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THE EFFECT OF SOCIAL MEDIA
MARKETING ON SMEs PERFORMANCE

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THE EFFECT OF SOCIAL MEDIA MARKETING ON SMEs PERFORMANCE

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DECLARATION

“I hereby declare that this thesis entitle “The effect of social media marketing on SMEs performance” is my own work except for the quotations summaries that have been duty acknowledged”

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DEDICATION

I dedicated this research to my parents and supervisor, who taught me to think, understand and express. Thank you for motivation, inspiration and guidance to pass through the process of this research.

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Firstly I would like to express my thankful to ALLAH for giving me a chance to complete my final year project. Im also would like to express my grateful to my parents for their support and love to motivate me in completed this final year project.

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ABSTRACT

Small and Medium Enterprise (SME) is a company that included many industry in Malaysia. The problem statement of this research is SME still used the old method to market their product. Most of the SME does not know how to use social media marketing as their marketing tools. The purpose of social media marketing is to promote and market the product to customer. The first objective of this research is to identify the factors affecting the adoption of social media marketing among SMEs. The second objective is to identify the barriers face by the SME Company to adopt the social media marketing and the last objective is to analyse the relationship between online marketing and SME performance. Besides that, the research using quantitative method to conduct the research because need to distribute the questionnaire for large number of respondent relate with the study. The type of questionnaire is close-ended question in form of Likert scale. From this research, the researcher find that all the factors effecting social media marketing and barriers face by SME to adopt social media marketing are have significant relationship with SME performance except the barriers of timing. In conclusion, this the social media marketing can give positive impact on SME performance.

Keyword: Small and Medium Enterprise, Social Media Marketing, SME performance

ABSTRAK

Perusahaan Kecil dan Sederhana merangkumi pelbagai industri di Malaysia. Kenyataan masalah kajian ini adalah Perusahaan Kecil dan Sederhana masih menggunakan kaedah lama untuk memasarkan produk mereka. Sebahagian besarnya tidak mengetahui teknik untuk menggunakan pemasaran media sosial sebagai alat untuk memasarkan produk mereka. Tujuan pemasaran sosial media adalah untuk membantu sesebuah syarikat memasarkan produk mereka. Objektif pertama kajian ini adalah untuk mengenal pasti faktor yang mempengaruhi penggunaan pemasaran media sosial di kalangan perusahaan kecil dan sederhana. Objektif kedua pula adalah mengenal pasti halangan-halangan yang dihadapi oleh perusahaan kecil dan sederhana untuk menggunakan pemasaran media social, dan objektif terakhir adalah menganalisis hubungan antara pemasaran atas talian dan prestasi perusahaan kecil dan sederhana. Selain itu, kajian ini menggunakan kaedah kuantitatif untuk melakukan kajian kerana keperluan untuk mendedarkan soal selidik kepada sebilangan besar responden berkaitan dengan kajian. Jenis soal selidik yang digunakan adalah soalan tertutup dalam bentuk skala Likert. Dari kajian ini, pengkaji mendapati bahawa semua faktor untuk melaksanakan pemasaran media sosial dan halangan yang dihadapi oleh perusahaan kecil dan sederhana untuk menggunakan pemasaran media sosial adalah mempunyai hubungan yang signifikan dengan prestasi perusahaan kecil dan sederhana kecuali halangan masa. Kesimpulannya, pemasaran media social memberikan impak yang positif kepada prestasi perusahaan kecil dan sederhana.

Keyword: Perusahaan kecil dan sederhana, Pemasaran Sosial Media, prestasi perusahaan kecil dan sederhana.

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CHAPTER 1

INTRODUCTION

1.1 Background of Study

The Small and Medium Enterprise sub sector contribute a fundamental part in the Malaysian economy and considered as the foundation of modern advancement in the nation. An enterprise is considered as a SME in view of the yearly deals turnover or number of full-time employees. (Radam, Mimi Liana, & Abdullah, 2014).

It is apparent that small and medium enterprises (SMEs) assume a crucial part in the economic development of a country. The present pattern of economic development and the fast modern improvement has made Malaysia as a standout amongst the most open economies on the world. In conjunction with the Ninth Malaysia Plan (2006-2010), the legislature is dedicating and outlining the SME improvement plan to help the SMEs to meet the new business challenges in the focused global business environment. (Zulkifli & Corresponding, 2010).

In addition, marketing is an all-around created methodological science and is always showing signs of change its principles as indicated by the necessities and improvements occurring in and around it. The part of promoting in the advancement of business is already in place but yet the way it was executed is drastically changing because of several reason example satellite communication rapidly develop over the years and broadly exploratory gadgets in the market has contribute to the changes on how work in today market. Saravanakumar (2012). The important of marketing to SME is to introduce their product to potential customer and to penetrate the new market for company development.

According to Saravanakumar (2012), social media is best characterized with regards to the past modern media worldview. Conventional media, for example, TV, daily papers, radio and magazines are in one bearing static show advances. New web advances have made it basic for anybody to make and most exceptionally, issue their own particular substance. A web journal position, tweet or YouTube video can be curved and saw by millions just about for nothing. Nowadays, social media become one of the marketing tools to market the product. SME need the social media to helping them for market their product. This is because nowadays social media are used by most of the people in the world.

Social marketing, like generic marketing, is not a theory in itself. Rather, it is a system or structures that draw from numerous different assemblages of learning, for example, psychology, sociology, and anthropology and communication theory to see how to impact people behaviour. Like generic marketing, social marketing covers a logical planning process involving consumer oriented research, marketing analysis, market segmentation, objective setting and the identification of strategies and tactics. It is based on the voluntary exchange of costs and benefits between two or more parties.

However, social marketing is more troublesome than bland advertising it incorporates changing resolute practices, in complex financial, social and political climates with frequently uncommonly compelled resources. Furthermore, while, for generic marketing a definitive objective is to meet shareholder destinations, for the social advertiser the primary concern is to meet society longing to enhance its subject's personal satisfaction. This is a considerably more aggressive and more obscured primary concern. (Tuten & Solomon, 2015)

Social media marketing, or SMM, is a type of web advertising that completes distinctive internet organizing frameworks remembering the ultimate objective to achieve showcasing correspondence and marking objectives. Social media marketing principally covers exercises including social sharing of substance, recordings, and pictures for showcasing purposes.

Social media marketing programs usually centre on efforts to create content that attracts attention and encourages readers to share it across their social networks. The subsequent electronic verbal alludes to any announcement customers share by means of the Internet (e.g., web sites, social network, messages, news feeds) around an occasion, item, administration, brand or organization. At the point when the hidden message spreads from client to client and apparently resounds on the grounds that it seems to originate from a trusted, outsider source, rather than the brand or organization itself, this form of marketing results in earned media rather than paid media.

Social networking sites act as word of mouth. Social networking sites and blogs allow followers to 'retweet' or 'repost' comments made by others about a product being promoted. By repeating the message, the user's connections are able to see the message, therefore reaching more people. Because the information about the product is being put out there and is getting repeated, more traffic is brought to the product, company.

Social networking sites also incorporate an unfathomable measure of data about what items and administrations planned customers may be keen on. Using new Semantic Analysis advances, advertisers can recognize purchasing signs, for example, content shared by individuals and inquiries posted on the web. Comprehension of purchasing signs can help business people target applicable prospects and advertisers run smaller scale focused on battles.

Social media marketing (SMM) is an important part of moving goods from producer to consumer. Social media expand the territory of the brand from a product of communication to the general emotional territory. Social media communicate the mission of the brand in the broadest feeling of the word: self-change, dealing with friends and family, straightforward and agreeable regular administrations. SMM makes new measurements and comprehension of client activities. Numerous brands have a tendency to compose interpersonal organization, exchange, a gathering on the site, which gives a substance purchaser. (Tuten et al, 2014)

1.2 Problem Statement

Currently, most of SMEs (Small and Medium Enterprise) are still using the old methods to market their products. However, SMEs may choose to replace the old method with new methods such as social media marketing.

One of the biggest problems that SMEs face to use the social media marketing is they did not know how to use the technology. Most of the SMEs do not have the knowledge on how to use social media as their marketing tools. Lack of knowledge about social media marketing has led many SMEs still use old methods to market their products. When SMEs still use the old method to market their product, they might not be able to reach bigger customer segments and may require higher costs and ultimately will have lower profits.

The use of social media marketing requires expertise and skills. Expertise and skills in using social media should be studied directly and indirectly from anyone who specializes in social media marketing. The knowledge of marketing should always be enhanced from time to time. Most SME companies do not have expert and skilled workers in social media marketing. Expertise and skills in using social media as a marketing platform is now most needed by most SME companies to enhance their company profits.

The cost is also needed to complement the social media marketing for SMEs to advertise their products. Actually, social media marketing does not need high costs for using it. But, the cost needed to do the training for employees in the marketing department. The high cost for training their employees is because they need to send their employees to professional trainers in social media marketing. The professional trainer charges a higher price for their social media marketing seminars.

Besides that, most SME companies are unable to adapt to technological changes. This situation will cause them to fall behind in the competition involving social media marketing. The failure to compete with other companies to market their products would cause them to miss out in the current market. This situation will cause their profits to decline, so that it leads to company bankruptcy.

Therefore this study will look at what are factor contribute to adoption of social media marketing and the challenges face by SMEs in adopting social media marketing in promoting their product and service.

Since social media marketing is the current trend in marketing today, it is crucial to know what are the factors contribute to adoption of social media marketing among SMEs and what are the challenging facing by them.

1.3 Research Question

- i. What are the factors affect the SMEs selection of social media marketing?
- ii. What are the barriers for SME Company to adopt the social media marketing?
- iii. What are the relationship between online marketing and SMEs performance?

1.4 Research Objective

- i. To study the factors affecting the adoption of social media marketing among SMEs.
- ii. To identify the barriers face by the SME Company to adopt the social media marketing.
- iii. To analyse the relationship between online marketing and SME performance.