to participate	5
Actual interview performed	36

Table 2: Profile of Malaysia SMEs

East coast		North	
		Cafe	P19_West_Cafe
Beauty product	P1_East_Beauty	Cafe	P20_West_Cafe
Spa	P2_East_Spa		
Cafe	P3_East_Cafe	Apparel	P21_North_Apparel
Photography	P4_East_Photo	Cafe	P22_North_Cafe
Craft	P5_East_Craft	Apparel	P23_North_Apparel
Printing	P6_East_Printing	Cafe	P24_North_Cafe
Bakery	P7_East_Bakery	Bakery	P25_North_Bakery
Photography	P8_East_Photo	Photography	P26_North_Photography
Souvenir	P9_East_Souvenir	Apparel	P27_North_Apparel
Boutique	P10_East_Boutique	Beauty product	P28_North_Beauty
Laundry	P11_East_Laundry		
Bakery	P12_East_Bakery	South	
Beauty product	P13_East_Beauty	Cafe	P29_South_Cafe
		Bakery	P30_South_Bakery
		Bakery	P31_South_Bakery
		Bakery	P32_South_Bakery
		Apparel	P33_South_Apparel
		Cafe	P34_South_Cafe
		Automobile	P35_South_Automobile
		Bakery	P36_South_Bakery
West coast			
Apparel	P14_West_Apparel		
Apparel	P15_West_Apparel		
Cafe	P16_West_Cafe		
Souvenir	P17_West_Souvenir		
Apparel	P18_West_Apparel		

Table 3: Marketing strategies by Malaysian SMEs

Marketing strategies/Theme	East	West	North	South
Tagging/Like via Facebook/Instagram	/	/	//	//
Facebook advertising	////	///	////	//
Collaborate with other vendors	////	////	////	///
Special discount/Coupon	////			/
Drop-ship agent	///	//	//	//
Promotion via Whatsapp/WeChat/Line/SMS	///	//	/	
Free gift				/

Table 4: Impacts of social media marketing towards business performance

Impact towards business performance	East	West	North	South
Increase in sales	////////	////	////	////
More followers/customers	///	/	///	//
Wider market	////		//	//
Customer loyalty	///	/	//	
Feedback from customers	///	/	/	///
No. of likes/share/tag	////	/	//	//

businesses demonstrated relatively better greater management skills by presenting positive brand associations, controlling brand identities, leveraging alliances and creating different brand identities for new products. The findings showed that each of the SMEs have their own marketing strategies to gain wider market. Table 3 presents the theme of marketing strategies implemented by the Malaysian SMEs in the social media.

The findings indicated that most of the SMEs in Malaysia prefer to collaborate with other online vendors to market their products and services. Basically, they will provide spaces for vendors to place the products in their stores. For example participant P16_West_Cafe who runs a small café mentioned that a few vendors place some of their products such as homemade cupcakes and soft drinks in his café. The sales of the products were based on commission. Same goes to participant P20_West_Cafe who collaborated with 32 vendors to supply products such as desserts, cakes, and snacks to her café. Thus it shows that the SMEs develop good business collaboration with other businesses to gain better markets. According to participant P20_West_Cafe, the main reason for her collaboration with many vendors is to offer more choices for the customers.

“I collaborate with almost 32 vendors who offers various choice of products particularly foods and drinks. I share new information about my café on the Instagram. I normally update on new menus or new products so that more customers are aware with the latest offers in my café”. - P20_West_Cafe

The findings have also indicated that one of the most popular social media marketing strategies used by the SMEs in Malaysia is Facebook advertising. Most participants are willing to pay a certain amount of money to advertise their products and services on Facebook. They all agreed that Facebook Adverts is able to contribute in the promotion of their businesses. This is supported by Chan (2011) in his study on the effectiveness of using online advertising on social networking site of Facebook in encouraging university students to connect with their library’s page. The findings have shown that Facebook Adverts contributed to over half of the new connections made to the library’s Facebook page during the campaign. Therefore, it can be said that the positive marketing strategy of using Facebook Adverts leads to a broader market for the SMEs.

Dropship agent is also another social media marketing strategy that is widely utilized by the SMEs in Malaysia. The participants have also agreed that appointing dropship agents for their social media marketing is a part of their marketing strategies. They believed that dropship agents are able to promote their business well. This is due to the fact that the dropship agents do not have to carry a bundle of stock but instead transfers customer orders and shipment details to business operators or wholesalers, who then ships the orders directly to customers. Participant P1_East_Beauty claimed that dropship agents have helped her boost her sales. Most of her dropship agents are university students who do it on a part-time basis as a means to earn extra income. She receives orders from the appointed dropship agents and then ships the

products based on the orders received every Sunday, Tuesday and Thursday. She also stated that commissions are paid to the dropship agents based on the sales made.

Apart from that, the SMEs in Malaysia have also made promotions of their products and services through other networks such as the Whatsapp application, WeChat, Line, Short-Messaging Systems (SMS) as well as others to promote their online business. The participants have also offered special discounts and given away coupons to their regular customers in order to boost their sales. However, tagging of customers or sharing products or services on Facebook or the Instagram was found to be a less popular marketing strategy. The participants claimed that sometimes they might lose their customers due to over-tagging by the online retailers on Facebook or the Instagram.

“Nowadays, the trend of social media is changing. Some of the customers do not prefer to be tagged too much in their Facebook or Instagram. There is a possibility for them to unfriend or block our account. This marketing strategy may annoy them”. - P30_South_Bakery

The participants have also indicated that there is a change of trend in the marketing strategies on the social media particularly in the tagging or sharing on Facebook or the Instagram. It is therefore necessary for the SMEs to look for other marketing strategies as a way to get more customers to visit their pages.

4.2. Business Performance

Zhu and Kraemer (2005) posited that the use of ICT leads to a better business performance. This is supported by Azam (2015) who revealed that the use of ICT may enhance an SME's business performance if the appropriate technology is integrated and properly utilized. The findings indicated that social media marketing leads to a positive impact on business performance; either in terms of the financial aspects or the non-financial aspects. Table 4 presents the impacts of adopting the social media marketing on business performance.

The findings revealed that most participants agreed that social media marketing contributes to the increase in their sales. A wider market coverage is reached social media marketing is used to promote the business. Generally, all the participants either use the Facebook or the Instagram as their marketing platform. Participant P31_South_Bakery who runs a bakery that specialized in layer cakes stated that she prefers to use Facebook to promote her products. This is due to the fact that she could share more details of her cakes on her Facebook page rather than in the Instagram. On the contrary, participant P26_North_Photography have a different preference as he likes to promote his services on the Instagram as compared to on Facebook. He mentioned that through the Instagram, he is able to communicate with his clients more conveniently and gains more followers. Overall, the social media marketing is proven to be of convenience for the SME owners in marketing their products and services by minimizing the cost, increasing the sales, widening of the market coverage while maintaining good customer relations.

5. CONCLUSION

The social media marketing strategies may vary according to the type of SMEs or sector. It is also very much related to business objectives, and the benefits that it offers the SMEs. The study have demonstrated that social media marketing has a significant influence on the SMEs' business performance. The social media has become the medium that facilitates and expands communication between the SMEs and their customers. The social media is able to create a unique environment to the SMEs which enables businesses to increase their prospective market, reduce the marketing cost, increase sales and offer closer customer relationship management. Overall, social media can be a useful tool that is aligned with business marketing strategies; inexpensive, interactive, dynamic, and collaborative.

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