

UNDER-SKILLED AND OUT-OF-TIME: HOW SMES ARE MARKETING THROUGH SOCIAL MEDIA

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Abstract—

Social media is an undeniable reality which must be professionally managed in the modern economy. While some have flourished, many small businesses are just beginning to explore and apply strategic social media marketing capabilities. This qualitative paper seeks to understand how and why small and medium-sized enterprises (SMEs) utilize social media marketing, which platforms are used, and how social media marketing success is evaluated. Using a qualitative, exploratory research design, owners of four SMEs were interviewed about the use of social media marketing within their businesses. Results indicated that social media marketing is popular because it may be implemented within a limited budget and sustained through existing, free platforms. Further findings revealed that small business owners would like to be more purposeful with their social media marketing, but they lack both the time and technical skill needed to manage this dimension of the business.

I. INTRODUCTION

Social applications have been around since the earliest days of the internet, yet modern social media was developed little over a decade ago. In a few short years, top social media platforms, including Facebook, YouTube, and Twitter, transitioned from funny-sounding names to an indispensable part of the daily experience for millions of active users. Since being founded in 2003, LinkedIn, a social media platform focused on professional networking, has become a dominant way for recruiters and job seekers to find one another (Adams 2013). Social media has changed the delivery, structure, and availability to reach current and future customers (Taneja and Toombs 2014).

This boom in social media demands that businesses, large and small, take note and begin to develop strategies to attract and retain customers.

Increasingly, small business leaders see the value in using social media marketing to gain visibility, viability and sustainability in the current era of high competition. Though many small- and medium-sized enterprise (SME) leaders acknowledge the importance of social media marketing, few have adopted fully-integrated strategies (eMarketer 2012). One purpose of this paper is to explore the current state of social media marketing for SMEs.

This paper focuses on the social media experiences of several small- and medium-sized enterprises (SMEs) to explore how they are using social media, which platforms are being used, and how they are evaluating their own social media success. Traditionally marketers measure social media efforts. Many believe they are worth the effort but do not believe they are the best measure and make arbitrary changes based on perception (Hoffman and Fodor 2010). Using a qualitative, exploratory research design, SME leaders are interviewed, and their responses analyzed, to indicate their current uses of social media marketing. Finally, a discussion of results, managerial implications, directions for future research, and conclusion are presented.

II. LITERATURE REVIEW

Social media has rapidly and drastically altered the global communication landscape by encouraging the collaborative use of technology for social interaction and creation of new content. Social media is a free and instant solution for keeping in touch with friends and family, shopping for new products, reading news stories, and planning special events and vacations. Globally, around 1.6 billion individuals actively use social media with the number projected to climb to over 2.4 billion by 2018 (eMarketer; American Marketing Association

2014). The Pew Research Center determined that 74% of online adults use social media (2014). Facebook continues to be the social media giant, accounting for more than half (53.4%) of all social media visits (Experian; Marketing Charts 2015). Twitter, LinkedIn, Pinterest, Google Plus +, Tumblr, and Instagram each have active user bases, with at least 100 million unique visitors during April 2015 (eBizMBA 2015). As social media continues its integration into our daily lives, businesses are moving quickly to adapt and adopt best practices.

In the tide of social media, new businesses have been innovated and many extant businesses have adapted to exploit social media marketing opportunities. Social media marketing is “the way of promoting a website, brand or business by interacting with or attracting the interest of current or prospective customers through the channels of social media” (Saravanakumar and SuganthaLakshmi 2012). In contrast to other forms of marketing, social media is consumer-generated media (Mangold and Faulds 2009) whereby “new sources of online information are created, initiated, circulated and used by consumers intent on educating each other about products, brands, services, personalities, and issues” (Blackshaw and Nazzaro 2006). Blogs, micro-blogs, social networks, forums, and media-sharing sites are key social media marketing tools. Utilizing electronic word-of-mouth, in which content spreads from producers to consumers, and then, hopefully, onto other consumers (Litvin, Goldsmith and Pan 2008), firms can reach targeted audiences and engage consumers. Social media referrals increase the number of followers and positively affect new customer acquisitions (Trusov, Bucklin and Pauwels 2009).

Social media marketing is increasingly viewed as a foundational component of developing and executing integrated marketing communication strategies (Mangold and Faulds 2009). Strategic execution of social media marketing is clearly a desirable competency for any firm; however, it is fraught with challenges. Marketers must consider both browser- and app-based users who demand seamless integration of content across platforms and devices. Posts to social media must align with the

overall firm strategy and sync with all traditional (i.e., non tech-based) marketing efforts. As social media marketing grows, so too grows the opportunity to analyze and learn from data. Social media analytics is a rapidly expanding field which, in part, allows firms to understand their customer base through text analysis, social network analysis, and trend analysis (Stieglitz, et al. 2014). Using a data-driven approach when selecting and implementing social media marketing is a complex and time-consuming process which has not yet become an ingrained core competency for many firms (Beverungen, et al. 2013).

A recent study revealed that small businesses (with 1 to 10 employees) average 333,904 followers across all social media platforms. This number decreases for businesses with 11 to 50 employees to 220,149, and to 153,450 for businesses with 51 to 200 employees. However, larger firms (over 200 employees) have relatively larger followings, averaging 433,572 across all platforms (Devaney 2015). This indicates that SMEs can successfully recruit and retain social media followers which are necessary to employ social media marketing strategies. Nonetheless, there is much work to be done on the social media front for many SMEs. SME leaders have reported a range of skepticism and excuses, including “I’m too busy,” “I tried it but it didn’t work,” and “I don’t have enough updates to keep my site looking active” (Beesley 2013). One purpose of this paper is to better gauge how SMEs are utilizing social media marketing and to what extent they have been successful.

Determining exactly which firms fall into the definition of SMEs is difficult. The U.S. Small Business Administration supports small businesses which are designed for profit, are independently owned and operated, and which are not dominant in their fields on a national basis. Further, businesses are evaluated based on the average number of employees or average annual receipts with consideration for their industries (U.S. Small Business Administration n.d.). A review of extant literature finds a range of size constraints for SMEs: fewer than 250 employees (Ayyagari, Beck and Demirguc-Kunt 2007), fewer than 500 employees (Beck and Demirguc-Kunt 2006), or even a more complex approach of small enterprises have fewer

than 100 employees and medium-sized is 100 to 499 employees (Mittelstaedt, Harben and Ward 2003). The current study design fell within all of these confines as shown in the firm profiles (Table 1).

Though businesses of all sizes are facing the real need for social media marketing, SMEs have particular challenges in this realm. SMEs frequently operate on tight budgets and must carefully consider which investments will best support firm strategies. In particular, firms may resist adopting new technologies due to perceived barriers such as unfamiliarity with the technology, lack of time, money, or training, or general aversion (Buehrer, Senecal and Pullins 2005). Instead, new technologies are selected based on firms' innovativeness, perceived credibility of the platform (Curtis, et al. 2010), and firms' ability to integrate social media as a customer service channel (Geierhos 2011). Overall, SMEs view social media as positive and useful for their businesses, yet they encounter some problems during implementation.

This research explores the current state and perspectives of social media marketing among a few SME leaders, using a qualitative approach. Focusing on where SMEs are today, in terms of developing social media marketing strategies, builds a theoretical basis for future studies in this area. A multi-site case study was used to explore SME perceptions of social media, and then a discussion of the qualitative results is presented.

III. METHODOLOGY

This study employs an exploratory research approach combined with structured interview data collection process. The structured interviews represent case studies that focused on understanding the present state of knowledge and enactment of social media among SME leaders. Case studies are well-suited for exploring new phenomena and contributing to theoretical development in emerging fields (Bachiochi and Weiner 2004). This multiple-site case study facilitates understanding of the particular context and evolution of each firm with regard to its social media marketing strategies.

The sample included 4 SMEs which are headquartered and conduct primary operations in a small city in the United States. Firms were selected based on key criteria: (1) determined to be sufficiently successful, (2) determined to fit within conservative definitions of SMEs, and (3) operating in various industry sectors to promote generalizability. As shown in Table 1, the four SMEs which were included in this study had a minimum of 8 years in business, ranged in number of employees from 8 to 110, business sectors varied to include food service, retail, and community events, and firms operated at both local and national levels (see Table 1). For each firm, the owner-manager or the manager responsible for social media participated in an interview with the researchers.

	A	B	C	D
Manager Name (Fictionalized)	Albert	Beth	Cindy	Dora
Size (Number of Employees)	110	24	8	8
Business Ownership (Incorporated)	Yes	Yes	No	Yes
Industry	Restaurant	Restaurant	Retail	Community Events
Focal Market	Local	Local	National	National
Marketing Department	Informal	Informal	Informal	Informal
Marketing Budget	Formal	Formal	Informal	Formal
Social Media Budget	Formal	Formal	Informal	Informal

Data were collected during semi-structured interviews which lasted 1.5 hours each. Interviews were tape recorded. Subsequently, the interviews were transcribed and then coded. Codes were analyzed using the recommendations set forth by Miles and Huberman (1994) using the Atlas.ti application (Atlas.ti 6 2011). To protect anonymity, names of participating managers and firms have been kept confidential. Each participating manager has been assigned a fictitious name which begins with the randomly assigned manager identifier: Albert, Beth, Cindy and Dora (see all in Table 1).

IV. RESULTS

This exploratory research provides several insights into the current state of social media use among SMEs. Results indicate variance in engagement with social media platforms, formality of planning and budgeting for social media marketing, purposes for utilizing social media, and perspectives on evaluation of social media marketing success. As will be discussed in this section, these results support continued focus on SME leaders and their use of social media marketing. Overall, the participating SMEs seem to value the potential of social media marketing while simultaneously being hesitant to “get spread too thin” (Manager Dora).

The participating SMEs used a variety of social media platforms (see Table 2). As expected based on its worldwide popularity (eMarketer; American Marketing Association 2014), Facebook was the common denominator utilized by all 4 participating SMEs. Twitter, Flickr, and traditional webpages were also employed by 2 or more respondents. Only one participating SME reported using Hootsuite and Foursquare. It is clear that those responsible for SME social media marketing have a fair understanding of what social media is and how to preliminarily begin to market their firms using these platforms. However, continued study is needed to understand why some platforms are selected over others and how these selections are made.

Managers	Albert	Beth	Cindy	Dora
Facebook	X	X	X	X
Twitter		X		X
Blog		X		
Hootsuite				X
Flickr		X		X
Foursquare		X		
Others (QBOT, Instagram)		X		X
Web Site (web page)	X	X	X	
Platforms which were not utilized by any participating SMEs: LinkedIn Mobile, Gowalla, Tweetdeck				

Almost as interesting, some participating SMEs (Managers Beth & Dora) were active on a multitude of platforms while others (Managers Albert & Cindy) limited online activity to Facebook and traditional websites. No clear pattern emerged which linked the number of platforms utilized (Table 2) with firm characteristics (Table 1). Given the small, hands-on nature of the participating SMEs, it is likely that these differences could better be attributed to the personalities, skills, and interests of the social media marketing managers. Basically, social media use is influenced by ease of use, affordability, and the time needed to implement social media marketing.

Perhaps some insight into the selection of social media platforms could be gained by considering the purpose(s) for which SMEs employ social media. As shown in Table 3, the participating SMEs all reported informing current and potential customers as key reasons for using social media. Manager Dora explained the issue of facilitating continuous interaction with customers in a seasonal business. “Probably for our business the specific problem we have is kind of a year-round thing because we’re not open all year. We’re open for a month before the festival and about a week after the festival and so we continue to get requests year round.” Manager Dora is expanding use of social media to better inform customers. In contrast, none of the participating SMEs reported utilizing social media in attempts to educate current or potential customers. Education of customers is a more intricate process and may be less suited to the short bursts of information which travel freely over social media.

The participating SMEs place much less focus on communicating with employees through social media (see Table 3). Utilizing technology to communicate with employees (both to inform and to educate) is an increasingly important competency for large firms (Barker 2008) as they have too many employees to effectively communicate new programs, rules, and strategies through direct communication styles. These results indicate that SMEs are more likely to keep employee communication off of social and/or publicly viewable sites. Manager Beth was the most active

on social media among our sample. Employees are included in private groups on social media to encourage interaction and allow the employees to make comments about the firm’s online presence. However, “employees cannot change content” according to Manager Beth.

Managers	Albert	Beth	Cindy	Dora
Inform Current Customers	X	X	X	X
Educate Current Customers				
Inform Potential Customers	X	X	X	X
Educate Potential Customers				
Inform Employees		X		
Educate Employees				

When asked about their planning and budgeting strategies for social media, the participating SMEs varied in the formality of their strategic planning processes. All 4 respondents indicated that they do not have formal marketing departments. Manager Cindy takes a very relaxed approach to marketing, saying “it’s more of a donation or helping type of thing... We don’t seek advertisement but we do respond when people ask us for help with school activities or church activities.” However, three of the Managers (Albert, Beth, and Dora) indicated that there is a formal marketing budget. Of these 3, Manager Albert (110 employees) and Manger Beth (24 employees) from the two larger firms also have a formal amount budgeted for marketing via social media. Specifically, Manager Beth allocates only 0.5% of its annual budget to marketing, but 75% of that amount is designated for social media. Taken together, the results support a moderate level of strategic planning when it comes to social media marketing. Further development is needed for SMEs to reach a fully integrated model of social media marketing.

A key focus of this study is to ascertain how SMEs evaluate their social media marketing performance. Thus, participants were asked “How would you evaluate your performance in the use of social media either to reach current customers or to attract new customers?” Manager Dora thinks that “We do really well reaching our existing customers,” while Manager Albert said “That’s such a hard thing to quantify. I would give us a C.” Similarly, Manager Beth responded, “Not sure, but possibly a C.” Results are summarized in Table 4. Overall the respondents had not selected key performance indicators, nor did they have clear or consistent expectations about how they would know when/if they were successfully marketing via social media. Future research should focus on how to select key indicators and set their benchmarks.

Managers	Responses
Question	How would you evaluate your performance in the use of social media either to reach current customers or to attract new customers?
Manager Albert	That’s such a hard thing to quantify. I would give us a “C”... You know, I’d give us a “C” on both of them. It would be hard to quantify.
Manager Beth	Not sure, but possibly a “C”... 5,000 Facebook followers; I feel it’s very effective such as a Valentine’s Day promotion.
Manager Cindy	Not very good. We use Facebook but don’t count the Likes we get.
Manager Dora	We do really well reaching our existing customers, just when you go through, you can read 3 Tweets for example. I know that in Facebook I can keep a close eye on how many Likes we have. I don’t know if it’s us attracting the new or if it’s just being out there. Part of social media just lends itself to attracting new things on its own.

Given respondents' lack of confidence in evaluating the success of social media marketing, we did not formally ask questions about specific data analytic strategies. None of the respondents were formally monitoring growth of followers, total reach of posts, nor engagement levels for their social media pages, even though many platforms offer this type of information for free. Instead, focus remained on how SMEs currently evaluate success. Manager Beth had over 5,000 Facebook followers at the time of data collection, while Manager Dora reported that "in Facebook I can keep a close eye on how many 'likes' we have." Manager Dora went on to say "We kind of stick with the basic Facebook, Twitter, Flickr, and Hootsuite so that we don't get spread too thin." These responses seem to indicate that SME leaders are more apt to use social media platforms which are *comfortable* rather than strategically selecting platforms based on target audiences and/or data analytics. The respondents did recognize that more time researching and implementing social media marketing strategies could be beneficial.

V. CONCLUSION

This exploratory research focused on ascertaining the current state of social media marketing among SMEs. Results supported that SMEs gravitate toward the more popular social media platforms (i.e., Facebook), while some firms are simply much more active on social media than others. Facebook and company websites, the most common platforms, were used to inform current and potential customers about promotional programs. Currently, some SMEs are more structured than others in terms of formally budgeting for social media marketing. SMEs are not yet actively setting key performance indicators for social media marketing success, nor are they actively monitoring analytic data which would provide more insight into the growth and engagement of their customer bases. Moving forward, researchers should continue to develop and test theories which will guide SME leaders toward fully integrated social media marketing strategies to best engage, inform, and educate new and potential customers.

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