

Social Media for Business: Knowledge Gathering through Focus Group Session with Business Owners

Shahizan, H.¹, Norshuhada, S.², Nor Laily, H.³, Sobihatun Nur, A.S.⁴
and Mohd Samsu, S.⁵

^{1,2,3,4,5}Universiti Utara Malaysia, Malaysia,

shahizan@uum.edu.my, shuhada@uum.edu.my, laily@uum.edu.my, sobihatun@uum.edu.my and mohdsamsu@uum.edu.my

ABSTRACT

Despite its overwhelming popularity and widely recognized in business, studies on the trends and impact of social media in Malaysia, have yet to be widely recorded and published. As such, this study attempts to ascertain the usage of social media (SM) in business environment. Specifically, it aims to determine the trends and perceived impact of social media for business purposes in Malaysia. In order to accomplish this, the study follows four phases of methodology which are content analysis of current literature, focus group with Small Medium Enterprises (SMEs) on perceptions of users on the use of social media for business purposes, data findings and conclusion. The target population in this study is social media users in Malaysia, company owners/ employers (top management level), managers, executives, and employees. Simple random sampling procedure is employed to get the sample for the survey.

Keywords: social media, business, Small Medium Enterprises

I. INTRODUCTION

The advent of the Internet allows social networking sites to proliferate rapidly. Despite its status as social networking tool, social media have also been utilised extensively as a business and marketing tool. Several studies in the United States provide evidences that the uses of social media indeed have positive impact on business especially on the small and medium companies (as cited in Swallow, 2010). Nonetheless, the trends in the social media usage changes overtime, and its impact remains relatively unknown.

Blog for example used to be a very popular medium for Internet users to communicate and express opinion and feelings especially between 2006 and 2007. However, its popularity has gone down rapidly recently due to the emergence of

Facebook and Twitter. According to the Nielsen Company (2010), Facebook was ranked number one in terms of usage where it represents about 67 per cent of social media users, followed by MySpace and Twitter. As the technology changes, the trend will perhaps be different as time goes by.

Studies such as those conducted by Nielson Company and several others show that social media have gained tremendous popularity among the Internet users and more and more people are joining these media and spending longer time on using them. In short, the trend shows that social networking has become an integral part of consumers' behaviour and lifestyle (Kaplan & Haenlein, 2010; Back, et al., 2010; Baker & Moore, 2008; Connell, 2008; Richter, Riemer & Brocke, 2011; Fogg, 2008).

The most recent study on the impact of social media on business is conducted by Deloitte in 2011. In this study, Deloitte investigated the economic impact of Facebook in the United Kingdom (UK) and across Europe (Deloitte, 2012). It was found that Facebook had contributed to an overall economic impact of 2.6 billion pounds and had supported 35,200 jobs in the UK. In the context of other European countries including Switzerland, it was reported that Facebook had contributed to creating a total of 232,000 jobs as well as generating economic activity which is estimated at 15.3 billion Euro Dollars in 2011. This study also highlighted that social media such as Facebook is particularly valuable for small and medium sized businesses which represent the backbone of the European economy.

We can no longer ignore the growing size, scope, and impact of social media such as Facebook. Over half of Facebook's 43 million users visit every day, spend an average of 20 minutes on the site, and view over 54 billion total page views per month (McClure, 2007). The impact it is having on internet startups and traditional businesses

particularly the small and medium sized companies are worthy research topics.

II. PREVIOUS STUDIES ON SM TRENDS AND IMPACTS ON BUSINESS

It is a common knowledge that social media has been growing in popularity all over the world. Camscore, Inc. (2008) reported a 25 per cent growth of social networking sites worldwide between 2007 and 2008, and the fastest growth was detected in the Middle East-Africa and Europe. In this report, Facebook records the highest growth from 52 million users in 2007 to 132 million in 2008 which represents a significant 153 per cent increase. This trend provides opportunity for business owners to integrate social media into their marketing and business strategies.

A report by the Society for New Communications Research reveals several case studies on how social media has benefited organizations like the American Red Cross, the Mayo Clinic and Quicken Loans. The study found that social media is increasingly becoming the main platform for disseminating information. 57 per cent of early social media adopters reported that social media are becoming more valuable to their activities, while 27 per cent reported that social media is a key element of their communications strategy.

Another good study on social media impact is conducted by the Universal McCann (2008) which looked at 17,000 Internet users in 29 countries. In this study, social media is said to have a dramatic impact on company's brands and reputation. The most significant social medium is Blog where it was found that 34 per cent of the respondents post opinions about products and brands on their blogs. In addition, 36 per cent think more positively about brands and companies that have blogs.

Barnes and Matson (2008) studied the usage of social media among the Inc. 500 in the United States. It was found that over one quarter of the Inc. 500 companies reported that they used social media extensively and perceived that social media was very important for business/marketing strategy.

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III. SM USAGE AMONG SMEs BY REGIONS IN MALAYSIA

In order to ascertain the trends in SM usage among SMEs, we retrieved a list of SME/SMI companies in 30 different from Malaysian SME business directory provided by SME Corporation.

Out of these, 20 companies from each industry (with the exception of agriculture industry group which has only 3 listed companies) were randomly selected (in 3 rounds) to ascertain their use of SM. This means that a total of 583 companies were involved in each round of the analysis.

We further analysed the data to see the trends of SM usage among SMEs by regions. To avoid data redundancy, any company which was analysed twice or trice was only counted as one. It was found that SMEs in the central region (Wilayah Persekutuan and Selangor) has the highest percentage of SM usage with 58 per cent, followed by northern region with 19 per cent, Southern region with 12 per cent, Eastern region with 5 per cent, and Sabah and Sarawak with 4 and 2 per cent respectively (refer to Table 1.).

Table 1. Social Media usage trend among SMEs by region

No.	Region	SM Usage Trend	Percentage
1	North	48	19%
2	South	32	12%
3	East	13	5%
4	Centre/ Middle	152	58%
5	Sabah	9	4%
6	Sarawak	6	2%
	Total	260	100%

In terms of the type of SM used among the SMEs (refer to Figure 1), it was found that 85.7% of them use Facebook, followed by Blog (9.89%), MySpace (3.7%), and Twitter (3.7%). This trend is in line with the findings of previous studies such as Nielsen (2010), Camscore (2008), and Deloitte (2011).

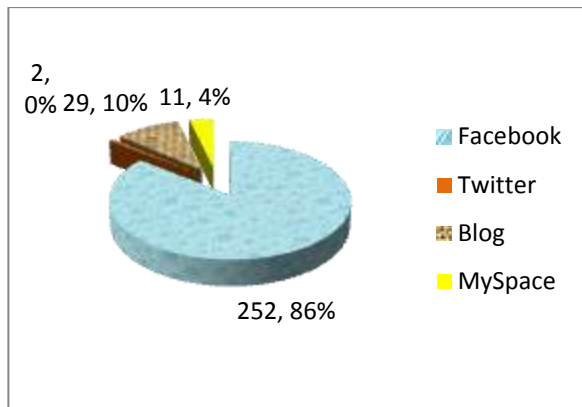


Figure 1. Type of social media usage among SMEs

IV. FOCUS GROUP SESSION WITH SOCIAL MEDIA USERS IN BUSINESS

We had organised a focus group session with Social Media users in business which was held in Kuala Lumpur. The focus group is mainly aimed at determining the trends and impact of social media use among SMEs.

A total of 22 participants were involved in the focus group. Out of these, 21 participants are using SM for their business and personal pleasure. The remaining participant is planning to engage into SM activities soon. The following are the key objectives from the focus group session:

- i. To explore the trends and insights on the use of social media for business purposes in Malaysia.
- ii. To study the perceived impact of social media on business.
- iii. How to monitoring of SM content which affects the business

V. FINDINGS

The following responses came about during the focus group session, according to the sequence in which the above key objectives were outlined. The following are the findings from the focus group session:

a) *The strategy in using of SM to promote products or services*

The input from the participants in this aspect is very fruitful and practical. Most participants agreed that the strategy to promote products should integrate the following:

- i) Clear information about the products which include the company (business owner) which includes name of the company (or owner), contact number, and link to the web site.
- ii) Advertise in SM site through the SM gateway such as *nufnagg.com* and banners. Depending on the agency, the cost for advertising banner is between RM50 to RM100.
- iii) Wall maintenance – one needs to provide catchy wall notes with nice picture/s of products regularly. At the same time comments from customers need to be responded quickly.
- iv) Timely and up-to-date information about products.
- v) Becoming a follower in other SM to make yourself/ business known to others.
- vi) Proper use of tagging in SM.
- vii) Organising contest and offering free gifts.

One very interesting point is the pointer given by a participant who suggested that we purposely create a controversy on our product so that people will talk about it. She stated that “once people talk about our product especially if it is controversial, it will spread across the SM quickly and this is kind of effective viral marketing for our business”.

Another notable point is a suggestion by one participant to launch promotional activities in SM very early before the target period of business or events. This is particularly relevant for business that is based on seasons such as wedding planner, photography, and holiday packages.

In addition, a very experienced businesswoman among the participants highlighted a very important note. She says, “we can use SM wisely to generate brand awareness and trust, and when

this happens, sales will go up definitely". Unsurprisingly, most of the participants in the audience totally agreed with this statement.

b) The use of SM as a tool to persuade potential or existing customers to buy products or services

Most of the participants agreed that SM especially Facebook (FB) indeed can be used as a tool to attract customers. FB for example is currently the best tool to advertise products or services because the information can reach potential customers very fast. Furthermore, it is easy to use and has many followers and users.

c) The impact of SM on business

The impact can be positive or negative depending on how one uses SM. If we know how to utilise the SM and keep on updating and monitoring SM contents regularly, there is a chance that it will affect our business positively. As one participant said:

"I think it depends on whether we really know how to use social media and always update its content. You would be surprised that social media can really help to boost awareness of your products."

Followers of our SM can also help improve brand awareness. Their positive comments about our products and services could strengthen our competitive edge in the market.

One of the participants stated that:

"Those who had already bought our products will give comments about the products which will influence newcomers into our social media site. If the comments are positive, then surely they will convince potential customers about the reliability of our products. Nonetheless, SM can also affect our business negatively. If we fail to deal with bad comments about our product in SM, our company's image will be tarnished, our business will be affected, and our sales will go down."

As such, most participants agreed that SM contents must be monitored closely and we must respond quickly on any negative comments posted on our SM site.

d) Monitoring of SM content which affects the business

There is a need for a company to engage actively in SM activities and monitor SM content regularly. A specific person should be assigned for this purpose and to ensure that SM is fully utilised. Timing is very important in business. Once we have new products, we must advertise them quickly in SM. Then, we have to monitor the comments and feedback from our followers and we must respond quickly of any enquiry and negative comments. One participant even suggested that we need to monitor our rivals' SM content as well to ascertain their performances. In addition, we also need to compare the price walls in the market to ensure that the prices of our products are competitive.

In addition to these, we also discussed with the participants about several other issues including how to attract visitors to visit their SM sites, what are the suitable contents to be provided in their SM sites, and what are the success factors of SM used for business.

VI. DISCUSSIONS AND CONCLUSION

This study indicates that SM has already had an impact on SMEs and there are potentials that SM will be widely used among SMEs in the near future. Having said that, the usage of SM among SMEs is still at its infancy and such Malaysian Communications and Multimedia Commission (MCMC) can play its role to remedy this.

From our literature review, we witness that SM has a great impact on small and medium- sized businesses in other parts of the world including UK and Europe. This can happen in Malaysia provided that SMEs are well educated and be aware of the great potentials of SM. Malaysian Communications and Multimedia Commission (MCMC) can, for example, conduct a variety of free-of-charge programmes to spearhead the SM usage among SMEs such as SM awareness programmes, FB for business, FB for advanced users, and SM marketing.

We came across that some business owners really want to fully utilise SM but they do not have the technical expertise to create good content that can attract visitors. Hence, intervention programmes is needed to boost the SM impact on business in the context of Malaysian SMEs.

Our study also reveals that SM such as FB can indeed be an effective persuasive tool for business. However, SM has to be used properly,

creatively, and wisely so that its impact can be maximised. Using the right strategy with the right content together with regular updating will determine the success of SM utilisation.

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