

THE BENEFITS OF SOCIAL MEDIA ADOPTION IN A SME. A COMPETITIVE ADVANTAGE PERSPECTIVE

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Abstract

Social media landscape is not only a collection of tools for entertainment, but also a big opportunity for business development in the digital area. This paper aims at analyzing the benefits of social media adoption by SMEs from a competitive advantage perspective. Stating that the literature on the topic of the impact of social media in SMEs is emerging, in this article we will present a few strengths that can be helpful to a SME in the decision process of adopting social media. A short overview on the social media background and perspectives will show the complexity and opportunities of these platforms. Social media is a great opportunity for SMEs, and some characteristics like size, customer management, innovation, Enterprise 2.0 can be used as competitive advantages in order to put the business in a superior business position.

Keywords: *social media, small medium enterprises, competitive advantage, business development*

JEL : L14, L21

1. INTRODUCTION

Social media, once a phenomenon, now is the new ordinary. Is social media a response to the need of continuous and instant interaction or was created? Either way, we face major changes as living generation in terms of communication, accessibility, online presence, change speed, and all these benefits affects the companies, and SMEs too. Nevertheless, one thing must be said about social media in business: social media is not a „panacea”. It might seem simple to handle the tools but it isn’t. Social media platforms have become an consistent part of our daily life (Alalwan et al., 2016). The most human interactions have been moving to take their place over virtual platforms (i.e. Facebook, Instagram, LinkedIn and Twitter) and people are more likely to formulate a positive attitude and perception towards such technologies (Carrillat et. al, 2014; Rathore et. Al, 2016; Taylor et al., 2011, Zhu et al, 2015). As an important component of social media, social networks take the wheel when it comes to business and best practices.

2. SOCIAL MEDIA’S IMPORTANCE IN THE DIGITAL AREA

Before arguing about social media in business, it is necessary to define social media as primarily internet or cellular phone based applications and tools to share information among people. Social media includes popular networking websites, like Facebook and Twitter; as well as bookmarking sites like Reddit. It involves blogging and forums and any aspect of an interactive presence which allows individuals the

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ability to engage in conversations with one another, often as a discussion over a particular blog post, news article, or event (Business Dictionary, 2017)”. Based on the major changes that social media platforms bring, we might be tempted to cut the traditional media importance and embrace only social media but social media is not to be employed as a replacement to traditional media but should rather be used as a supplement to it. Though large is the reach of social media, it does not reach all customer segments, as some segments are still loyal to traditional media, so it is recommended to utilize them concurrently. This especially applies to the older generation (Moghrabi&Al-Mohammed, 2016). Social media ecosystem is vast and authors had classified social media. Lehtimaki (2009) divides social media in 5 main categories: **blogs and podcasts**, **social networks** (e.g. Facebook, YouTube), **communities**, **content aggregators** and **virtual world**. Below, we present some insights found in the literature from a 1) *technical*, 2) *interaction and communication* and 3) *business* point of view of what is social media represents and the changes that come up with these platforms.

1) From a technical perspective:

According to Kaplan & Haenlein (2010) social media are applications that are built on the notion of Web 2.0 and offer a platform for users to connect with one another and share information. The definition proposed by Constantinides and Fountain (2008) combines and reconciles the basic technological and social elements of the concept: „Web 2.0 is a collection of open source, interactive and user-controlled online applications expanding the experiences, knowledge and market power of the users as participants in business and social processes. Web 2.0 applications support the creation of informal users’ networks facilitating the flow of ideas and knowledge by allowing the efficient generation, dissemination, sharing and editing/refining of content”. On the other hand, Kangas et al. (2007) simply refer it as a set of technologies that enable easy production and distribution of social media on the web. The authors consider that the key concepts of social media are: Web 2.0, Communities and Content.

2) From an interaction and communication perspective:

Social media and related technologies impact many areas as they are at the convergence of social interaction and technology (Redondo, 2015). In his book, *The Digital Handshake*, Paul Chaney sustains that „social media is not only about technology”. He argues that the boundaries are so low that every person that can use Microsoft Word or sends an e-mail can use every available app nowadays. (Chaney, 2009:4-5). Li and Bemoff (2008) offer a more simple classification of social media upon how people used them: (1) creating, (2) connecting, (3) collaborating, (4) reacting, (5) organizing, and (6) accelerating consumption.

3) From a business perspective:

Altes (2009) offers a futurist view social media; he believes that social media applications will be just as integral to the work environment in a few years as the Internet and e-mail are now; in some organizations social media is still considered spear time not business oriented as in the past, Internet and e-mail access was restricted to employees in many organizations. The younger generation of workers will bring a new generation of communication tools to the workplace. The author noted that technological tools, such as social media, will evolve into a part of operations for all organizations. Li and Bemoff (2008, 2011) suggested that organizations could better understand the “groundswell,” which they defined as “*a social trend in which people use technologies to get the things they need from each other, rather than from traditional institutions like corporations*” (p. 9). If business

owners argue, “Why would my business need to use social media, or why would this make sense for me?” the answer would be; “because, that is where the money is.” (Bottolfsen, 2013).

3. SM’S BENEFITS FOR SME’S

The impact of technology is powerful and we can’t deny it. Alvin Toffler, in his extraordinary book, *Future Shock*, explains transience and the change speed, stressing that those who won’t adapt will remain back. In 2018, we couldn’t agree more with him, so the rhetorical question is : What SMEs will do? Adapt or collapse? Some business owners have argued that it does nothing for their business model and prefer their current operating procedure. Despite the advantages of social media there are also small businesses that haven’t and don’t now why it would be important. Previous research has shown that most companies randomly establish a presence on social media while others avoid these platforms altogether because of unknown business risk and lack of understanding of the social media environment (Lardi&Fuchs, 2013). Therefore we present a few competitive advantages for social media adoption by Sme’s:

Direct access to clients: Web 2.0 technologies can facilitate and improve customer relations, brand building, advertising, e-commerce and business intelligence. They make it possible to locate, talk and develop relationships with people with specialized knowledge and can provide significant sales related benefits. Combined with trusted, classical marketing applications, they can form a marketing foundation for information sharing and dialogue with clients. (Galanxhi, 2013). Information and instant feedback from customers and/or shared among them allow organizations to get the most from their customer relationships and feedback/information sharing become loyalty instruments, key channels for gathering business intelligence, and new ways of engaging with the customers (Buytendijk et al., 2008). **Employees** can use these tools to share their passion for work, to document and organize ideas and work practices, to find and engage others inside and outside the organization; whereas employers can also obtain benefits resulting from accelerated information flow, increased productivity, improved reputation (Schniederjans et al., 2013). Successful implementation strategies, however, require a mindful adoption, community building (Zhang, 2010). Enterprise 2.0 provides a democratic architecture which encourages people to share ideas, promote discussions (Patel & Jasani, 2010)

Innovation: Companies achieve competitive advantage through innovation. Innovation may appear from a new company, into an existing one, or from another nation (Maticiuc, 2015). In the previous decade, organizations have been working by cutting edge levels of data and correspondence. Technology innovations define new methods for communication and socializing. Technology is primarily adopted as a means to decrease the communication barriers. Innovative technology has become an enabler of a new era of communication with a huge impact on business, thus creating new means of interactions and introduced us to a new socializing median called social media (Mohammad, 2014)

Size of the SMEs: At a general level, it has been proposed that issues around a more effective and informed social media adoption process can be better understood using the dimensions of *context, content and competency* (Durkin, 2013). *Context* reflects the ‘setting or circumstance’ in which a firm operates. At firm level, the size and maturity of the entity provide a useful contextual discriminator. If small, the firm’s behaviour will be organic, flexible and responsive, with a bias towards personal

contact networking and ‘learning by doing’ (Carson et al, 1995). In the larger enterprise, the context may be bureaucratic, inflexible and slow to respond, with a bias towards formalized relationship building and learning by experience, formal training and compliance with established and tested rules (Mintzberg, 1981). In terms of *content*, the smaller firm may find opportunities for its customer relationship through, inter alia, the online provision of added-value information relating to pricing, product descriptions, other customer feedback and product/service endorsements. Social media naturally facilitate user-generated content (UGC), in which users can look online for reviews of businesses and products when they need help with a purchasing decision. Concerning *competency*: to what extent is there a competency base in the large firm marketing team/small firm team to manage both push and interactive communications through new media such as Facebook and Twitter? In smaller enterprises, knowing what to say (and when) through these new channels can be challenging and time-consuming (McGowan and Durkin, 2002; Durkin et al, 2013).

Online presence: If you don’t manage your own social media presence then the customers are doing it for you. Effing and Spil (2016) framework provides significant key elements and areas of concern for the development of a social media strategy. The seven elements are as follows; (i) Target audience: companies should define what target group they intend to address using social media. (ii) Channel choice: it is important to select the appropriate choice of channel for different target groups. (iii) Goals: to gain business value, social media should be aligned with business goals. (iv) Resources: adequate resources should be allocated to the success of social media strategy. (v) Policies: should be structured to manage the use of social media in the company. (vi) Monitoring: businesses should listen to what is been said about the company/products and services. (vii) Content activities: a clear content post and timeframe are defined to allow regular contribution on the platforms.

4. CONCLUSIONS

The technological progress affects all the areas of our lives as individuals and so does to businesses. Social media platforms are powerful and the number of users are increasing, so businesses should be where their clients are. As we saw above, the types of platforms are diverse and offer a lot of solutions for companies, so SME’s should be there too. Even if a SME has constraints, there are some potential strengths to be used as competitive advantages. In this paper, we considered that the following factors can be a competitive advantage: *Direct access to clients, Employees, Innovation, Size of the SME and Online presence.*

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