Identifying Business Value From The Use Of Social Media: An SME Perspective

Rosemary Stockdale
Faculty of ICT, Swinburne University of Technology, Melbourne, Australia, rstockdale@swin.edu.au

Ashir Ahmed
Faculty of ICT, Swinburne University of Technology, Melbourne, Australia, azahmed@swin.edu.au

Helana Scheepers
Faculty of ICT, Swinburne University of Technology, Melbourne, Australia, hscheepers@swin.edu.au

Follow this and additional works at: http://aisel.aisnet.org/pacis2012

Recommended Citation
http://aisel.aisnet.org/pacis2012/169
IDENTIFYING BUSINESS VALUE FROM THE USE OF SOCIAL MEDIA: AN SME PERSPECTIVE

Rosemary Stockdale, Faculty of ICT, Swinburne University of Technology, Melbourne, Australia, rstockdale@swin.edu.au

Ashir Ahmed, Faculty of ICT, Swinburne University of Technology, Melbourne, Australia, azahmed@swin.edu.au

Helana Scheepers, Faculty of ICT, Swinburne University of Technology, Melbourne, Australia, hscheepers@swin.edu.au

Abstract

This research examines how smaller businesses can derive business value from the use of social media. Conducted from the SME perspective, the study first examines the relevant literature to identify the key issues involved in the use of social media. It then examines five established case studies and the case firms' websites. The extracted data is used to draw insights into the business problems and objectives that influence SMEs to use social media. Business value is found to lie primarily in the domain of customer engagement and the realisation of benefits is strongly influenced by the ability of the SME to identify with their customer base. It is anticipated that the findings of this research will foster an understanding of the business value that can be derived from social media by small and medium enterprises.

Keywords: social media, SMEs, business value, customer engagement
1 INTRODUCTION

The benefits of social media are currently a topic of great discussion in the business press. The use of social media applications has extended beyond individuals to attract the interest of businesses (Kaplan & Haenlein 2010) and Forrester Research predicts that spending on social media will increase to an estimated $3 billion by 2014 (Lacho & Marinello 2010). In this fast moving environment there is growing evidence that smaller businesses can gain business value from the use of social media for internal and external purposes (Geho, Smith & Lewis 2010). The ease of use and ‘elementary directions’ of the different applications make social media accessible to both inexperienced and technically orientated people (Lacho & Marinello 2010, p.128). This accessibility is of particular relevance to small and medium sized enterprises (SMEs) that have traditionally lacked the skills to effectively use IT, but who benefit from the technology when they use it well (Wielicki & Arendt, 2010). A vibrant and productive SME sector is a vital component of every country’s economic wealth (Montazemi 2006) and there appear to be opportunities for smaller businesses to gain advantages from the use of social media (Geho et al. 2010). Benefits are held to lie in enhancing communication and building relationships with customers that will ultimately contribute towards business value (Lacho & Marinello 2010). However, empirical evidence of such value is, as yet, scarce and to a large extent remains anecdotal, particularly in the SME environment. The aims of this study are firstly to examine current best practice in SMEs that are using social media to establish the business needs that underpin their adoption and implementation of the technology. Secondly, to establish what value they have gained from their efforts. The case studies are drawn from business sources and, while they go beyond the anecdotal, have not been empirically validated by research studies. Nevertheless, these cases provide important data that can be analysed against identified concepts derived from the literature and used to address our research question: ‘How are SMEs deriving business value from the use of social media applications?’

The paper begins by clarifying the term social media in the context of business before reporting on an examination of the literature. This is followed by an analysis of case studies from the business domain to identify how some SMEs are gaining benefits from their use of social media. Finally a discussion of the findings and the implications for practice and future research are presented.

2 SOCIAL MEDIA IN A BUSINESS CONTEXT

The term social media is used interchangeably with social networking and Web 2.0. To clarify the term we use Kaplan and Haenlein’s (2010, p61) general definition of social media as ‘a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content’. Social media applications range from instant messaging to social networking sites that offer users the means to interact, connect and communicate with each other and their mutual friends (Correa et al. 2010). These applications are intended to generate, initiate and circulate new and emerging sources of online information about users’ experiences of using products, brands, services and/or issues by allowing them to “post”, “tag” “digg” or “blog” on the Internet (Xiang and Gretzel, 2010). The key purpose of all forms of social media applications is to engage people (Kaplan & Haenlein 2010; Safko, 2010; Xiang and Gretzel, 2010) where, in the case of business organisations, people engagement can lead towards profit generation. To achieve such outcomes requires an understanding of this interactive and user driven environment that challenges the more conventional aspects of management (Kaganer & Vaast, 2010). Organisational decision makers are struggling with the changes required to their established management methods invoked by the ‘listen to’ not ‘talk at’ customer-driven model of social media interaction (Kietzmann et al., 2011). Bernoff & Li (2008) argue that managers must accept some loss of control, learn to adjust to customer activity, and respond to it more innovatively. Decision makers, however, are responding in a conventional well-tried and tested way that focuses on risk management and not value creation (Kaganer & Vaast, 2010) and one third of larger organisations fail to gain measurable benefits (Culnan, McHugh, & Zubillaga, 2010). Despite the difficulties, a failure to engage with social media can also be problematic as the highly interactive platforms encourage
discussion and user generated content that will take place with or without the consent of businesses (Kietzmann et al. 2011). Potentially negative effects are highlighted by Kietzmann et al.’s example of the ‘United Broke My Guitar’ video that has attracted over 11 million hits on YouTube to the detriment of United Airlines. Such studies suggest that organisations need to engage with social media or suffer the consequences; a situation that requires businesses to consider how they can recognize and realize the business value to be gained from social media use.

3 GAINING BUSINESS VALUE FROM SOCIAL MEDIA

The use of IT to create business value has been much debated over the years particularly with regard to how such value should or could be assessed (e.g. Brynjolfsson 1993; Melville et al. 2004). A comprehensive review of this on going debate is beyond the scope of this paper and it is noted that the literature does not specifically address the environment of SMEs. Nevertheless, determining how business value is to be gained from IT remains crucial for smaller businesses that will only invest where they can see a return (Poon & Swatman, 1999). Not only do SMEs require to see tangible value emerging from ventures into IT, but they need to do so in the short term (Prananto, McKay & Marshall, 2003). Nevertheless, tangible benefits may be subject to the interpretation of the senior manager as few SMEs have any mechanisms for formally recognising benefit realisation from their initiatives (Prananto et al., 2003). However, where the perception of derived value is lacking, senior management/owners are quick to withdraw support and close down initiatives.

Tallon et al., (2000) see IT contributing to business value at the process level, drawing on the activities in Porter’s value chain. For example, process planning and support can be improved through enhancements in communication and coordination through the use of IT; economies of scale can be attained which could improve production and operations processes; customer relations can be established, sustained and improved by means of IT, which can lead to improved market share (Tallon et al., 2000). In the case of social media, the greatest potential for deriving business value is seen to be in the domain of customer relationships (Economist, 2010; Blanchard, 2011). As with many new technologies, identifying business value can be problematic and Blanchard (2011) addresses the key issue that may be overlooked in the hype surrounding the use of social media. He emphasizes that value can only be generated by recognising that social media is a tool that must be incorporated into existing strategies and used to support existing business objectives. This reflects Porter’s (2001) arguments regarding the need to see the Internet as a tool for meeting strategic goals rather than an end in itself. These arguments resonate in the business world as highlighted by Dunn (2010) who identifies the benefits of utilising social media technologies as complementary customer channels in an established business with the aim of contributing to business value. Angel and Sexsmith (2011) find that many organisations are not realizing business value from the use of social media as they are failing to define the value proposition. That is, failing to identify desired goals and thereby underperforming in their use of the applications. Such arguments resonate through the literature on how to gain business value from IT and how to recognise the value gained. In the case of social media the value proposition lies predominantly in the ability of businesses to engage with their customers (Economist, 2010; Blanchard, 2011).

4 THE SME ENVIRONMENT

There is a lack of research into the benefits of social media for SMEs that has consequences for understanding its adoption and use in an environment that is well known for its cautious and often laggardly adoption of IT (Poon & Swatman, 1999). SMEs play an important role in national economies, both as employers and by collectively contributing an average of 90% of national economic output (Wielicki & Arendt, 2010; Montazemi, 2006). Smaller businesses are often regarded as key in encouraging the development of a country’s enterprise culture and in promoting business growth (Dyerson et al, 2009). Recognition of this role has promoted a wealth of research into the ability of SMEs to effectively use information technology (Cragg & King, 1993; Street & Meister, 2004), which has been identified as a key driver for increasing productivity gains in these firms (Wielicki & Arendt, 2010). This research highlights the barriers and drivers affecting the use of IT in
SMEs. In the early years of computing these included lack of technical knowledge, the need for senior management support, training considerations, and attitude (DeLone, 1988). Advances in technology, such as personal computers and the Internet, have potentially increased the uses of IT for SMEs, but barriers to widespread adoption remain. For example, lack of technical knowledge remains a major difficulty (Mehrtens et al., 2001) and resource constraints such as time, finance and IT skills are a common barrier to adoption (Street & Meister, 2004). Montazemi (2006) attributes the shortfall in technical skills and knowledge of IT to the centralized nature of the SME operational style where employees are assigned a variety of roles with little chance to specialise. A lack of technical expertise is often combined with a lack of managerial expertise that results in inappropriate or inefficient e-business initiatives (Mehrtens et al., 2001). In the latest wave of technology, there are suggestions that social media are enabling SMEs to gain some advantages (Bulearca & Bulearca, 2010) and the business press is exuberant about the potential of applications such as Twitter to promote business growth. Nevertheless, there is a lack of uptake by SMEs linked to the perception that online networks do not create business value (Economist, 2010). The key issues identified from the literature are discussed below:

4.1 SMEs and Mindful Adoption

When considering the adoption of social media tools, it is critically important that SMEs determine what they plan to achieve through their use (Chua, Deans, & Parker, 2009). This requires reflection on, and identification of, clearly defined problems that need to be solved (Derham, Cragg & Morrish, 2011). Such reflection includes the need to know the nature of a SME’s target customers and who they want to attract to their business (Lacho & Marinello, 2010). SMEs often have local clientele and are not attempting to broaden their business beyond their own region (Lacho & Marinello, 2010). Knowing why they are online, how they will manage the interaction, and meet the time requirements for use are aspects of a key implementation strategy termed ‘mindful adoption’ (Culnan et al., 2010). This strategy incorporates assigning responsibility for governance, managing risk and measuring value that is gained. For example, in terms of risk the potential for interactivity requires some efforts in managing the privacy of customers’ information (Culnan et al., 2010). Ongoing interactivity requires coordination of the social media applications being used, ensuring they are appropriately linked, and that procedures are in place to assign responsibility for responding appropriately to comments, requests, problems etc as well as capturing details (Culnan et al., 2010).

While Culnan et al’s (2010) strategies are aimed at very large firms there is much that informs the implementation needs of SMEs. Kaganer and Vaast (2010, p13) find that firms struggle with the adoption and implementation of social media initiatives and approach innovation “in a fairly mindless manner”. There is a lack of flexibility in many organisations that obscures the need for mindful adoption and also the need for more relaxed structures. The latter are required to empower stakeholders and avoid managers reverting to more tried and tested routines and placing the management of risk ahead of embracing the opportunities for value creation (Kaganer & Vaast 2010). In the SME environment there are perhaps greater opportunities to gain value from implementation as the nature of smaller firms encourages flexibility and innovation to a greater degree than is seen in large organisations (Wickert & Herschel 2001). Nevertheless, mindful adoption is not a strategy that is well recognized in the SME literature.

4.2 Engaging with the Customer

Marketing is a key area of activity for social media use and of particular value to SMEs who are often able to harness the applications more effectively than larger organisations (Economist, 2010). Social media marketing requires SMEs to plan aspects of their customer relationship management (CRM) that are rarely formally addressed. CRM in SMEs tends to be driven by the experience of the business owner or manager (Lindman, 2004). Dyerson et al’s. (2009) study of UK SMEs found their use of IT to be focussed on the more superficial levels of communication, ignoring the opportunities for more strategic uses such as facilitating interaction with customers, collection of customer information and building dynamic websites. These findings have considerable implications in the highly interactive environment of social media where interactivity leads to customers’ expectations of immediate and
consistent results (Geho et al., 2010). This is problematic for SMEs that are ‘failing to gain a deeper insight into the “true” nature of their customers’ (Parrott et al., 2010, p.198) and who will therefore not be able to take advantage of effective and relevant communications in the current era of social networks. Another key concern for organisations is the ability of customers to freely exchange information about products and service, whereas in traditional marketing communications the information exchange is carefully controlled by the organisation (Mangold & Faulds 2009; Palka et al., 2009). Interactivity also requires consideration of when and how often the business joins the conversation (Kietzmann et al., 2011) and how much they support customers talking to other customers (Geho et al., 2010) and “defining their own perspectives on companies and brand” (Bernoff & Li, 2008, p76).

Promotional activities are effective in encouraging customer engagement leading to revenue lift and long term value creation from the development of relationships (Angel & Sexsmith 2011). For example, the use of Facebook and its ‘like’ facility spreads promotional material with ease in a way that traditional methods cannot emulate (Lacho & Marinello, 2010). Facebook use also increases the flow of traffic to company websites thereby improving visibility and search engine rankings (Chua et al., 2009). Although such promotional activities have the potential to introduce products and services to a massive audience (Lacho & Marinello, 2010) they are seen to be particularly effective in SMEs: Examples range from ordering coffees online through Twitter (Geho et al., 2011) to offering a ‘cupcake of the day’ (Economist, 2010) and lunch specials, including a video of food preparation, via Facebook (Lacho & Marinello, 2010). Beyond the promotional aspects of marketing, the use of blogs offers a level of interactivity that can be exploited for branding purposes through enhancing a customer’s positive perceptions and sense of connectedness thereby contributing to the building of interpersonal relationships (Chua et al., 2009). Blogs also support the building of niche communities that develop around specialist products/services that are seen as a strength of smaller businesses (Chua et al., 2009). The interactivity of blogs can encourage customers to articulate knowledge and exchange views and expertise in their niche area while contributing to the reputation and trust of a business.

There is a wealth of literature on the use of community in a business environment (Hagel & Armstrong, 1997; Preece 2000) that is being reflected in social media studies (Kim et al., 2010; Culnan et al., 2010). Culnan et al. (2010) identify community building, whether for niche or the broader market, as a key implementation strategy for social media adoption by larger organisations and term these communities ‘virtual community environments’. They see them as essential for creating value from the chosen social media platform through encouraging regular customer engagement. Culnan et al (2010) advise that for larger organisations there is a requirement to maintain fresh content, assign responsibility for such content, be prepared to concede a degree of freedom to members of the community while retaining accountability, and avoid over-emphasis on the commercial aspect of the business. A further consideration of social media driven communities is that the platform is usually public (e.g. Facebook) and requires adherence to the platform’s policies and procedures.

Another significant benefit of social media adoption that arises from the interaction with customers is that of knowledge sharing. This may be in the form of market intelligence that enables organisations to gain clear insights into customer needs and industry trends, or supports identification of gaps in the market. Drawing on customer insights can aid organisations in identifying and addressing negative publicity and customer complaints (Geho et al., 2010). Knowledge may also be in the form of customer expertise and the ability of a firm to recognize, acquire and exploit new knowledge, known as absorptive capacity, is seen as a key implementation strategy for social media (Culnan et al., 2010).

4.3 Measuring the Value

Measuring business value from IT applications has long been a problematic area for businesses (Melville et al., 2004) and remains a difficult challenge in the domain of social media. Geho et al., (2010) see the lack of quantitative measures, such as return on investment of time and money, to be a hindrance to the continued use of social media by SMEs who require evidence of value in both the short and longer term (Prananto et al., 2003). Applying metrics enables the capturing of some levels
of information and the measurements are often given as evidence of success within organisations (Bernoff & Li, 2008). Such metrics are drawn from evidence of volume including increased sales, number of questions asked and answered, and the decrease in telephone calls and email (Bernoff & Li, 2008). Culnan et al. (2010) cite financial figures, customer retention and employee satisfaction amongst the measure that may be used. However, there is agreement that more qualitative measures are required to fully capture the extent of value to be derived from social media use (Angel & Sexsmith, 2011; Bernoff & Li, 2008). Bernoff and Li (2008) include ‘online buzz’ and ‘insights gained’ as examples of qualitative measures.

5 SELECTION OF CASE STUDIES

The use of case studies in this research enables us to draw on empirical evidence to examine the concepts identified in the literature. We have drawn on published business case studies, identified through online searches, to extend our ability to access a range of established cases that appear to have been using social media in an effective way over a period of time. To ensure that a rich seam of cases was accessed we based our selection and review criteria on Shang and Seddon’s (2002) study that analysed vendor stories of multiple cases. This approach enables us to compare the literature against case organisations that are deemed to have successfully used social media over a period of time. The review, selection and analysis processes for cases in this study were as follows:

1. We searched for case studies of SMEs and their use of social media using the Internet search engines Google and Yahoo. The search was conducted using the keywords: SMEs, social media, case studies and business value in a variety of formats.
2. A short list of case studies (44 in total) was drawn up and the following criteria were applied against each case:
   • There was sufficient information in the case in regards to a defined business problem leading to social media use
   • There were identifiable and clear adoption objectives defined
   • The cases had well reported and measurable business value arising from the use of social media
3. We verified the reliability of the cases by accessing their websites to validate the criteria in the case study stories and to ascertain their continued use of social media.

Five cases, all based in the US, were selected for the analysis and an overview of the firms is given in Table 1. We used a combination of case material and firms’ websites to analyse each case using first open coding and then re-iterating the analysis against the key features identified from the literature.

<table>
<thead>
<tr>
<th>Case organisation</th>
<th>Source of case study</th>
<th>Business</th>
<th>Applications</th>
</tr>
</thead>
<tbody>
<tr>
<td>AJ Bombers Milwaukee (employees &lt; 20)</td>
<td>hubspot.com</td>
<td>Restaurant</td>
<td>Twitter, YouTube, Foursquare</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.ajbombers.com/">www.ajbombers.com/</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>River Pools and Spas Virginia, (employees c. 20)</td>
<td>hubspot.com</td>
<td>Pools and Spas</td>
<td>YouTube, Blogs, Facebook, Twitter</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.riverpoolsandspas.com/">www.riverpoolsandspas.com/</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>West Café Portland, (employees &lt;20)</td>
<td>bonfiresocialmedia.com</td>
<td>Restaurant</td>
<td>Blogs, Twitter, Facebook</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.westcafepx.com">www.westcafepx.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emerson Salon Seattle, (employees c. 10)</td>
<td>linkhumans.com</td>
<td>Hair Salon</td>
<td>Facebook, Twitter, Blog, Flicker</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.emersonsalon.com/">www.emersonsalon.com/</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Triumvirate Environmental Interstate (employees c. 300)</td>
<td>hubspot.com</td>
<td>Environmental Services</td>
<td>LinkedIn, Twitter, Blogs, Facebook</td>
</tr>
<tr>
<td></td>
<td><a href="http://www.triumvirate.com/">www.triumvirate.com/</a></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1: Overview of selected case organisations

The open coding allowed for a broader appreciation of the case material to identify key issues before an analysis based on the key features identified from the literature was made (given in Table 2). Both iterations of the analysis were compared and discussed by the research team and are used to inform the findings and discussion in the next section.
Table 2: Key features identified from the literature

<table>
<thead>
<tr>
<th>Key Concept</th>
<th>Main Points</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business value &amp; social media</td>
<td>Key issues to be addressed may be overlooked. Must be incorporated into strategy</td>
<td>Blanchard (2011)</td>
</tr>
<tr>
<td></td>
<td>Benefits of social media lies in incorporating them as complementary customer channels</td>
<td>Dunn (2010)</td>
</tr>
<tr>
<td></td>
<td>Firms need to define the value proposition of their use of social media</td>
<td>Angel &amp; Sexsmith (2011)</td>
</tr>
<tr>
<td>Mindful adoption</td>
<td>Knowing why they are adopting and managing the interaction and time required</td>
<td>Culnan et al (2010)</td>
</tr>
<tr>
<td></td>
<td>Determine what they plan to achieve through its use</td>
<td>Chua et al. (2009)</td>
</tr>
<tr>
<td></td>
<td>Identification of clearly defined problems that social media will address</td>
<td>Derham et al (2011)</td>
</tr>
<tr>
<td></td>
<td>Awareness of the relaxed structures and empowering of stakeholders</td>
<td>Kaganer &amp; Vaast (2010)</td>
</tr>
<tr>
<td></td>
<td>Flexibility and innovation</td>
<td>Wickert &amp; Herschel (2001)</td>
</tr>
<tr>
<td>Engaging with customers</td>
<td>Know and manage the target customers</td>
<td>Lindman (2004); Geho et al., (2010);</td>
</tr>
<tr>
<td></td>
<td>Focus on promotional activities</td>
<td>Dyerson et al., (2009); Parrott et al., (2010);</td>
</tr>
<tr>
<td></td>
<td>Community building</td>
<td>Angel &amp; Sexsmith (2011); Lacho &amp; Marinello (2010)</td>
</tr>
<tr>
<td></td>
<td>Knowledge sharing</td>
<td>Chua et al., (2009); Culnan et al., (2010)</td>
</tr>
<tr>
<td>Measuring the value</td>
<td>Need to evaluate the use of social media</td>
<td>Bernoff &amp; Li (2008); Culnan et al., (2010)</td>
</tr>
<tr>
<td></td>
<td>Consideration of qualitative and quantitative measures</td>
<td>Bernoff &amp; Li (2008); Culnan et al., (2010);</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Geho et al., (2010); Angel &amp; Sexsmith (2011)</td>
</tr>
</tbody>
</table>

6 THE CASES

The five cases used in this study meet the size qualification of the United States’ definition of an SME (SBA 2011) despite the apparent disparity of the fifth case. This section begins with a discussion of the firms’ business needs that led them to consider social media as a potential business tool before identifying how they defined their objectives. This consideration of business needs prior to engaging with social media accords with recommendations made in the literature (Dunn, 2010; Blanchard, 2011; Angel & Sexsmith, 2011). However, this consideration of business needs prior to adoption of IT does not accord with the literature on SMEs (e.g Prananto et al., 2003) and we speculate that it may arise from the actions of social media consultants that are not visible to the external observer (see Table 1 for consultant websites). Nevertheless, in examining best practice, the identification of business needs is an important step in deriving business value from social media use.

6.1 Identified business needs

The business needs identified from the cases are summarized in Table 3. They are largely centred on marketing and promotion issues as anticipated in the literature (e.g. Lacho and Marinello, 2010). As with many smaller businesses the cases identified financial constraints in orchestrating effective marketing campaigns using traditional marketing methods. Such traditional tools are seen to have a short-term impact yielding poor results. More established applications such as email are not seen to have the reach and range that social media promises and this is important in communicating with customers. In the case of the larger firm (Triumvirate), they have explored a range of marketing tools such as Google AdWords and pay-per-click but found them expensive and unsatisfactory. Two of the smaller cases also raised the issue of the need to reduce marketing costs. One restaurant reported the

---
dilemma of financing marketing plans while remaining competitive in an industry where customers are very price sensitive. Emerson Salon and Triumvirate both mentioned lack of in-house technical skills to work with marketing tools. All the cases have well-established websites that offer rich content and in the case of River Pools, a high level of information on products. This availability of knowledge is seen as important by the firm and cited as a driver for them to embrace social media. A common problem identified by the firms is attracting search traffic to their websites without incurring third party costs.

<table>
<thead>
<tr>
<th>Case organisations</th>
<th>Business Problems</th>
</tr>
</thead>
</table>
| AJ bombers         | ▪ Traditional way of communication such as email is insufficient for large groups.  
▪ Traditional marketing tools can have only short-term impact. |
| River Pools and Spas | ▪ Customers need rich content on company’s website  
▪ Competitive pressures  
▪ Low organic search traffic  
▪ To expand the reach of their industry knowledge and contents. |
| West Café          | ▪ Price-sensitive clientele  
▪ Mixed to mostly poor results with traditional marketing  
▪ Low organic search traffic  
▪ Time and budget constraints |
| Emerson Salon      | ▪ Financial constraints  
▪ Lack of technical knowledge to work with other marketing tools |
| Triumvirate        | ▪ Lack of technical knowledge and high price of marketing tools such as Google AdWords and pay-per-click marketing efforts resulted in unsatisfactory outcomes. |

Table 3  Identified Business problems

6.2  Objectives

While we have delineated the identification of business needs from objectives, it should be noted that the case studies did not formally differentiate the process of identifying the objectives from the examination of their business needs. There was more of a sense of recognizing the problem and identifying required outcomes from implementing social media initiatives. We have taken the required outcomes as objectives and these are summarized in Table 4. The primary objective was found to be that of meeting the businesses’ need for more marketing to increase their online visibility. Seen as an expensive, time consuming, but necessary requirement, all the cases identified improving their marketing, in one form or another, as an objective.

<table>
<thead>
<tr>
<th>Objective</th>
<th>AJBombers</th>
<th>River Pools</th>
<th>West Café</th>
<th>Emerson Salon</th>
<th>Triumvirate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Event management</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Event promotion</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community building</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Competitive advantage</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improve organic search quality</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase organic search traffic</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Expand the reach of their industry knowledge and contents.</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sustaining communication channels with the customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Share industry news such as contents available from company and employment opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Customer engagement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

Table 4  Declared Objectives for Adopting Social Media
Marketing is used as a general term and in some cases appears inclusive of activity related to increasing interaction with customers, while in other is separated into promotional, customer engagement and community building activities (see Table 4). In four of the five cases, improving traffic to their websites was a key driver for adoption, while in the fifth case building community could be held to imply a similar objective. Both these drivers are well acknowledged in the literature (Chua et al., 2010; Kim et al., 2010; Lacho & Marinello, 2010). Two firms, with a broader target in terms of location and product/service, identified knowledge dissemination and information as key objectives for social media adoption (Geho et al., 2010). For example, River Pools identified a business objective to make them the ‘thought leaders in their industry’ by publishing interesting and relevant content. Social media has enabled them to create interest that flowed traffic to their website where they answer general questions on swimming pools and spas. In conjunction with the use of videos on building and owning a pool this has given the firm a reputation as a consumer advocate and leader in the swimming pool business. Only Triumvirate identified the opportunities for employee recruitment in their planning for social media adoption.

6.3 Identifying business value gained

Determining the level of business value gained from IT adoption is held to be problematic (Melville et al. 2004) and there are arguments for both quantitative and qualitative measures to be used for social media evaluation (Bernoff & Li, 2008; Geho et al, 2010). In all five cases business value was gauged in both measurable numeric terms and by more subjective qualitative means (see Table 5).

The more conventional measure of return on investment is reflected in the reports of increased revenues from 60-80% revenue growth for AJBombers, 34% increase in overall sales for West Cafe and 400% increased revenue for Emerson Salon. The two larger companies with a wider target market ‘experienced growth’ and reported an ‘increase in revenue’ attributed to their social media activity. A key figure indicating business value gained is the increase in website traffic and customer time spent on the website. The traffic directed from search engines was greatly increased as visibility improved in non-company specific or organic searches and in the profile of the brand name for several of these businesses.

<table>
<thead>
<tr>
<th>Case organisations</th>
<th>Business values resulting from the use of social media</th>
</tr>
</thead>
<tbody>
<tr>
<td>AJ bombers</td>
<td>• Build sustainable marketing channels</td>
</tr>
<tr>
<td></td>
<td>• In addition to particular event marketing, social media has impact on long-term sales.</td>
</tr>
<tr>
<td></td>
<td>• In first 6 months, sales for the new restaurants were relatively flat. About 6 month in, AJ Bombers began to reach a critical mass in its online community and used its new-found community to help “promote events”. Through this growth, the restaurant experienced 60-80% revenue growth.</td>
</tr>
<tr>
<td>River Pools and Spas</td>
<td>• Advertising expenditures were reduced by 70%</td>
</tr>
<tr>
<td></td>
<td>• Website traffic increased by 300-400% on average</td>
</tr>
<tr>
<td></td>
<td>• Leads, especially organic, increased over 400%</td>
</tr>
<tr>
<td></td>
<td>• Reduction in inbound marketing efforts</td>
</tr>
<tr>
<td></td>
<td>• Reduction in marketing related expenses from $180,000 to $50,000</td>
</tr>
<tr>
<td></td>
<td>• Despite huge industry losses in sales, River pools experienced growth and success</td>
</tr>
<tr>
<td></td>
<td>• Installed more in ground swimming pools than any other company in the United States in the past year.</td>
</tr>
<tr>
<td></td>
<td>• Competitive advantage</td>
</tr>
<tr>
<td>West Café</td>
<td>• Website traffic increased 500% in six months</td>
</tr>
<tr>
<td></td>
<td>• Page views increased 300% in six months</td>
</tr>
<tr>
<td></td>
<td>• Time on site increased by 25%</td>
</tr>
<tr>
<td></td>
<td>• Traffic from search engines increased from 42% to 70%</td>
</tr>
<tr>
<td></td>
<td>• The number of pages indexed in the search engines increased from 27 to over 100.</td>
</tr>
<tr>
<td></td>
<td>• Initially, West Café web pages were only showing in search for their branded terms. However, social media enable this organisation to receive visibility in Google, MSN and Yahoo for over 30 targeted, non-branded keywords.</td>
</tr>
<tr>
<td></td>
<td>• By using social media, the organisation achieved rankings within the top 10 search</td>
</tr>
</tbody>
</table>
results in Google for additional key terms:
• Up to a 34% increase in overall restaurant sales
• Easy and cost effective content management
• Creative promotions across multiple social media platforms
• Unsolicited press coverage

| Emerson Salon | • Use of social media increased their reputation i.e. on Yelp (the US yellow pages), they have a rating of 4 out of 5 with great comments from their customers
|              | • From 2008 to 2010, the organisation’s revenues increased by 400% and they expanded the studio and added more stylists
|              | • Increase in website traffic
|              | • Customers’ engagement increased
|              | • Increase popularity
|              | • Majority of the customer (75%) come from internet

| Triumvirate environmental | • Increase in revenues
|                          | • Promote organisational as well as personal branding of employees.
|                          | • Use network of internal blogs to match their diverse service offerings

Table 5  Business value of social media
Marketing budgets were cut and the development of a community feel at AJBombers led to more long-term loyalty from customers and a higher level of promotional activity. River Pools saw a substantial decrease in its marketing budget while increasing sales in a very tight market and identified competitive advantage as a significant gain from their use of social media. Triumvirate was the only firm to report use of social media internally. They use blogs to disseminate information and ensure that their service offerings are properly supported by employees.

7  DISCUSSION
The case studies have been selected as examples of SMEs gaining positive outcomes from their implementation and use of social media. The measures of success given in each case are exceptional with figures such as 400% growth in website traffic and 70% reduction in marketing budget reported. We speculate that such clearly defined metrics may be the result of the cases being featured in online reports by social media consultancy firms, thereby serving as positive examples for their own businesses. Nevertheless, the firms’ websites display signs that suggest that they are thriving businesses. Their websites are up-to-date, constantly refresh the content while maintaining some sense of continuity, and present detailed, well designed information for customers. Opportunities for customer interactivity are evident with the websites being well integrated with the social media applications via their homepages including blogs, competitions, events etc. As such, the five businesses are viable cases to illustrate the value that can be derived from the use of a range of social media applications. The discussion is presented as the two main stages of planning social media use and that of realising value from the use of the applications. This accords with identification in the literature of the need for mindful adoption of social media (Derham et al., 2011; Culnan et al., 2010), for engaging with customers and for evaluating the value of the business’s social media activity (Bernoff & Li, 2008; Geho et al., 2010).

7.1  Planning for Business Value
There was some consensus in the case studies that planning for the use of social media was an important element in gaining value from the initiative. Apart from the perception of business needs in making the decision to use, one case owner recommended that using the applications to research the industry and direct competition before initiating any social media activity was very important. This accords with Chua et al.’s (2009) assertion that the industry context is very important to understanding social media use and that the type of business changes the objectives for adoption and use. For example, the restaurants see event promotion as a key feature of their promotion plans while River Pools gains value from its knowledge sharing activities.
Planning also requires some strategizing on how the firm will engage with customers and set expectations for customer service and engagement. This is traditionally not an area in which SMEs excel (Dyerson et al., 2009) and the recognition of strategic planning in the case studies may result from the guidance of social media consultancies or may be evidence of owner/managers who are more business aware. Consistency is held to be an important issue to ensure that customers’ needs are met whether through responding via social media or through another integrated customer channel. Maintaining consistency in response to customers is time consuming and time management can also be an issue that requires planning as social media can be very time consuming (Dunn, 2010). Customers become accustomed to planned interaction and putting aside a specific time to post to, for example, Twitter can encourage more interaction at a specific time. Triumvirate Environmental have two staff members dedicated to social media marketing while AJBombers’ owner tweets at a certain time of day and River Pools’ manager estimates he spends 10 to 20 hours per week. River Pools note that effective planning also allows for a measured approach in trying what works and either progressing or changing tactics over time.

7.2 Achieving Business Value

Customer engagement and improving traffic flow to the firms’ websites are the most frequently cited activities from which business value is deemed to be gained. These objectives require that firms are creative in their use of social media, which in turn requires frequent updating for content to remain fresh and interesting. For example, West Café advises that all news on the blogs be relevant and favourable to the business and all content must be authentic and reliable. Creativity is not commonly featured in SME IT adoption literature, although website design issues have long been a concern (Prece, 2000). This is an area where the flexibility and agility of SMEs (Wickert & Herschel, 2001) may become a great asset in responding to customer demands, if traditional weaknesses in customer engagement within the SME environment can be overcome (Parrott et al., 2010).

The cases offer some resonance with the literature on use of different applications for different purposes (Derham et al., 2011). This requires an understanding of the potential uses of the many social media tools on offer. West Café for example uses blogs as an important tool to communicate events and happenings. Another case, River Pools, have integrated applications using blogs and YouTube to tell textual and visual stories displaying their deep industry knowledge as a way of sharing content with their customers. Emerson Salon also uses blogs with pictures and videos to share local news and build a relationship with their local customer base. This sharing extends to featuring personal information and photos of their stylists to encourage ‘the personal touch’. Triumvirate Environmental have a series of blogs that recognize the diversity of their service offerings with each of the blogs dedicated to either a broad topic or a specific area of interest to their customers (example topics include; Industrial, Higher Education and Health and Safety). The use of Twitter by AJ Bombers is an important feature for promoting events and has been integrated into the restaurant by encouraging customers to write their Twitter account names on the restaurant walls. The restaurant owner has generated a Facebook community through the use of his website with integrated social media tools. The community generates support and attendance at restaurant events that contributes to long-term loyalty in the customer base, evidenced by the increase in bookings in days following promoted events. However, the creation and use of community in the case studies is not as strong as might be indicated by the literature (Culnan et al, 2010) and may indicate that it is a more problematic task for small businesses. Three of the cases are small firms that cater to a local customer base and offer meals and hairdressing; services that do not necessarily generate the need for regular and ongoing interaction. A fourth case firm sells one off products (swimming pools and spas) while the fifth deals with hazardous waste. It is not clear from these examples whether the creation of community is not a key feature of social media use by smaller firms, or if the cases used are not suitable to determine the role of community within the SME context.

Gaining competitive advantage is cited as an outcome by one of the case firms. This was directly linked to River Pools use of content management. In a very tight and competitive market, River Pools were able to gain advantage by posting a wealth of information about pools and spas from building to maintaining them. By responding to customers’ general queries concerning owning a pool, they were
able to create a reputation for being the primary source of knowledge in this area leading to a high level of trust. This in turn has translated into significant growth in sales enabling them to outperform their competitors at a time of economic uncertainty.

There is some reference to the need for firms to retain control of their social media activities. This factor is highlighted by two of the cases where River Pools found it critical to have control of their website to orchestrate their social media offerings and not rely on a webmaster. Emerson Salon, that reported a 400% increase in business through social media use, retain control of their applications to enable effective interactivity. There is also a need to respond effectively when control is exercised by the customers and this requires that firms monitor what is being said about them by the public and to respond in appropriate ways. The ceding of control to customers requires innovation and planning (Bernoff & Li, 2008) and this may be an area where more flexible and agile SMEs are able to respond more effectively than larger organisations.

The five case studies report gaining significant value from their use of social media using a mixture of quantitative and qualitative measures; an approach recommended in the literature (Bernoff & Li, 2008; Angel & Sexsmith, 2011). The businesses are using quantitative metrics to assess website traffic, measure time spent onsite by visitors, chart their expenditure on marketing activities and in several cases to note revenue growth. However, their use of qualitative measures accords with Bernoff & Li’s (2008) recognition of the need for a broader view to fully capture the extent of value. There is a feel of the ‘online buzz’ (Bernoff & Li, 2008) through a sense of excitement and enthusiasm evident in the case firms’ insights into their social media use. The combination of measures gives a strong sense that the case firms have derived significant business value from their use of social media and that they serve as good examples of best practice social media use.

8 CONCLUSIONS

The significance of this study lies in the analysis of both the literature and business case studies to show that business value can be gained from the adoption of social media by SMEs. While much of the literature relates to large organisations, the study shows that much of the current research also applies to smaller businesses. The SMEs in this study provide evidence that they are gaining value from considerably enhancing their business website traffic. Value is also generated through increased customer engagement, greater recognition of the traits of an SME’s customer base, and the provision of information and knowledge to enhance reputation and create trust to thereby gain competitive advantage. There are some indications that forming community provides for more long-term loyalty from customers although this requires more corroboration across a variety of industry contexts. One case firm reported the use of social media for internal purposes, but again further evidence is required to examine value derived from intra-firm use.

The implications of the research findings for SMEs lie in the identification of how smaller firms are realising business value. It highlights the need for planning while remaining flexible to accommodate the requirements and demands of the interactivity that arises from social media use. Ceding some control to customers has the potential to create greater value from the interactivity, but is time intensive and requires creativity and awareness of the target market, the industry context and the local conditions. From a research perspective, there are several areas that require further research. This research establishes that some SMEs are gaining significant value from social media use and offers insights into how they are doing so. However, there is a need to examine developments in this area from a more theoretical perspective to gain deeper insights into the rapidly developing field of social media, and social computing (Kim et al., 2010). Further research is also required to empirically examine a wide range of issues such as how the industry context and a firm’s characteristics influence the uses of social media; how to develop social media strategies for both internal and external use; how different applications may be suited to different business needs; and how to most effectively integrate all customer channels within the limited resources of an SME.
References


Xiang, Z., and Gretzel, U. 2010 “Role of social media in online travel information search,” Tourism Management (31:2), pp 179-188.