Social Media Websites as a Marketing Channel for Businesses in Malaysia

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Abstract: *Social media are communication platforms that enable user-interactions, connecting people from all around the world. Nowadays, many companies worldwide are using social media as a cheaper and alternative tool to market their products or services. In Malaysia, many companies are starting to use social media to promote their businesses. The present study aims to determine and analyse the type of companies using social media as a promoting tool to market their product and the reasons to their decisions. The research is based on datasets collected from respondents working in different companies. The findings from this research show that 64% of the local companies from various sectors that responded do actually use social media as a marketing channel whilst the other 36% do not use social media. The findings show that overall companies which use social media find that the benefits of using social media include speed of information and easy access to customers. Whilst companies which do not use social media are worried about the possible leak of information of their companies. In conclusion, the present data shows that there are still many companies in Malaysia which are not using social media as a marketing channel despite knowing the benefits.*

Keywords: Social Media, Marketing Channel, Facebook, Social Media Networks

1. INTRODUCTION

The current advancement of internet technology is providing us with many opportunities such as gaining knowledge effectively and enhancing communication interactivities. Various interactivities amongst people have been made possible with the expanding usage of social media such as Facebook, Twitter, Youtube and others. News and communication around the globe can be sent and received in an instance thanks to these sites serving as a knowledge-exchange platform. These tools are accessed by various individuals and organizations for its minimal cost and communicational effectiveness. As such, the social media pages are a great medium to spread information to the public and gaining response while keeping an up-to-date interaction with each ends. It is the perfect medium for marketing products and services.

In comparison with traditional media, social media exhibits two main differences; first, there are more people who are content readers and would become content publishers in social media; second, communication dialogues in social media are often interactive dialogues which means that there is a social aspect in the two-way communication happening in social media (Chen, 2012). Marketing is a very important activity for a company in order to communicate their products or services to the public. Although the conventional style of marketing such as advertisements through billboards, newspapers, radio and televisions are without a doubt still the popular marketing channels amongst companies, it is an additional opportunity for them to utilize mediums with bigger audiences. In the business field, competition is really tough and it moves in a fast paced manner. Therefore, a lot of new products and services are invented to be sold to the public in a short span of time. With the intention of introducing and promoting these products and services, it is a known fact that companies spent a lot of money on advertisements because the costs for printed advertisements space or broadcasting rents are expensive. This extravagant expenditure would be a burden and greater risks for smaller companies with tighter budgets.

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In Malaysia, social media are often used by giant companies to market their businesses. From a statistic website called Social Bakers (2013), the top three most liked company pages on Facebook are McDonald's Malaysia, KFC Malaysia and AirAsia. These three companies are examples that most big companies use social media pages extensively to market their businesses. However the current state of companies belonging to other categories that use social media websites such as small and medium enterprises are still unknown or ambiguous. Therefore, this study aims to determine the general picture of companies within Malaysia who are using social media as a marketing channel and those who are not using them.

2. LITERATURE REVIEW

The era of social media started around 20 years ago when "Open Diary" which was an early social networking site was founded by Bruce and Susan Abelson. The site was created to bring together online diary writers into a community. It was at that time that the word "weblog" was first used, then a year later was truncated to the word "blog". The popularity of the concept grew due to the fast advancement of high-speed internet access and social networking sites such as Myspace and Facebook which was founded in 2003 and 2004 respectively (Kaplan & Haenlein, 2010). The appeal of building identities and getting connected has also attracted various users from all range of ages to these websites. Malaysians are avid adopters of social media sites from the era of Friendster and Myspace till now Facebook, Twitter and other sites.

According to Salman, Wan Mahmud, & Abdul Latif (2013), the internet era in Malaysia began in 1995 and the growth in the number of Internet hosts began in 1996 with the first local search engine and web portal company, Cari Internet founded in the same year. In the early 1990s, the Internet technology was developing rapidly then. As the global world recognized its potential, the Malaysian government too took the opportunity to encourage its people to adopt it. Various national strategies were formulated for telecommunications such as the Malaysia's Vision 2020 that determines the information and Internet policy. It was launched in 1991 by Tun Dr. Mahathir Mohamad and it outlined goals for Malaysia to achieve in order to become a developed nation by the year 2020. In the mid-1990s, the focus of the country was directed towards ICT. Therefore an advisory group, National Information Technology Council (NITC) was established. In the same decade, the Internet initiative and development began with the establishment of the Malaysian Institute of Microelectronic Systems (MIMOS) that launched the Joint Advanced Integrated Networking (JARING) as the main Internet Service Provider.

In 1995, the first Internet survey that was done by MIMOS and Beta Interactive Services yields results that only one out of every thousand Malaysians had access to the Internet (20 000 Internet users out of 20 million population). In 1998, the number grew to 2.6% of the population and total number of computers sold in the same year was 467 000 which increased in year 2000 when 701 000 number of computers sold. In 1996, the Multimedia Super Corridor (MSC) was officially launched as the main vehicle for achieving Vision 2020. The Communications and Multimedia Act was passed in 1998 to accomplish the need to standardize the rapidly increasing convergent multimedia industry.

Other initiatives taken by the government to encourage Internet usage are the "One Home, One Computer" policy as well as The National Public Policy Workshop (NPPW), both in late 1990s and 2005 respectively. Due to the initiatives invested by the government, Malaysia as of 2012, has 17.5 million Internet users with 87.9% accessing Facebook. In June 2013, the statistic for Facebook users in Malaysia was 13.3 million and social media accounts 1/3 of all time spent online in Malaysia (Malaysia Social Media Statistics, 2013).

As the world embraces social media as a necessary tool in daily lives, Malaysians have also done the same. From the time where chat rooms were famous in the late 1990s till blogging came around, most Malaysians have had a taste or opportunity to try out the applications to communicate their thoughts. Ooi (2007) describes blogging in Malaysia as thriving. Her article mentioned various names of bloggers such as Jeff Ooi, AhiruddinAttan, Nathaniel Tan and Raja Petra Kamarudin who were sued or detained by the government for posting up 'anti-government' articles. There are also mentions of various popular blogs such are those about food, places, family life, hobbies and others. The article mentioned a few popular blogs visited by various internet users and that as long as locals stay clear off the political or religious contents, they are free to communicate their thoughts.

In Malaysia, the role of media has been made to carry two responsibilities (Ahmad, Chang, Mustaffa, Ibrahim, Wan Mahmud, & Dafrizal, 2012). Not only is media being used for dissemination of

information and as educators but it has also been made as a guide that is according to the government's aspiration as well as policy in order to sustain and survive the media industry. However the focus of study was about information propagation such as Bersih 2.0 and the forces of social media that help spread information like virus in Malaysia. The authors concluded that both social as well as global media play a vital role in times of crisis as news travels in a flash. Information now is at the fingertip and this can influence users when news are being shared around, spreading out of control. For some it can be regarded as good educational information, but others might take it the wrong way causing newfound social problems.

As the young generations who are technology savvy begin to grow and the adoption of internet technology amongst employees of various age are improving, the advertisement channels targeting various audience are also shifting. In 2007, a research conducted by Forrester Jennings shows 52% Europeans are regularly online at home, the audiences and attention are shifting to online channels (Kichatov & Mihajlovski, 2010). There is a 36% decrease in the percentage of those watching television amongst European Internet users, 28% reduction of those who read newspapers as well as magazines and a 17% decrease of those listening to radio.

In contrast, the majority of advertising spend in Malaysia is on newspapers which still dominates the top list of the advertising channel although there is a rise in the numbers of internet advertising spend. In the report; Advertising Development In Malaysia done by the Malaysian Communication and Multimedia Commission (MCMC) published in 2009, in the first half of 2008, the total advertising spend in Malaysia rose to 22% which amounted to RM2.9 billion from the same period of 2007. Advertisement spend on newspapers rose to 16% from the first half of 2007 amounted to a total of RM1.6 billion which makes it the most preferable method of advertisement. The first half of 2008 shows that the highest growth of medium of advertisement was the television media generating advertisements worth RM947.5 million. The advertisement spend on internet, on the other hand was RM14.9 million during the same half of the year. At that time the industry observers predicted that by 2010, the Internet will overtake most of other media and become the world's third-largest advertising medium.

A report published by an international audit firm, PricewaterhouseCoopers (PWC, 2013) outlines the key trends and development across entertainment as well as media sectors in Malaysia. According to the report, there will be a stable growth in the Malaysia's advertising revenue over the period of 2013-2017. The newspaper will still be the dominant platform of advertising followed by television for the next five years. Furthermore, the report showed that there will still be an increase in internet advertisement with it being the third largest advertising segment and is expected to grow much faster compared to other segments.

There are much to discover about social media usage in Malaysia. Previous research also fails to gain insights to why companies are using and why they are not using social media as a promotional tool in their businesses. The methods described in this paper aim to bring new insights to existing literature. This review and the additional research will result in an initial overview of the statistic of companies which are using social media to communicate their businesses to their public or companies which are not using these technology.

3. METHODOLOGY

There are various researches done based on quantitative methodology because of its suitability with the nature of the research. Luca (2011), Sarwar, Haque, & Farzana (2013) as well as Haque, Al Mahmud, Tarofder, & Hj Ismail (2007) are amongst those who have used quantitative methodology in their research and some of them have been mentioned in the literature review section above.

Similarly, this research aims to make an empirical study towards the usage of social media as a marketing channel in Malaysia. The results will be based on statistics from data collection. Therefore, quantitative method is a more suitable methodology for this research as the main objectives of this study is based on numerous responses.

3.1 Research Design

The research focuses the study only on a few subjects from a larger population in order to find patterns in the study. The main instrument used in for data gathering is via constructed questionnaires which questions and answer-options were designed based on the 2012 Social Marketing Industry Report (Stelzner, 2012). The source of data were collected personally thus labelling them as primary data and the research uses random sampling in order to

reduce the chance of the results being biased. The total local businesses in Malaysia, beginning of the year 2014, as reported by the Companies Commission of Malaysia is 5,296,814. Another source of information regarding companies in Malaysia is smeCorp website which displayed the total companies registered as 24,376 (SMIDEC, 2013). The study targets companies from various sizes especially small and medium sized enterprises because social media is a cheaper and effective marketing platform suitable for companies which usually allocate lower budget for marketing expenses.

From its website, 500 e-mails with the survey document were sent to random selected companies. Another 200 surveys were sent to companies through Facebook private messaging system. Out of the 700 numbers of surveys sent, only 101 response were received from local businesses.

Table 1. Number of Respondents by Local Companies

Category	Total Population	Target Respondents (N)	Response Received (n)
Local Companies	5,296,814	700	101

4. DATA ANALYSIS AND FINDINGS

The research was designed to collect data from companies which are using social media as a marketing channel. The study analyzed 101 companies from an original sample of 700 companies. All 101 companies qualified for the study as they all answered every questions in the survey accordingly. The table below shows the number of responses received that has been classified into their respective categories:

Table 2. Number of Responses Based on Sectors

Sectors	Number of Respondents
Manufacturing	12
Agriculture	0
Technology & Utility	15
Engineering & Heavy Equipment	12
Medical & Healthcare	3
Hospitality	2
Professional Services	22
Trading, Wholesale & Retail	13
Education & Training	13
Others	9
Total	101

The majority of respondents came from the Professional Services sector with 22 respondents whilst no response were received from the Agriculture sector. This research will exclude discussions on the agriculture sector due to the unavailability of data gathered from the survey. The 9 respondents categorized as 'others' consist of companies from the advertising, entertainment and construction sectors.

There are 3 figures in the following page which firstly (Fig.1) shows the overall percentage of companies either using or not using social media. Secondly, (Fig.2) shows the results for companies which either are using social media or not, and thirdly (Fig.3) showing companies categorized by their age arranged in accordance to their respective sectors. The findings in Fig.1 show that 64% of the local companies in Malaysia use social media as a marketing channel whilst the other 36% do not.
Out of the 9 sectors in Fig.2, almost all companies in the respective sectors are using social media as a marketing channel. Those sectors are Manufacturing, Technology & Utility, Engineering and Heavy Equipment, Medical & Healthcare, Hospitality, Professional Services, Trading Wholesale & Retail, Education & Training and also other sectors. The percentage of social media usage respectively are 75%, 67%, 33%, 67%, 100%, 55%, 77%, 85% and 67%. The only sector which has a higher percentage of companies not using social media is Engineering & Heavy Equipment with 33% using and 67% not using.

Therefore, it can be said that most companies in Malaysia are using social media with a ratio of 16:9 and most of these companies are newly established companies (< 5 years). In addition, based on sectors, with the exception of the Hospitality and Agriculture sectors, the only sector which has a higher percentage of not using social media is from the Engineering & Heavy Equipment sector which is probably due to their nature of business (Business-to-Business).
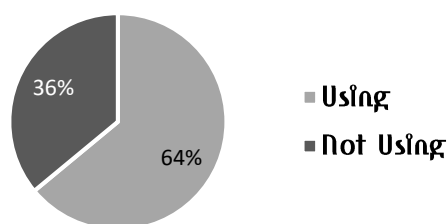
Fig. 1. Percentage of Companies Who Are Using and Not Using Social Media as a Marketing Channel
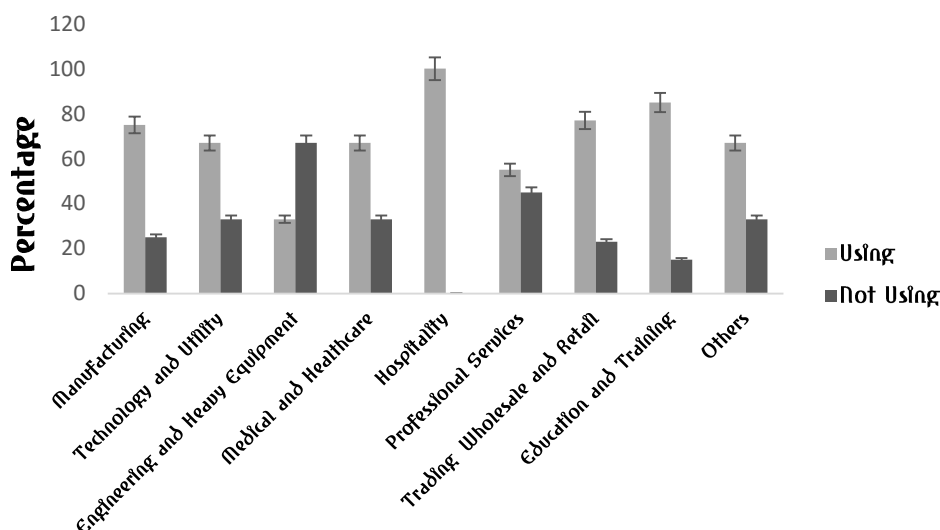

Fig. 2. Percentage of Companies in All Sectors either Using or Not Using Social Media as a Marketing Channel
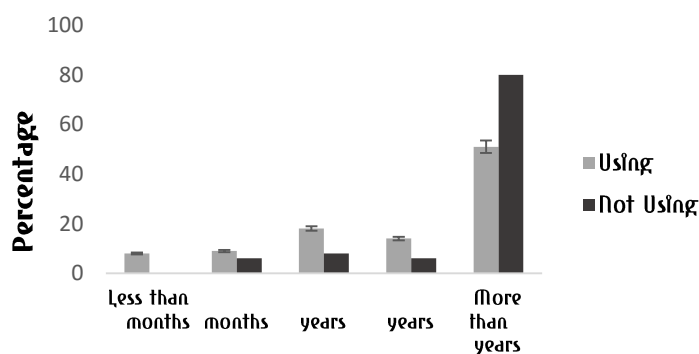

Fig. 3. Percentage of the Age of Companies' from All Sectors Who Are Using and Not Using Social Media

Table 3. Number of Companies That Either Find Social Media as an Effective, Not Effective or Maybe an Effective Marketing Channel

Business Sectors	Yes	Maybe	No
Manufacturing	4	5	0
Technology and Utility	10	0	0
Engineering and Heavy Equipment	0	3	0
Medical and Healthcare	2	0	0
Hospitality	1	1	0
Professional Services	7	5	0
Trading, Wholesale and Retail	7	3	0
Education and Training	10	1	0
Others	5	1	0
Total	46	19	0

The table above (Table 3) displays information on the number of companies that either found social media as an effective, not effective or maybe an effective marketing tool. Out of 65 companies that

are using social media as a marketing channel, there are 46 companies which is the majority of the respondents find that social media is an effective tool. Therefore, they would want to keep using it to promote their products as well as services. The remaining 19 companies are not sure whether social media tools are assisting them in their businesses promotional activities or not. All respondents in the Engineering and Heavy Equipment sector are not sure whether social media is effective as a marketing channel or not.

The next figure (Fig.4) shows the results of which factors are amongst the popular reasons that affect a company's decision to use social media as a marketing channel. The data were taken from those who confirmed that social media is an effective marketing tool. Companies were given the freedom to choose more than one answer and the total answers gathered from this category is 192. Out of the 7 factors provided, the most popular factor chosen is due to 'speed of information' with 20%,

followed by 'easy access to customers' with 19% and 'easy to use' factor with 18%. The least popular answer is 'targeted marketing' with 7% which gives us an idea that most companies that use social media are not really targeting niche market, but rather the overall target audiences.

Following Fig.4 is Fig.5 which shows the results collected from companies who are not sure whether their usage of social media as a marketing channel is affecting them in a positive manner. There were 78 answers gathered from the survey regarding this part of the findings. The results in Fig.5 show that 'speed of information' with a percentage of 19% is still the most popular factor that affects companies' decision to use social media as a marketing channel. This is followed by 'easy access to customers' factor with 18% and 'easy to use' factor with 15%. The least popular reason was 'targeted marketing' factor as well which yields a similar result with the previous category.
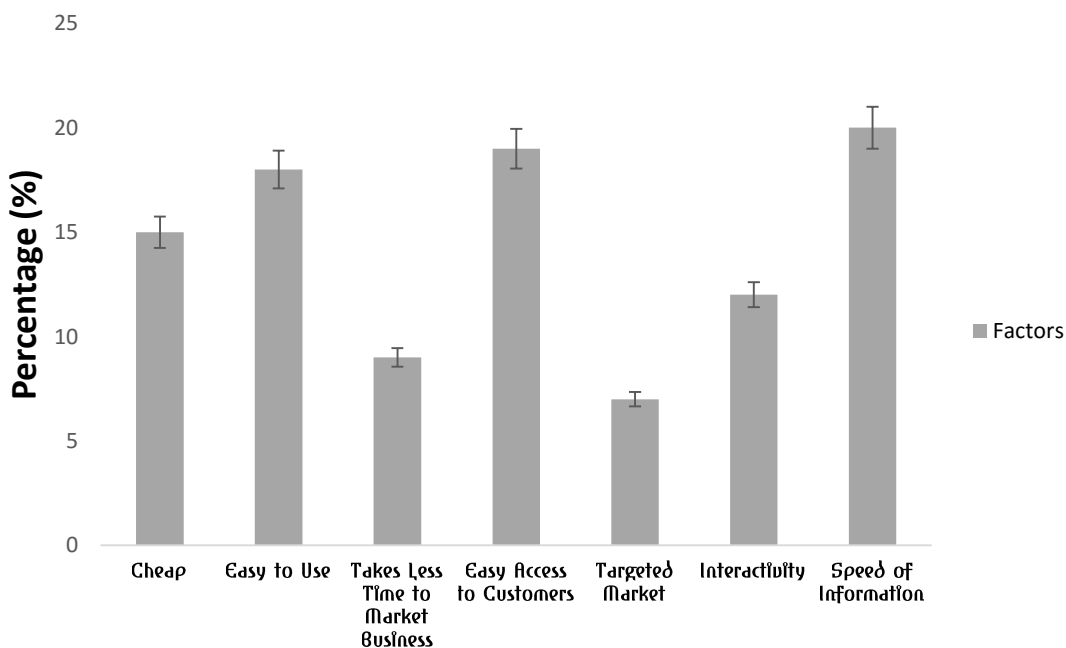

Fig. 4. Overall Percentage of Factors that Affects the Decisions of Companies to Use Social Media 1
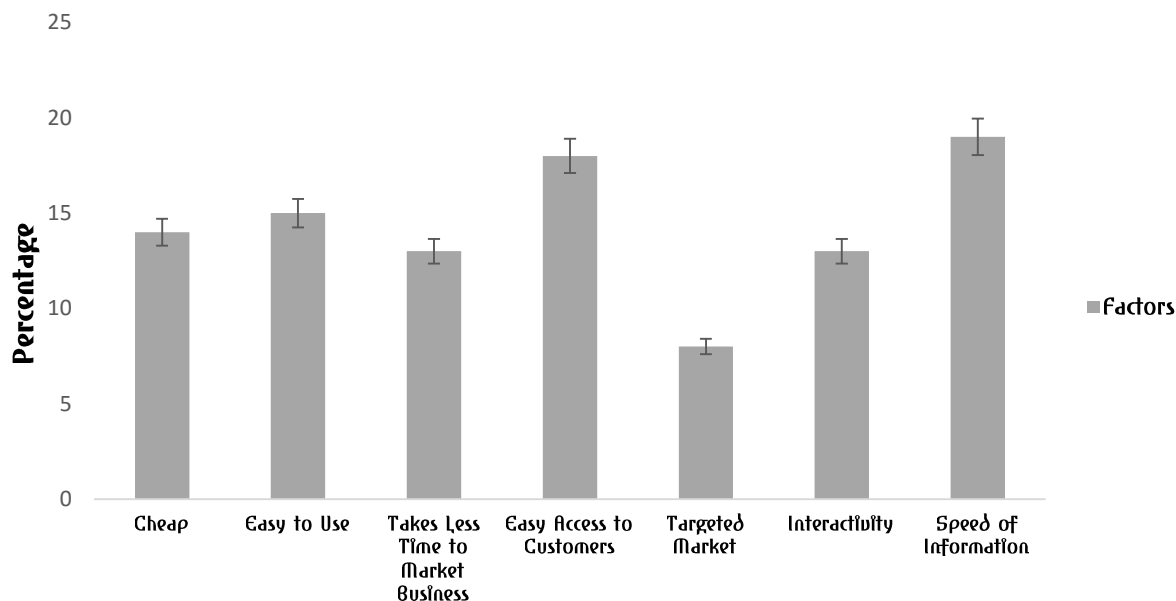
Fig. 5. Overall Percentage of Factors that Affects the Decisions of Companies to Use Social Media 2

In order to make the findings seems fair, a particular question was asked to companies who do not use social media as a marketing channel. The question involves asking what the reasons are for those who do not use social media. Companies were given the choice to pick more than one answers and the result are as follows:
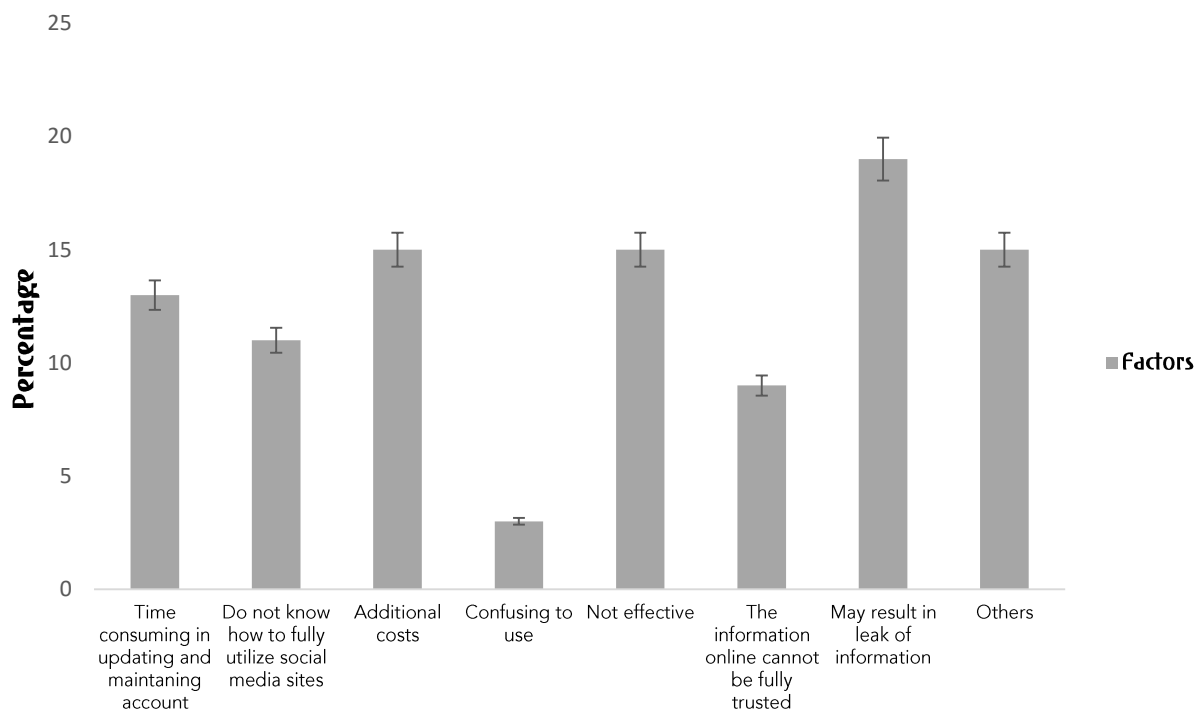

Fig. 6. Factors that Affect the Decisions of Overall Companies to Not Use Social Media

The total response collected for this question is 54 and out of that number, the percentage for each answer were counted based on the companies' responses. The highest percentage belongs to the reason that using social media might result in leak of information with 19%. Following that, are three reasons with each yielding the same percentage of 15%. They are additional cost, not effective and also others. The answers in others are mostly because the companies' products and services are not

suitable for online marketing. One company commented that they are satisfied with word-of-mouth method and also personal services as well as eye contact approach. The least chosen reason is that social media is confusing to use with a percentage of 3%.

5. CONCLUSIONS

In conclusion, the study revealed that young companies (< 5 years) are the ones using social media as additional advertising platforms. Information security as well as additional cost incurred and perceived to be ineffective are the

major reasons why the social media is not acceptable to those companies.

The results of this study also provide a picture of how well received social media websites are by companies in Malaysia and the reasons why social media websites are either used or not for marketing purposes. It is recommended that further in-depth studies and analysis be carried out to confirm these findings because of the small number of respondents in this study, it is suggested that a larger number of sample size should be included in future studies so that the results can be accurately proven or disproven.

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