

Insight into the Theoretical Background of the Role of Social Media in SME Sector

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Abstract: The aim of the article is to provide an insight into the theoretical background of the role of social media in SME marketing strategy. The significance of our topic is that social media has been greatly appreciated, especially for the SME sector. The study approaches the under different aspect. Taking into consideration the steps of the preparation of the social media marketing content plan, we present the importance of the topic under consideration for the small and medium-sized enterprise sector and the potential of them. We are focusing on the growing importance of social media in the 21st century, comparing the situation in Hungary, Slovakia and Austria. The main benefit of the study is that it provides a comprehensive picture of the growth of social media in the SME sector

Keywords: theoretical approach, social media, SME sector, innovation

Our research focuses on an area that is considered to be relatively new and aims to introduce the reader to the role of social media in the marketing strategy of small and medium-sized enterprises. As a first step, it is important to note that there is a great deal of uncertainty about the definition of each term, which means that we are seeing more and more expressions today. Noteworthy are Enterprise 2.0, Social Software in the Workplace, Enterprise Social Media (ESM), and Enterprise Social Networking (ESN). In addition to allowing the flow and processing of diverse information, Enterprise 2.0 responds to the ever-blurring nature of external and internal organizational boundaries. In contrast, the concept of Social Software in the Workplace is more based on a technological approach. The system is capable of providing each user with the ability to create different public or semi-public profiles in a closed system. In today's world, the terms Enterprise Social Media and Enterprise Social Networking are dominant. The difference between these two definitions is minimal. While the first term focuses on the communication interface itself, the second term on the previously mentioned community interface means networking of individual members of the organization (Baksa-Drótos, 2018). According to some surveys, 94% of businesses today do not take advantage of social media. As a result, this part of the small and medium-sized enterprise sector cannot create a competitive advantage over those who take the opportunity and seize the opportunities. But what are these, and what exactly

are the benefits? The first and most important factor for businesses is feedback from customers. Different social platforms are best suited for this (eg Facebook, Twitter). Social media is also an excellent tool for generating future demand, as it enables the company to communicate in advance its target product or service to the market. In many cases, businesses also use the aforementioned platforms to offer various discounts, as in addition to monitoring the customer's daily life, this method increases the likelihood of making a purchase. It is important to keep in mind that community media is the most valuable part of social media. It sounds simple, but it is by no means continuous, as it requires a lot of time, energy and, last but not least, capital. Additionally, spreading good news is one of the important features. The basic mission of a business is to make a profit, which will not work without the good news spread among customers. On the other hand, due to an inappropriate move, good news can very quickly turn into bad news. At the same time, a company can build brand loyalty by providing a good quality product or service. Creating a community is not a priority factor and very often businesses forget about this function. Social media interfaces are a great way to create different communities (like creating a fan group for a brand). In addition, customers need to feel the importance of their opinion to the company. This step is essential to build the right confidence. Key features include expanding the customer base. In addition, with the help of social media, your business has up-to-date information about your customers and the latest trends. Value creation as a key function also receives little attention. Last but not least, it is important to mention networking. People want to communicate with people, not businesses. And social media provides the opportunity for the user to follow one person, not a business (Sallai, 2011). Because information is readily available to everyone in today's world, one-way communication is constantly being replaced by a more complex model in which not only businesses communicate with consumers, but individual consumers as well. In addition to traditional marketing communication tools, the so-called earned media has emerged, which means communication between consumers, where large amounts of information about products and services appear on each platform. In addition, its importance is further enhanced by the ability of businesses to inspire consumers and encourage them to work together to improve and develop their products and services (Csordás-Markos-Gáti, 2013). Social media has completely changed the way businesses communicate, enabling businesses to customize their messages and make them interactive with users. Research by Trusov, Bucklin, and Pauwels in 2009 shows that word of mouth advertising has a major influence on acquiring new customers on social media platforms. As a result, social media platforms are proving to be the most powerful tool to drive customer mindset. According to Corometics, social media can be defined as the fastest growing marketing channel in the world. According to research conducted by Castronovo and Huang in 2012, social media can be used to measure awareness, increase sales, and build loyalty. Oracle (2012) and Salerno (2013), respectively, have found that consumers are responsible for shaping a company's brand and service by communicating with other consumers,

which greatly influences business revenue. As traditional marketing methods are less and less effective, companies need to integrate social media into their strategies in order to increase their profitability and develop a competitive advantage. In addition, social media offers many opportunities for SMEs willing to use these tools. These include creating a competitive edge and better communication (Meske and Stieglitz, 2013), more effective collaboration with suppliers (Michaelidou, Siamagka & Christodoulides, 2011), brand and reputation development (He, Wang and Zha, 2014), and market research (Kim, Lee and Lee, 2011).

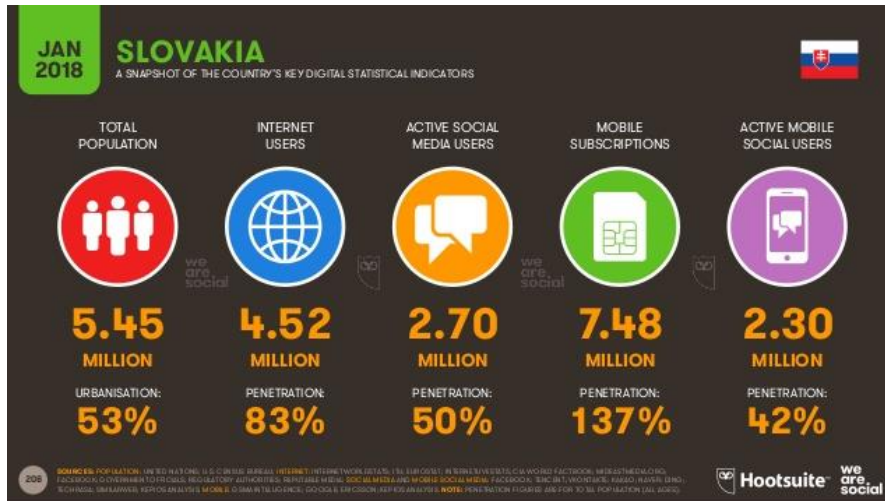


1. figure: Digital World in numbers

Source: Global digital report (2018)

While apparently more and more businesses are aware of the importance of social media, they are still skeptical about the benefits of using the aforementioned platforms because they do not have a large budget. Social networking has become an essential element of marketing strategy, only works and succeeds as long as the right professionals are employed, helping to position the brand.

Compared to the EU average, Slovakia is ranked in the middle of several cities around Hungary. More than 80% of the population are Internet users, of whom more than 50% are active on social media. According to the Global Digital Report of January 2018, of the 2.7 million active social media users, 2.3 million users have access to social media via their mobile phone. In Slovakia 72% of Internet users have used social media services at least once, with almost 10% above the EU average. In terms of communication 55% of people in Slovakia use social media to communicate with each other. It is noteworthy that information retrieval is not considered to be a key factor in Slovakia due to research results (Bumm SK, 2017).



2. figure: Digital in 2018 in Eastern Europe

Source: <https://blog.hootsuite.com/11-people-join-social-every-second/>



3. figure: Digital statistical indicators from Austria

Source: Global Digital Report, 2018

On the third figure we can see some digital statistical indicators from Austria. It shows the total population, the numbers of internet users, the active social media users, the mobile subscription and the active mobile social users. We can see that compared the total population the numbers are huge. Almost 90% of the total population is an internet user, and half of the population is an active social media user and this number is constantly growing day by day.



4. figure: Digital in Hungary, 2018

Source: Global Digital Report, 2018

The last figures shows to the reader the same indicators from Hungary. Compared to Austria we can conclude that the numbers of Internet users are a little less but compared to that the numbers of active social media users are higher which is very interesting and on the other hand it raises questions. Some research says that these numbers are rapidly growing here as well. As a result we can conclude that the role of social media is changing and growing everywhere. Therefore companies, especially the SME sector need to keep up with these changes. But how can they do it? It is important to mention an essential activity, which is to create a so-called marketing content plan. The first step is to identify the target consumer. Social media platforms can help you to understand customer needs and build trust if the business takes enough time to understand the mindset of their target customers. Next, you need to determine exactly why and for what the company wants to use corporate social media and identify the so-called KPI (key performance indicator). This activity is necessary because it is impossible to evaluate the success or failure of the plan without setting goals. The selection of the right social network is also worth mentioning, but before a business makes a decision, it has to do some essential research. It is important to focus on two important areas: network demography and cross-platform interaction. When the company has successfully decided which social network to focus on, the next step is to plan your content, which is important to be specific, relevant, and not least unique. The focus should be on creating content that involves the target audience. Now the company is aware of which platform is the best for them, the next step is to engage in two-way communication to find out exactly what kind of content the consumer needs. It is important for the company to follow their competitors, but do not copy, just be inspired! After completing the research, your business is ready to create content. The first step is to decide which target consumer you want to target. Then you will

need to define the topic and then the title of the article, which should include the meaning of three keywords. By transactional concept we mean attracting people who are looking for the best or cheapest product or service. Information as a phrase includes the "we" and "how" elements, while the navigation keyword concludes that consumers will find what they are looking for, which is usually brand name. Finally, the content of each section should be outlined and divided into 4 main sections: introduction, body, conclusion, and call preference. When you know what kind of content you want your company to create, you need to create a so-called content plan which includes, for example, the date of publication, the title, the type of content, the distribution channel, and the keywords. After that, it is worth looking back at the previously mentioned two way communication as this is the basis for building trust. If the company spend more time and energy to communicate through social media, the consumers will feel safe. The final step in a media plan is to measure success. The undertaking must be aware of the fact that each effort has produced the expected results. This area can be divided into three different parts: transformation, achievement, and commitment. The conversion process, also known as conversion, helps you determine if it is a social media sale. If not, the company should change its business as quickly as possible. Google Analytics, which gives you all the social data you need to measure conversions, can help. By access, we mean how much content you create resonates with your target audience. And with engagement, metrics can be used to measure engagement, including clicks on social media posts, comments and mentions, Facebook, Instagram, and LinkedIn shares. With this information, we have come to the conclusion that creating a social media plan can make a huge contribution to increasing engagement and building and maintaining trust (Warren, 2017). Another important factor is conducting a social media audit. But what does this concept mean? During this process, the company collects and analyzes detailed data from all media accounts. This includes examining your business, your results, your audience, and your investments, including your advertising costs. In fact, it seeks to determine whether social media efforts are relevant to achieving their current goals. In addition to engagement and clicks, you should also consider average response rates and response times. The social media audit can be divided into 4 sections, which makes it easier to evaluate the results. As a first step, it is important to gather all the social media metrics that a company can use to measure results. This includes: number of followers, shares, comments, clicks. If the definitions are done, it is important to examine what types of comments are the best on each platform and which platform is the most valuable to the company. This is followed by an examination of the demographics and interests of the community. If the company is aware of who their target audience is and how they communicate with them on social media, the next step is to look at how they use social media platforms and what types of content they share and how often. The final activity of the audit is to control the budget and calculate the return. This part of the audit involves examining what percentage of the company budget is spent on social media

(advertising expenses, consultancy fees, employees, competition software). Then you need to compare your earnings with the results you received. While control is extremely time consuming, it is worth investing in, as it helps the company know what works in social media, what it can improve and who its target audience is. In addition, the results obtained may help to build stronger social media campaigns in the future (Ana, 2017).

Summary

Based on previous research, the study summarizes the role of corporate social media in business, with a strong focus on the theoretical role of small and medium-sized enterprises in their marketing strategy. The authors examined the role of social media in Slovakia, Austria and Hungary. They concluded that the importance of social media is growing rapidly and companies should keep up with this growth if they would like to gain a competitive edge. The study will also provide the reader with a comprehensive view of each step in the preparation of an appropriate marketing content plan and the conduct of a social media audit. From the point of view of the research it is important to mention that the authors plan to further investigate the topic in the future, involving qualitative research processes. They would like to extend their research to other countries.

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