

“Embracing the Social Media Bandwagon” –A Study of Micro Firms

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Abstract

In terms of social media adoption the paper indicate that micro businesses see social media as a great marketing equalizer or opportunity in which they can compete on a level playing field with their larger counterparts. This study reveals that social media is in infancy stages of its development even in European countries as people though they are present on the social media landscape, but have not yet, thought of it as a mainstream marketing channel. Given, the small population of Sweden, it has also been showed that micro businesses are keeping good customer relationship with customers via word-of-mouth marketing which is instrumental for success. At the same time, this finding does not indicate any clear picture as to which form of marketing is doing better for these businesses. The research suggests that that micro firms in Sverige need to adopt a wait and see approach for the time being and start preparing to capitalize on social media soon when it becomes ripe and ready for marketing.

Key Words: Social Media Marketing, Micro firms, Groundswell, Web 2.0 Technologies, Citizen Media

1. Introduction

In the year (2006), Forrester Research identified an emerging trend taking place in online communities known as “Groundswell” in which consumers interact through web 2.0 enabled technologies which include, but is not limited to, Facebook, LinkedIn, MySpace, and user-generated content sites like YouTube, Helium, and Wikipedia etc for connecting with one another. Groundswell is formed by the intersection of *people, interactive technologies, and online economics* (Charlene, 2008). It is defined as, “A social trend in which people use technologies to get information they need from one another, rather than from traditional institutions like corporations” (Charlene, 2009). Groundswell is facilitated by Web 2.0 Technologies, a term coined by Tim O’Reilly, which uses collective intelligence of people. Web 2.0 is also known as social media (Tim, 2007). Social media is interactive in nature and is therefore known as consumer-generated-media, new media or citizen media (Rob, 2009). Conventional media is company-generated and information flows in one direction i.e., messages are broadcast from company to target audience (one-to-many) and in social media (many-to-many) in multiple directions.

The rise of new social media can be seen from the fact that in first decade of 21st century several words from social media have entered lexicon as *word of the year* such as “Blog” (2004), “Podcast” (2005), “Facebook” (2007) and most recently a verb “Unfriend” which means to remove a friend on social network site (SNS) such as Facebook was chosen as the word of year (2009) by editors of New Oxford American Dictionary.

1.1 Purpose of Study

Micro firms are always cash strapped and money is spent on activities that can bring maximum benefits to these firms. In the hindsight of all this hype about social media as a marketing tool we got the idea to find the right tools of marketing for these cash strapped micro firms regarding the choice of conventional tools and social media as a new marketing tool. The purpose of this paper is to figure out if social media marketing offer more benefits in comparison to conventional forms of marketing.

If so, then the question is whether or not the social media marketing opportunity is ripe and ready for small firms or these micro businesses should adopt a wait and see approach till the time when the consumers can really be influenced through social media marketing?

1.3 Research Question

- *Whether or not it is the right time for micro firms in Sweden to adopt social media marketing practices?*

2. Methodology

A qualitative approach has been used to achieve the exploratory purpose of the paper. Eight micro firms were chosen from a convenience sample, representing different regions and industries. In the first phase, two pilot semi-structured interviews were conducted to attain a better understanding of the phenomenon under study. Later, six more semi-structured interviews were carried out from micro businesses representing different sectors in and Counties. This paper is based on grounded theory which is attained by a series of qualitative interviews for data collection and analysis. The authors have used the Neotype Model by Walter et al. (2008) for analyzing the empirical data with reference to the literature review and have deduced three propositions which correspond to the research questions formulated earlier as stressed by Strauss and Juliet Corbin (1998).

3. Literature Review and Analysis

According to Everett M. Rogers the diffusion of new technologies takes place in six sequential steps namely *innovators* who are the pioneers of adopting a new technology making 2.5 %, *early adopters* 13.5%, *early majority* 34%, *late majority* 34%, and at the end *laggards* which constitute 16% of the population (Thomas S. Robertson, 1967). In this relation when the respondents were asked as to where in terms of social media usage do they categorize majority of their customers? Their responses were as follows:

According to Xiaoli Du, Nordicearl.se, *"In my opinion majority of our customers fall in the laggard's category as they are old people and a few can be termed as innovators and they are mostly young people."* Lars, Kingfisher Cuisine and bar responded, *"Normally young couples visiting us are first-line adopters."* According to Mr. Patel, X-One Klädbutik, *"You know in Sweden majority of people use internet so obviously the social media usage should be high but as far our customers are concerned I think they fall somewhere in the middle like late majority. But it is just an educated guess according to my own thinking"*. Peter Lundell, Puls Gym says, *"They are very much active on Facebook as far as my knowledge is concerned therefore could be termed as innovators."* Mikael Hjalmers, Treguld Smeder replied as, *"They can be innovators or laggards but I am not sure about it."* Kirsten Lothigijs, Impelco Trading says, *"My customer base is very diverse as they represent a diverse number of industries and as such I am not sure about them as well."*

The common theme generated from the empirical findings reveals that customers of micro businesses are rather conservative when it comes to the use internet as well as social media application. The first line-adopters are mostly young people and engage themselves in internet based buying but on the other hand these people seldom engage with micro businesses in traditional ways.

According to Charlene and Bernoff Li (2008), the participation and diffusion of social media technologies to a great extent depends on how these tools facilitate users to connect in new way with their friends, convenience in registration, peer pressure, the altruistic impulse, the prurient impulse, creative impulse, validation impulse, the affinity impulse and so on (Charlene & Li, 2008). In this relation the respondents were asked to elucidate the most important factors. Their responses are as under:

According to Xiaoli Du, Nordicearl, *"I think peer pressure is the most important of all of the above because if you are on Facebook and your friends are not then definitely you would like to exert pressure on your friends to join in so as to keep a track of each other and to stay up to date with the latest developments."* Lars, Kingfisher Cuisine and bar responded, *"I think we all as human beings are interdependent and this interdependence compels everyone to connect with another and this is how the social media works in my thinking."*

In this regard we got an interesting response from Mr Patel which relates to online impressions in the domain of social media. *"I think the online people can make more online impressions on each others as my children are active on social media and have been contacting old school and college friends."*

According to Peter Lundell, Puls gym, *"I think their easy and free of cost membership as well as pressure from friends."* Mikael Hjalmers, Treguld Smeder says, *"It is free of cost and people feel good when stay abreast with the most recent thing."* Kirsten Lothigius, Impelco Trading replied, *"I think some people use it for the sake of personal purposes which can be entertainment, connecting with friends and family."*

The theme generated from the empirical findings indicates that people mostly in Sweden start using social media applications such as Facebook because of peer pressure to stay connected with old and new friends. It can also be argued that social media enables online impressions which has an impact on the lives of other.

According to the Social Techno graphic ladder (2006), participants of social media can be grouped into six categories in which *inactive*, are dormant in the domain of social media and make 52%, *spectators* are those who read blogs and watch videos and make 33 %, *joiners* make 19% and use social networking sites (SNS) such as Facebook, *Collectors* make 15% and use tags and RSS, *Critics* comments on blogs and make 19% and finally *Creators* who constitute 13% of technology-trained people and are involved in publishing web pages, blogs and uploading videos. In this regard the respondents were asked as to how would they like describe their most active customers segment in social media. Their responses were as

According to Xiaoli Du, Nordicpearl, *"I would say majority of our customers are inactive or merely spectators. The most active are supposed to the youngster who comes from technology generation as against paper generation customers of old age."* Lars, Kingfisher Cuisine and bar says, *"Mostly on average they are supposed be active as Sweden everyone is using internet."* Mr.Patel, X-One Klädbutik says, *"I think it is the young people who use more and unfortunately there are very few customers we have got as they are more brand conscious and bu from H&M, Jack and Jones etc."* Peter Lundell, Puls gym says, *"I think young people are most fitness conscious so we have them in great number and these are these people keep pace with technology therefore one can say that our customers are mostly publishers critics and creators."* Mikael Hjalmers, Treguld Smeder says, *"It is very difficult to answer and but I can say that many are simply using social media as joiners."* According to Kirsten Lothigius, Impelco Trading, *"My customers are normally not consumers as they make or sell finished products to someone else. Therefore I can say they are very inactive as they are very busy people normally."*

The theme generated from the above empirical findings reveals that most of the customers of micro businesses are merely spectators and joiners in the domain of social media. A few exceptions are there but majority of the customers are using social media not in so much detail. However, it does not mean they are completely silent as few of them can be termed as publishers and some are critics.

According to Larry Weber (2007), social web is more of a new mind set towards marketing practices requiring a new set of tools and skills sets. Therefore in this relation another question was asked to know if they are convinced that social media marketing should be an integral part of their promotion mix strategies. The responses were as follows:

Xiaoli Du, Nordicpearl responded, *"Yes, definitely we look forward to stress more on the socil media applications in future."* Mr.Patel, X-One Klädbutik responded, *"Why not, [in a happy tone] but I still believe that nothing is for free in this world. Soon these social media people will start charging for it making it difficult for small businesses."* Lars, Kingfisher Cuisine and bar says, *"Sure, in fact we are already marketing our business and I think in future we need to do more as social media is becoming a way of living."* Peter Lundell, Puls gym says, *"Generally for small businesses it is a good idea but I haven't decided about it yet, as I have some other priorities in my mind."* Mikael Hjalmers, Treguld Smeder says, *"Not now, but after some time in the future (but it depends on our strategy to capture the market)."*

Kirsten Lothigius, Impelco Trading says, *"May be, in the year 2011 or somewhere in the future I will start using it but at the moment I am not into it."*

The theme generated from the above discussion indicate that micro businesses are optimistic about social media marketing and intend to use it for development of their marketing strategies. The underlying reason is that internet based social media is an opportunity where micro firms can compete on equal term with big businesses. However, a few of the respondents are skeptical about the utility of social media and call it mushroom growth or bubble growth of social media.

According to a joint survey by Association of National Advertisers in the US and Forrester research reveals that marketer plan to increase their spending in 2010. Most businesses plan to increase marketing expenditures to Social media by a whopping 77%, Web advertising 73%, and Search engine marketing 59%. Alternately, businesses plan to increase spending on conventional marketing only by 13% in magazines, 9% increase on radio advertising, and a dismal 7% raise in newspaper advertising. In this relation a question was asked as to how they plan to allocate their marketing budget to social media and conventional marketing practices. Their responses are

According to Xiaoli Du, Nordicpearl, *"We plan to use social media networks (SNS) and Youtube as well as social bookmarking sites which are of course free of cost and side by side we will try to run some sales promotions and door to door "reklam" advertisements."* Lars, Kingfisher Cuisine and bar says, *"We are still in the process of synchronizing our marketing strategy and look forward to use a blend of traditional and social media marketing."* According to Mr.Patel, X-One Klädbutik, *"I would like my son to take care of social media and start a social media campaign for our business at the same time we will stick to newspaper advertisements."* Peter Lundell of Owner of Puls gym, *"I am planning to arrange some free visiting days this year so to educate people about the services we are providing."* Mikael Hjalms, Treguld Smeder says, *"Magazines and newspaper advertisements mostly."* Kirsten Lothigius, Impelco Trading says, *"I will be most likely using my old proven way of marketing and may be in future I engage in some social media marketing practices."*

The theme generated from the above empirical findings leads us to conclude that micro businesses are more inclined to use conventional marketing practices such as newspapers, magazines and word-of-mouth. However, at the same time it is beyond any doubt that these businesses are keen to take advantage of the opportunities and see social media marketing as a great equalizer as it enable them to compete with huge businesses having big advertising budgets on a level playing field.

To sum up the analysis of the above empiric evidence we can say that internet based social media is seen as marketing opportunity in which micro firms can compete on a level playing with bigger businesses thus seen as a key equalizer for them. The first-line adopters of social media are mostly young people who are technology-literate. That social media enables online impressions and mostly people are engaged in social media applications because of peer pressure to stay connected. Social media usage in context of micro businesses is in the rudimentary stages of development for majority of customers as they are merely spectators and some of them are more active than others. Micro businesses seem to believe social media look forward to adopt it in the year 2010. However, there are few critics of social media who see social media as bubble growth.

4. Conclusions

Internet based social media is seen as a great marketing opportunity in which micro businesses can compete on a level playing field with their larger counterparts therefore can act a great equalizer in future. For every strategy and approach there is a specific time frame and it is prudent to know the timing of the strategy in relation to its environment. For example, Apple's Iphone would have never been successful if the young had not so much disposable income, boom of the Internet and Internet applications and most importantly, the 'on-the-move' trend of the people. In this paper it is learned that frontline adopters are mostly young customers who use it for connecting with their kith and kins as well recreation. The paper findings indicates that mostly people start using social media as a result of peer pressure and online impressions for attracting other users to this new network of networks.

This study also reveals that social media is in rudimentary stages of its development in Sweden as customers though they are present on the social media landscape, but have not yet, thought of it as a mainstream marketing channel. Therefore, micro firms in Sweden need to adopt a wait and see approach before the social media gets through these early stages. The reason is that we found in our empirical studies that neither the customers nor the businesses are present on the platform to interact with each other. It always takes some time for the people to adopt a technology therefore in the same vein it will take some time for the most of people start using social media applications for purposes other than communicating with one another and sharing pictures and videos.

5. Future Recommendations

Firstly, we recommend an exhaustive study on the subject by studying different industries and regions in Sweden so as to arrive at more accurate findings and give micro firms a best guide whether or not to exploit social media for marketing purposes. Second, some research should be conducted on the ROI of the social media adoption in the micro firms.

Since, micro firms are cash-strapped therefore it is important to calculate the cost and benefit of spending on social media for micro firms. Last but not the least, different attributes such as, relationship building and enhancing, HR, networking, product/service improvement, sales expansion etc. of the social media be studied in the perspective of micro firms with each one's relative importance for the micro firms.

6. Annexure I

Data Display and Themes generated for RQ

Relationships	Nordic Pearl	Kingfisher	X-One Klädbutik	Puls Gym	Treguld Smeder	Impelco Trading	Theme Generated
Diffusion of Social media in customers	Laggards	Young people are first line adopters	No idea	Innovators as they are young people	No idea but young as active	No idea	First-Line-Adopters are young people
Participation in Social Media	Peer pressure	interdependence	Online impressions	Peer pressure	Friends and trends	Friends, recreation etc	Peer pressure is the key driver social media participation
Most active customers on Social Technographic ladder	Young people, the rest are inactive	No clear idea	Young	Young, publisher, critics etc The rest dormant	Joiners, spectators	Inactives as they are busy	Most of the customers are on lower rung of social technographic ladder
Social media as part of promotion mix for micro firms	Yes	Yes, if it is free in future also	Yes	In future	Not now	Maybe in 2011	Micro businesses are optimistic and see it as a level playing field
How do micro businesses plan in terms of marketing expenditures for future	SNS, Youtube, Social Bookmaking and S/Promotions	A blend of social media and conventional marketing	Both but we will stick with newspapers and reklam	Traditional marketing practices	Magazines and newspapers mostly	In future will start using social media	Traditional marketing still has strong effects but social media is also making inroads for future

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