FACTORS INFLUENCING THE EFFECTIVENESS OF SOCIAL MEDIA MARKETING IN ONLINE SME IN MELAKA, MALAYSIA

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Report submitted in fulfilment of the requirement for the Degree of Bachelor of
Technopreneurship (Hons)

Faculty of Technology Management and Technopreneurship

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JUNE 2015

DECLARATION

"I declare that this project is the result of my own research except as cited in the references. The research project has not been for any degree and is not concurrently submitted in candidature of any other degree."

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DEDICATION

This research project is dedicated to my parents, En. Alias Bin Ri and Pn. Che Su Binti Shaari, whose always have been my inspiration source as they have given me the endlessness support toward my studies. Thank you for everything. Lastly to my only and loved one, Syamsudin bin Said, thank you for always being my side, accompany me for the research survey and I am so grateful for your understanding and unconditionally support to me. This final year project is dedicated to show my truly appreciation for you all.

ACKNOWLEDGEMENT

Alhamdulillah. Thanks to Allah, whom with His willing to give me an opportunity to complete this research paper entitled "Factor Influencing the Effectiveness of Social Media Marketing in Online SME Performance in Melaka, Malaysia" to fulfill the compulsory requirements of Universiti Teknikal Malaysia Melaka (UTeM) and the Faculty of Technology Management and Technopreneurship (FPTT). I would like to thank to my fellow classmates, supervisor, lecturers, family and friends for helping me in completing this research project.

I would like to thanks a bunch to Dr. Haslinda Binti Musa, whom act as my supervisor and always guide me for the task during the two semesters in session 2014/2015. Then, sincerely thanks and appreciate also to Dr. Ismi Rajiani and Dr. Chew Boon Cheong for always sharing their experience and knowledge in Research Methodology subject that really helped me a lot in writing the research.

Lastly, deepest thanks to my family members of their limitlessness love, encouragement and fully support me during the completion of report from the beginning until the end.

Thank you very much.

ABSTRACT

The intense competitions among businesses have leading to the emergence of online SMEs or E-commerce in which they take an opportunity with the extensiveness use of Internet and social media among people. The adoption of social media marketing may be the purposeful factor for an organization to be success and survive. This research projects which aimed to identify the element of the customer engagement, brand reputation and image and customer brand attitudes toward online SMEs performance in Melaka, Malaysia. Besides that, this research investigates the relationship between the customer engagement, brand reputation and image and customer brand attitudes and the online SMEs performance in Melaka, Malaysia. A survey was carried out through a set of questionnaires to examine the successful key factors of the customer engagement, brand reputation and image and customer brand attitudes of the online SMEs. The sample selected comprised of 100 online companies in Melaka, Malaysia. The data gathered were analyzed using descriptive analysis. The study found that the effectiveness of social media marketing was influenced by customer brand attitudes. However, there is no direct relationship between customer engagement and the online SMEs performance. Details of the research findings and their implications are discussed.

Keywords: Online SME, Social Media Marketing, Factors, performance, online companies

ABSTRAK

Pertandingan sengit di kalangan perniagaan telah membawa kepada kemunculan PKS dalam talian atau E-dagang di mana mereka mengambil peluang dengan luasnya penggunaan Internet dan media sosial di kalangan rakyat. Penggunaan pemasaran media sosial boleh menjadi faktor yang bertujuan untuk organisasi menjadi kejayaan dan bertahan. Projek penyelidikan ini bertujuan untuk mengenal pasti elemen penglibatan pelanggan, reputasi jenama dan imej dan jenama pelanggan sikap terhadap prestasi PKS dalam talian di Melaka, Malaysia. Selain itu, kajian ini mengkaji hubungan antara penglibatan pelanggan, reputasi jenama dan imej dan sikap jenama pelanggan dan prestasi PKS dalam talian di Melaka, Malaysia. Satu kajian telah dijalankan melalui satu set soal selidik untuk mengkaji faktor-faktor utama kejayaan penglibatan pelanggan, reputasi jenama dan imej dan jenama pelanggan sikap PKS dalam talian. Sampel dipilih terdiri daripada 100 syarikat dalam talian di Melaka, Malaysia. Data yang dikumpul dianalisis dengan menggunakan analisis deskriptif. Kajian mendapati bahawa keberkesanan pemasaran media sosial dipengaruhi oleh sikap jenama pelanggan. Walau bagaimanapun, tidak ada hubungan langsung antara penglibatan pelanggan dan prestasi PKS dalam talian. Butiran dapatan penyelidikan dan implikasinya telah dibincangkan.

Kata kunci: Pemasaran Media Sosial, Faktor, prestasi, syarikat-syarikat dalam talian

TABLE OF CONTENT

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

CHAPTER 1

INTRODUCTION

1.1 Background of Study

According to American Marketing Association, marketing define as the performance of business activities that direct the flow of goods and services from producer to consumer or user. In other words, marketing is an activity, a set of institutions and processes for creating, communicating, delivering and exchanging offerings that have value for customers, clients, partners and society at large (Kotler et al., 2008).

Marketing strategy which consists of specific strategies for target markets, marketing mix and marketing expenditure level, requires the planning and coordination of resources when employing the marketing mix elements to achieve a desired result in the market served. The marketing mix that was suggested in 1964 by McCarthy and Borden consists of four basic elements called the four P's model. The first P is representing the actual product. Price is the process of determining the value of a

product. Place represents the variables of getting the product to the consumer like distribution channels, market coverage and movement organization. Meanwhile, the last P stands for promotion which is the process of reaching the target market and convincing them to go out and buy the product. As for promotion is the business of communicating with customers, there are many promotional activities in various form such email newsletter, direct mail letter and others in order to provide information that will assist them in making a decision to purchase a product or service.

However, with the introduction of internet nowadays there are many changes to the way a company might carry out a particular marketing strategy. The internet is a great medium for brands as it allows them to address consumers both individually and communally (Simmons, 2008). Since internet is a dynamic system in which the both companies and consumers having to adapt to the rapid pace at which it moves and as the competition has become global, target demographic is no longer geographically limited as Internet expanding across countries and continents. Therefore, the offline marketing companies that are beginning to leverage alternative marketing practices have to adapt different types of strategies from what they are used to since internet enables consumers to express their identity and reinforce their individuality through personalization and customization that also allows them to satisfy their social needs through sharing of consumption related experiences. Instead of traditional advertising channels, marketing through Internet have offer more cost-effective and more efficient at actively engaging with consumers.

Social Media marketing is today seen by many practitioners as the new arena for market communication and on top of the list of users of the different mediums is Facebook, Blogs, Twitter, YouTube and LinkedIn (Steltzner, 2009). A key to Social Media Marketing (SMM) is that the consumer-generated content and consumer-fortified contents can also influence image (Marland, 2008). Social media marketing which is an entity that works along an ever-evolving continuum differs from the traditional product

and service marketing as it does not depend on a mere unidirectional relationship between the advertiser and the consumer. The successful of social media advertising campaign that is designed to create a buzz rely entirely on the marketer's ability to entice social network users to discuss and promote a product. The popular websites such as Facebook, Twitter, and YouTube have close to five million visitors daily and thus have to be considered as a very important hub for marketing (Sarah E Needleman, 2011).

For the purpose of this study, online SME that also known as online small and medium enterprises is defines as small medium-sized companies that sell their goods or services online.

This research focuses on defining the factors influencing the effectiveness of social media marketing amongst online small and medium enterprises (SMEs) in Malacca, Malaysia. Data is gathered from 100 online SMEs in Malacca randomly through distribute questionnaire and online survey.

1.2 Statement of the Problems

Recently, the business environment in Malaysia has becoming more competitive. Many companies struggle to maximize their sales volume by using social media advertisement to market their products and services in order to remain competitive. Although there are some companies that still maintain their traditional advertising, they also apply the social media marketing as added value to increase their sales performance.

Since people tend to use internet and social media in their lifestyle, therefore social media marketing is no longer an option but it is a necessity. In this millennium, it is easy to utilize social media marketing as millions number of smartphone users in Malaysia that stay connected to social media network anytime and everywhere. Internet also can be browse everywhere as long as there is mobile data network or wi-fi connection. This opportunity provides the online SME to promote or advertise their products or services through social media in order to reach and serve consumers without time and place constraints.

1.3 Research Questions

This research explored the following key questions:

1. What are the relationship between the customer engagement, brand reputation and image and customer brand attitudes and the online SMEs performance in Melaka, Malaysia?

2. In between the customer engagement, brand reputation and image and customer brand attitudes, which one is the most significant that contribute to the online SMEs performance in Melaka, Malaysia?

1.4 Research Objectives

This research has two objectives to be accomplished, namely:

1. To investigate the relationship between the customer engagement, brand reputation and image and customer brand attitudes and the online SMEs performance in Melaka, Malaysia.

2. To determine the element of the customer engagement, brand reputation and image and customer brand attitudes towards which will be the most significant that contributes to the online SMEs performance in Melaka, Malaysia.

1.5 Scope, Limitation and Key Assumptions of the Study

1.5.1 Scope

This scope of this research is to identify the customer engagement, brand reputation and image and customer brand attitudes towards which will be the most significant that contributes to the online SMEs performance in Melaka, Malaysia and also examine the factors that lead to the effectiveness of social media marketing among the online SMEs in Melaka, Malaysia. Besides that, this research will investigate the relationship between the customer engagement, brand reputation and image and customer brand attitudes and the online SMEs performance in Melaka, Malaysia.

1.5.2 Limitation

This research is limited to the 100 online SMEs in Melaka from participation organizations randomly through online survey and questionnaires.

1.5.3 Key Assumptions

This research describes the factors that lead to the effectiveness of social media marketing among the online SMEs in Melaka, Malaysia and also identify the relationship between the customer engagement, brand reputation and image and customer brand attitudes in online SMEs in Melaka, Malaysia. Lastly, this research evaluate the element of the customer engagement, brand reputation and image and customer brand attitudes towards which will be the most significant that contributes to the online SMEs performance in Melaka, Malaysia.

1.6 Importance of the Study

The importance of this study is to identify the successful drivers of online SMEs in applying social media to market their products or services besides expose the new way of advertising products or services to offline marketing companies toward the click and brick marketing strategies. The online entrepreneurs may also have the new view and idea on how to reach and serve the customers anytime and anywhere by using social media marketing as different ways to advertise their products or services locally and globally by having this study.

1.7 Summary

Chapter 1 as the development of the framework for the research is consists of the fundamental of this research which acts as guidelines for the researcher to ensure the research always align with the objective of the research. The introduction part are briefly explains about the basics information about the research such as introduction of social media marketing and online SMEs. Besides that, this chapter also discussed the purpose of doing the research as well as the expected outcome.

The chapter also tells about the scope that the researcher will cover the limitations of the research and key assumptions of the result of the research. Finally, the significance of this study also covered in this chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter focused on the literature review of the social media marketing and also the online SMEs in Malaysia. The elements of the customer engagement, brand reputation and image and customer brand attitudes also being discussed in this chapter in which each of the variables are explained on how it will lead to the successful of social media marketing among online SMEs.

2.2 Social Media

Social media define as a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, which facilitates the creation and exchange of user generated content by Kaplan and Haenlein in 2010. In other words, social media is the media that people use to be social that can be describes as online resources that people use to share 'content' such video, photos, images, text, ideas, insight, humor, opinion, gossip, news and others. Social media has changed the face of advertising most prominently in that it has almost eradicated the need for print advertising (Neill, 2007), thus providing a greener environment. These resources include blogs, vlogs, social networks, message boards, podcasts, public bookmarking and wikis. Popular examples of social media applications include Flickr (online photosharing); Wikipedia (reference); Bebo, Facebook and MySpace (networking); and World of Warcraft (online gaming).

Moreover, Safko and Brake (2009) explicate that social media refers to activities, practices, and behaviors among communities of people, who gather online to share information, knowledge, and opinions using conversational media which covers the web-based applications that make it possible to create and easily transmit content in the form of words, pictures, videos, and audios. Also Drury (2008, 274) places emphasis on the word "share", as the most important part of social media.

Holistically, Mayfield (2008) summarizes five main characteristics of social media: (1) Participation in which it encourages people to contribute freely, to create, and share their own contents. (2) Openness where most social media services are open to participation as it encourages people to join, select, use, and share contents. However, there are few barriers for accessing and making use of it. (3) Conversation is more than just transfer the information in a way of "broadcast" as traditional media, but many-to-