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THE BENEFITS OF SOCIAL MEDIA MARKETING ON SMEs BRAND AWARENESS

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‘I here by declare that have read this thesis and in our research is sufficient in terms of scope and quality. This project is submitted to Universiti Teknikal Malaysia Melaka as a requirement for completion and reward Bachelor Degree of Technopreneurship’

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THE BENEFITS OF SOCIAL MEDIA MARKETING
ON SMEs BRAND AWARENESS

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DECLARATION

I declare that this project entitled “The Benefits of Social Media Marketing on SMEs Brand Awareness” is the result of my own research except as cited in the references. The project paper has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature :

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Date :

DEDICATION

*Specially dedicated to my lovely father Saad bin Fadzil and my lovely mother
Salmah binti Sani, thank you for your prayers
To Abang long, and Kakngah; thank you for your concerns. syukur pada Allah S.W.T
For all the encouragement, big thanks to all my dear friends Thanks for my self
(Knowledge Without Charity does not mean)*

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ABSTRACT

Social media marketing is a phenomenon which has become an important aspect of the marketing mix and revolutionize the way companies interact with their customers. It is a new field of research and literature quick scan revealed that not many studies exist. However, the few existing studies without scientific proof to industry data, have been rushing to conclude that the emergence of social media has led to the death benefits of social media for brand awareness. Oeh that this research project is to clarify whether social media is more efficient in the perspective of brand awareness and assess the impact of demographic factors on the advantages of social media marketing. Researchers conducted a questionnaire on 50 SMEs around Melaka by distributing questionnaires. After obtaining a source of information on social media marketing and branding awareness, several methods have been used to analyze the study. Researchers conducted a study with quantitative methods and using SPSS to analyse the based on Descriptive Analysis, T-test, ANOVA and Regression Analysis in order to measure the relationship between benefits of social media marketing and brand awareness. Based on a study conducted it was found that social media exposure and customer engagement that has strong ties to the brand-awareness, while, influence does not reach enough relationship to brand awareness. In addition, the result shows that there is no significant relationship between firm's demographics factor and brand awareness

Keywords: Social Media Marketing, Marketing Mix, Small Medium Enterprise(SMEs), Brand Awareness

ABSTRAK

Pemasaran media sosial adalah satu fenomena yang telah menjadi satu aspek penting dalam campuran pemasaran dan merevolusikan cara syarikat berinteraksi dengan pelanggan mereka. Ia adalah satu bidang baru penyelidikan dan kesusasteraan imbasan cepat mendedahkan bahawa tidak banyak kajian yang wujud. Walau bagaimanapun, kajian yang sedia ada beberapa tanpa bukti saintifik untuk data industri, telah bergegas untuk membuat kesimpulan bahawa kemunculan media sosial telah membawa kepada manfaat kematian media sosial untuk kesedaran jenama. Oleh kerana projek penyelidikan ini bertujuan untuk menjelaskan sama ada media sosial adalah lebih cekap dalam perspektif kesedaran jenama dan menilai kesan faktor-faktor demografi tentang kelebihan pemasaran media sosial. Penyelidik telah menjalankan soal selidik ke atas 50 PKS di seluruh Melaka dengan mengedarkan soal selidik. Selepas mendapat sumber maklumat mengenai pemasaran media sosial dan kesedaran penjenamaan, beberapa kaedah telah digunakan untuk menganalisis kajian. Penyelidik menjalankan kajian dengan kaedah kuantitatif dan menggunakan SPSS untuk mendapatkan hasil kajian itu sebagai satu kaedah analisis Analisis deskriptif, Ujian-t analisis ANOVA dan analisis regresi untuk mengukur hubungan antara kelebihan pemasaran media sosial untuk penjenamaan kesedaran. Berdasarkan kajian yang dilakukan mendapati pendedahan media sosial dan penglibatan pelanggan yang mempunyai hubungan kukuh dengan jenama-kesedaran, manakala, pengaruh tidak sampai cukup hubungan kesedaran penjenamaan. Bagi hubungan antara kesan-kesan faktor-faktor demografi tentang kelebihan media sosial mendapati tiada hubungan antara faktor-faktor ini.

Kata kunci: *Media Sosial Pemasaran, Pemasaran Campuran, Industri Kecil Sederhana (PKS), Kesedaran Penjenamaan*

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LIST OF ABBREVIATIONS

SME Small Medium Enterprise

PSMB Perbadanan Sumber Manusia Berhad

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CHAPTER 1

Introduction

1.0 Introduction

Social Media has offered a large variety of new opportunities for companies to promote their brand, products and services. Aaker (1996) said that, with the multitude of new media developing, it is becoming increasingly difficult for companies to raise awareness for their brand. In order for companies to be able to coordinate messages and their marketing effort, the only way is by managing this complexity. Carlsson (2010) stated that 2010 is be the year when social media is incorporated within organization and really start to become useful tools for companies and communication.

Kaplan and Haenlein (2010, p. 60) defined social media as “the internet-based application that build on the technological and ideological foundation of web 2.0, hence allow then creation and exchange of user –generated content”. According to Evans (2008), social media relates to a self-generated, authentic conversation between people about a particular subject of mutual interest, built on the thoughts and experiences of the participants. Therefore, social media is definitely all about sharing and aiming at a collective vision, often intending to offer a more-appropriated or informed choice at the end.

Social media can be in many forms such as, social networks, micro blogging, wikis, podcast, pictures, video, rating and social bookmarking. According to Kaplan and

Haenlein (2010) and Weber (2009) this social media will give a good opportunity for promote their brand, product and services. Moreover, the one of a great impact social media tools is Facebook that have 400 million active user, and easy to the companies to promote their brand, product and services.

Different countries use different standard and different criteria to measure firm size. Thus definitions of small medium enterprise (SME) are varied. According to firm SME Corp. Malaysia Secretariat to the National SME Development Council (2013) SME has development in the economy since 2005. The factor that makes the SME develop is price inflation, structural changes and change in business trends, a review of the definition was undertaken in 2013 and a new SME definition was endorsed at the 14th NSDC Meeting in July 2013. SME as defined as Manufacturing: Sales turnover not exceeding RM50 million or full-time employees not exceeding 200 workers Service or other sector: Sales turnover not exceeding RM20 million or full-time employees not exceeding 75 workers

Thus, the business will concern as SME based on one of two specified qualifying criteria on size of operation definition. First is Microenterprise across all sectors that are the business operation must sales turnover of less than RM300, 000 or less than 5 full-time employees and second is SME can concern on two categories based on small and medium size of operation that is small size of operation for manufacturing. The company must have sales turnover RM300, 000 to less than RM15 million or full-time employees from 5 to less than 75 while services and other sectors, the company must sales turnover from RM300, 000 to less than RM3 million or full time employees from 5 to less than 30. Hence, medium size for manufacturing sectors the company sales must have sales turnover from RM15 million to not exceeding RM50 million or full time employees from 75 to not exceeding 200 while Services and other sectors, the company must sales turnover from RM3 million to not exceeding RM20 million or full-time employees from 30 to not exceeding 75. (Source: SME Corporation 2013)

Social media can greatly influenced SME especially on companies marketing is the most common tools that consumer use to find information on product, brand, and services. People share their conversation on good and bad experience and feedback on the net. Thus, social media undoubted fully give huge impact towards SMEs development. Hence, the concern of this study is to enhance the awareness of SME brand in people through the power of media social.

1.1 Background of study

Social media have been prevalent in larger corporations throughout 2011. However, small businesses (known as Small-Medium Enterprises) makes up the largest business establishment in Malaysia with 99.2%, equivalent to 518,996 businesses in which the huge majority (86.5%) are in the services sector which includes retail, restaurant and wholesale businesses. (Source: Census of Establishments and Enterprises 2005) it show that the important of social media to SME is a good performance for marketing strategies in this era. In conjunction with the Ninth Malaysia Plan (2006-2010), in the competitive global business environment, the government design and devoting the SME development plan to assist the SMEs to meet new business challenges.

Foon (2006) said that companies may achieve competitive advantage through acts of innovation and innovation can be in the form of new product design, new production process or new marketing approach. SMEs need to strengthen the branding to better position themselves to penetrate new market opportunities. SMEs may also actively distribute its products through franchise if a recognized brand is established.

SME is the one of the important economy in Malaysia. It can be prove by the journal of SME master plan in chapter 2 about the structural characteristics on SME in Malaysia, SMEs contribute 32% of Gross Domestic Product (GDP), 59% of employment and 19% of exports. Based on latest statistics (Census of Establishments and Enterprises 2005), SMEs constitute 99.2% of total business establishments in

Malaysia or totaling 548,267 enterprises. Bulk of these SMEs (87%) are engaged in the services sector, while another 7% and 6% respectively are in the manufacturing and agriculture sectors.

So, this social media is the one tool that gives the higher impact for SME to make their brand similar to the top brand in the market business.

1.2 Problem Statement

Most SME is aware of raising awareness through social media for their brand; this is because social media could be opportunity and threat in SMEs based on them social media tools that they use. In addition, the social media offer a cost effective way for the SMEs to improve their brand awareness. One of the difficult questions as most SME realized is, how to improve their brand awareness in positive way in order to let more potential consumer know. As Weber (2009) pointed out that creating a dialogue with customers is better than other finding them through internet, and social media is a most promise way to bring the new customer and enterprise closer. Social media can discover the priorities and values of those who might be interested in this kind of product or services, and it provides very effective and practically instant feedback from online communications.

As Berthon, Ewing and Napoli (2008) stated in their work that the brand awareness literature has focused almost only on large multinational brands, where SMEs were not taken into consideration. Therefore, it is interesting in current study to address the lack of research focused on the use of social media benefits by SMEs to increase their brand awareness. Thus this thesis aims to fulfill this gap in the academic research.

However, it sometimes can be in a negative way as well. Weber (2009) comment was written from lots of different user of social media, but it could be a same one. Then it could be decrease the customer's trust for any particular enterprise. The combination of social media and brand awareness is a complex process. The influence of

social media was affected by both of them (Nichole k; 2010). Due to the limited resource in this area, and with the discussion above, this dissertation will be focus on social media benefits in SME's brand awareness.

In order for SMEs to gain long-term benefits from using social media they should use social media and relationship marketing concurrently due to here the customer is seen as a "co-creator", compared to the old and traditional view where the customer is only a target to sell to (Miller & Lamas 2010). When SMEs use social media they should have proper branding and customer service strategies that are needed for their overall social marketing strategy where participating in online conversation about the brand are vital for the SMEs success online (Williams, 2009).

Hence, if SMEs want to be successful in their marketing activities they should listen to their customers, share information with them and build relationships in order to gain mutual trust so that they can influence their customers' behavior (Miller & Lamas 2010). Thus, social media many facilitates the processes of interaction, relationship and value creating (Harridge-March & Quinton, 2009).

1.3 Research Question

The research question for this study as below

- I. What are the benefits of social media marketing to SME?
- II. Does firm's demographic factor has any effects on expected brand awareness?
- III. What are the relationships between social media benefit and brand awareness?

1.4 Research Objective

The aim of the study will be stated as below

- i. To examine benefits of social media marketing on SMEs
- ii. To study the effect of demographic factors on expected brand awareness
- iii. To analyze the relationship between social media benefits and SMEs brand awareness

1.5 Scope of research

This study focuses on SMEs in Malaysia. It involves SMEs around Melaka. A total of 50 SMEs around Malacca was been chosen as the research subjects. This study only focused on SMEs in services and manufacturing companies. These SMEs was selected because of their suitability in the online market that could impact on the realization of the social media branding. Melaka was chosen as the industrial sector conducted around the country that is suitable for studies on the social media benefits on SMEs brand awareness. The scope of the study is to examine benefits of social media marketing on SMEs and to analysis the relationship between social media benefits and SMEs brand awareness.

1.6 Implication of study

Based on this study, whether brand awareness is to create awareness among the public on the branding of products marketed by the SME social media. Moreover, whether the decision making process about online marketing was existence of brand awareness and have a positive impact on SMEs and increased profits for the SMEs Company.

1.7 Limitation of study

The sample of this survey is chosen among the manager from an SME company in the manufacturing sector in Melaka. The results and findings may not be generalized to the other types of industry and cluster groups. Based on the constraints of time, financial, and personnel, the research will only be conducted in one state and in one industry.

This study will be based on quantitative analysis and used survey method by using questionnaires. Study subjects based on the answers provided on Likert Scale ranging from 1-4. In addition, the measurement tools in the field consist of items adapted from previous researcher. The questionnaires are highly reliable which is 0.87 but it is limited to the context of this study.