FACTORS AFFECTING THE BUSINESS PERFORMANCE OF FIRMS UTILIZING SOCIAL MEDIA

Celeste See-Pui Ng, Department of Information Management, Yuan-Ze University, Taoyuan, Taiwan, R.O.C., celeste@saturn.yzu.edu.tw

Abstract

A company can experience various benefits and effects on business performance from advertising on a social networking site, including an increase in its number of fans and advertisement views and/or an increase in sales and return on investment (ROI). While some companies find Facebook an effective platform for social networking advertisements, others deem it ineffective. These mixed results of the impact of social networking services on business performance, in addition to the fact that many companies are expected to be influenced by social media in this social economy due to its growth and popularity among consumers, have motivated this research in progress. This study aims to address and understand the reasons for such differing results on business performance and identify the factors affecting the outcomes of organizations’ social media projects. A multiple case study is adopted to meet these aims. First, a thorough review of literature and content analysis of several prior and publicly available case studies on firms that were either successful or unsuccessful with social media advertising are conducted. These steps are done to identify the underlying factors that contribute to the impact of social media on business performance. Next, the multiple case study method is adopted to identify and explain the behaviors of the contextual factors that cause differing impacts of social media on business performance. To understand the varying effects of social media on business performance, institutional theory, transaction costs theory and symbolic interactionism are applied in this study. The expected outcomes from this study include: (1) proposing a conceptual model of factors affecting the performance of businesses utilizing social media, and (2) producing a better understanding of the issues and factors impacting the performance of businesses utilizing social media.

Keywords: Social Commerce, Social Networking Services, Social Media, Institutional Theory, Transaction Costs Theory, Symbolic Interactionism, Business Performance, Case Study, Advertising, Content Analysis.
1 INTRODUCTION

Social media refers to all Internet-based applications that allow the creation and exchange of user generated content (Kaplan & Haenlein 2010). Social networking services are those made possible using social media and this study uses the two terms, social networking services and social media, interchangeably. The current top two social networking sites in the world are Facebook and Twitter. The common social networking services available are many-to-many instant messaging, person-to-person messaging, online sharing of various applications and multimedia files, games, news feeds, and event notification sites. More advanced services offered for businesses are polling, online advertising, creation of a fan page, tracking of the number of fans and interactions, and creation of an online store to engage in social commerce. Social commerce refers to the buying and selling generated within social networking sites or driven by social media activities. In general, social commerce can be initiated within social media such as Facebook, but the actual transactions are completed through e-commerce sites or Web stores external to the social media website.

According to a report from eMarketer (2012), in 2012 Facebook in the United States received the most advertising revenue and was the most popular social network advertising platform that companies choose to invest in. A study by a separate global marketing and technology company (TBG Digital 2012) found that many companies in countries throughout the world are choosing Facebook to promote their business campaigns or brands as it is a dominant social technology that can potentially have a major impact on social commerce due to its popularity. Many well-known companies such as Dell, Adidas, Lacoste, AT&T, Pizza Delicious and General Motors use Facebook to advertise and market their products and services. Some of these companies have reaped their expected business benefits such as increased sales revenue, online marketing traffic, business leads, and ROI from their advertising activities on the social networking service. On the other hand, other companies such as Pizza Delicious and General Motors have been disappointed with the lack of expected business results through their activities on Facebook.

Social networking services offer the advantages of allowing companies to more effectively utilize their marketing budgets to reach a large number of potential customers at a relatively low cost, in addition to the potential for more tailored or personalized offers. However, successful adoption of social media is time-consuming and costly, as companies need to manage its adoption internally (due to resistant and skeptical attitudes) and keep the media stream fresh and relevant (Meister & Willyerd 2009). Such challenges may hinder the use of social media in some companies.

A company can realize various benefits, both hard and soft, from advertising on a social networking site. These include an increase in the number of fans and advertisement views, rising sales and return on investment, (Lipsman, Mudd, Rich, & Bruich 2012) or even growth in a firm’s equity value (Luo, Zhang, & Duan 2013). However, while some companies find social media has a positive impact on their business performance, such as by driving consumer purchases (Goh, Heng, & Lin 2013), others experience negative repercussions, such as harmful customer comments on their fan page (Clarke 2012). Also, in advertising, some companies perceive the results as positive whereas others deem them unimportant or inconsequential.

In light of the perceived mixed results of social networking services on business performance and the fact that many companies are expected to be influenced by social media due to its growth and popularity among consumers, this research aims to address and understand the factors affecting an organization’s business performance when social media is utilized. In this study, we define business performance in terms of both financial and non-financial indicators, e.g., sales volume, return on investment, customer satisfaction and relation, and customer partnership.

To address the proposed research aims, firstly, a thorough review of literature and content analysis of prior successful and failed social media campaigns are conducted to identify the underlying concepts
and factors that contribute to the impact of social media on business performance. Next, a multiple case study method is adopted to identify, determine and explain the behaviors of the contextual factors that cause the impact of social media on business performance. To understand the influence of social networking services on business performance, institutional theory, transaction costs theory and symbolic interactionism are applied in this study.

The subsequent organization of this research in progress is as follows. Section 2 provides a literature review on the importance of social media for business, social media best practices, and factors affecting social media’s influence on business performance. Section 3 describes the theoretical background of institutional theory, transaction costs theory and symbolic interactionism. Section 4 details the research methods adopted in this study. Section 5 presents the anticipated results in addition to the contributions and implications of this study for practical use and research.

2 LITERATURE REVIEW

2.1 The importance of social media for businesses

As of December 2012, on a monthly basis Facebook had more than 800 million users, Twitter had 500 million and YouTube had over 800 million. These numbers suggest a high volume of consumers and varied audiences using these social media sites, which is attractive for consumer goods firms. Thus, many companies have started advertising on these sites by utilizing their tailored demographic features and offering highly personalized messages (George 2010).

2.2 Factors affecting the impact of social media on business performance

The use of social media in businesses has brought numerous benefits such as an improvement in firms’ ability to interact and engage with customers and fans, heightened customer loyalty, and brand awareness and impressions (Mershon 2011). Some of these benefits eventually lead to better business performance in terms of online and offline sales volume and an increase in return on investment (Keath 2012). In order to review the factors affecting possible outcomes of utilizing social media within a firm such as Facebook and Twitter, a content analysis of the prior and publicly available successful and failed social media usage is conducted.

Despite the many case studies of companies officially reported by Facebook to have had success through advertising on the site, (see http://www.facebook-successstories.com/) only eight companies are thoroughly examined in this literature review. These are Adidas, American Express, AT&T, Bob Evans, Diageo, Giantnerd, Kia Motors America, and Lacoste. The case study of each is analyzed to identify the underlying reasons for their success in utilizing social media to boost business performance. These companies have been chosen because they represent: (1) the industries that advertise the most on Facebook, and/or (2) a well-known brand name. Additionally, in order to provide a holistic view of the impact of social media on business performance, seven companies that have reportedly faced failures in the use of social media are also studied.

The rigorous steps suggested by Zhang and Wildemuth (2009) are followed to conduct the content analysis on the cases being examined. In principle, we look for tangible and intangible outcomes that reflect the business performance such as financial impact (e.g., sales and/or profit increase) and non-financial impact (e.g., customer satisfaction and/or engagement). Then, we work backward to trace the causes and factors affecting the outcomes (Silverman 1998). The direct coding of segments of text taken from the case studies examining businesses that have succeeded in their social media efforts are shown in Table 1, and the direct coding of segments of text regarding companies that have reportedly failed in their social media initiatives are shown in Table 2. The causes of the outcomes (of the measures of business performance) observed and depicted from the segments of text are also summarized in Table 1 and Table 2.
Overall, there are three main categories of factors behind the outcomes produced by social media on business performance: the positive or negative symbols (impressions) attached to the brand’s page, the transaction costs related to managing the social media, and the institutional issues surrounding a company (see Table 1 and 2).

1. **Symbols attached** to the brand’s page – can be positive or negative impressions interpreted by a consumer or as seen in a customer’s comment. These can originate from individuals both within and external to a particular company.

2. **Transaction costs** related to managing social media – focuses on the value, costs, and benefits of conducting all operations related to social media.

3. **Institutional issues** surrounding a particular company – describes a company’s management style, behavior and attitude toward social media.

<table>
<thead>
<tr>
<th>Case name, Industry, Interviewees</th>
<th>Cause of outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Case 1: Adidas (Facebook 2012a), Industry: Fashion and accessories</strong> Interviewee: Chris Barbour – Global Head of Digital Marketing, Sport Style Division</td>
<td></td>
</tr>
<tr>
<td>Outcome – creation of brand ambassadors “The ability to target consumers with a message and hold on to them as committed brand ambassadors which Facebook allows is unlike anything that the world of advertising has ever seen.”</td>
<td>Symbol attached</td>
</tr>
<tr>
<td>Outcome – increased traffic in our stores “… we’ve been told by store managers that conversations have been had by consumers about things they’ve seen on Facebook. … [T]he community that we’re building on Facebook is, at least in part, the people who are coming into our stores…” “We consider the consumers that we’re connecting with on Facebook to be more than fans.”</td>
<td>Transaction costs, Institutional issues</td>
</tr>
<tr>
<td><strong>Case 2: American Express (Facebook 2012b), Industry: Banking and financial services</strong> Interviewee: John Hayes – Chief Marketing Officer</td>
<td></td>
</tr>
<tr>
<td>Outcome – connections with consumers “Facebook allowed us to achieve connectedness … which we could not have accomplished in any other way.”</td>
<td>Symbol attached</td>
</tr>
<tr>
<td>Outcome – engaged consumers “…the challenge for American Express is how do we engage people and get them involved in the things we are doing that we jointly value. When you do that, you change the way people feel about your brand and your company… [T]hat is the outcome of the Facebook and American Express effort…”</td>
<td>Symbol attached</td>
</tr>
<tr>
<td><strong>Case 3: AT&amp;T (Facebook 2012c), Industry: Telecommunications</strong> Interviewees: (1) Jenn Fisher – Director of Digital and Youth Marketing and (2) Chris Baccus – Executive Director of Digital and Social Media</td>
<td></td>
</tr>
<tr>
<td>Outcome – increased market share and improved brand perception “[Facebook] gives us the opportunity to engage our customers, talk about our products, and help resolve service issues. … [Our customers’] willingness to recommend has the byproduct of increasing market share and brand perception.” –Jenn “…we’ll have a custom tab that provides information about the new product and allows our fans to click through to learn more about that product and purchase it on AT&amp;T.com” – Chris “The ability to reach 1.4 million people through a Wall post, to us, is extremely valuable. … Facebook allows us to get this feedback directly from our consumers – it is just invaluable; it’s a marketer’s dream.” –Jenn</td>
<td>Transaction costs, Symbol attached</td>
</tr>
<tr>
<td>Outcome – improved customer service and increased satisfaction “Being on Facebook makes us a more human company in the public space.” – Chris “One of the key aspects for customer care on Facebook is that we have our seasoned managers on the Page, so they are empowered to respond and resolve issues quickly.” – Chris</td>
<td>Symbol attached, Institutional issues</td>
</tr>
</tbody>
</table>
“Our fans also tend to have a certain level of influence within their communities. … That ripple effect happens across Facebook, which is fabulous. … they’ll actually [help answer questions and support the brand outside of business hours] themselves.” – Chris

Outcome – sales growth
“… we put an ROI to everything we do, so we know that being on Facebook helps generate sales for us. … We saw increased positive brand sentiment on the Page, we saw increased sales, and we saw people actually moving through the marketing funnel right in front of our eyes.” – Jenn

“Our Facebook activities have helped sales and adoption in a variety of ways by creating a two-way dialogue between different dotcom properties.” – Chris

**Case 4: Bob Evans (Facebook 2012d), Industry: Food & beverage**
Interviewee: Anne Leonard-Palmer – Digital marketing manager

Outcome – return on investment
“The campaign [on Facebook] taught us that we have a large, ready-made audience on Facebook that’s receptive to the things Bob Evans is promoting. … The campaign saw a return on investment of between 200 percent and 300 percent. … [The campaign has] more than paid for itself.” – Anne

**Case 5: Diageo (Facebook 2012e), Industry: Food & beverage**
Interviewee: Dawn Henry – VP of Consumer Planning

Outcome – development of brand advocates
“We had an instant community of brand admirers who become brand advocates. … Facebook allows us to precisely target our consumers by age and gender and to do that on a customized basis for each brand, which helps ensure we are doing everything possible to market responsibly in the digital space. … We’re able to speak to consumers in a highly targeted way, but also on a scale that’s never been possible before. … The magic with Facebook is just how easy it is for consumers to engage with our content and then pass it to their friends. It enables us to turn those brand advocates into ambassadors and even influencers.”

Outcome – lasting relationship with consumers
“Facebook gives us real time feedback from people who are passionate about our products, giving us an invaluable research loop that brings us closer to consumers. Facebook gives us the opportunity to have a lasting relationship with our consumers.”

**Case 6: Giantnerd (Facebook 2012f), Industry: Retail**
Interviewee: Randall Weidberg – CEO

Outcome – successful in advertising
“We’ve run all types of online ads, from Google to shopping comparison feeds and banner ad networks, and we’ve found that Facebook [Page – the free public profile] is by far the most successful form of advertising for us.”

“Our company is a great fit with Facebook – we’re promoting social shopping with features that are already familiar to Facebook users. We’re looking forward to a long and fruitful collaboration.”

**Case 7: Kia Motors America (Facebook 2012g), Industry: Automobile**
Interviewee: Dave Schoonover – National Manager, CRM & Digital Marketing

Outcome – customer engagement
“What we like most about Facebook is that we not only have the opportunity to create a community, but we can also engage in targeted advertising.”

Outcome – customer awareness and engagement
“… lift in awareness is significant and indicates that we’ve found something that works and we will continue to leverage that.”

“We are definitely increasing our investment in social and you can’t really have a social campaign without Facebook.”

“…successful social media requires great strategy that’s executed with diligence and perseverance in a consistent manner over time – having engagements that add value to the community is what’s critical.”

**Case 8: Lacoste (Facebook 2012h), Industry: Fashion and accessories**
Interviewees: (1) Filipp Goldscheider – Account manager, Netrada Digital Marketing, and (2) Loïc Lasne – Lacoste E-Marketing Manager, Devanlay SA
### Table 1. Content analysis of text from case studies involving businesses that have succeeded in utilizing social media

<table>
<thead>
<tr>
<th>Case name</th>
<th>Argument against social media for business</th>
<th>Cause of outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Case 1: General Motors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome – low sales</td>
<td>Received many clicks from Facebook users, but their conversion rate (the number of people who buy after clicking on Facebook ads) was very low (Kunz 2012).</td>
<td>Transaction costs</td>
</tr>
<tr>
<td></td>
<td>“[GM] cannot reach its consumers and draw them to become fans on its Facebook page, which means GM is not able to increase awareness, engagement, interaction and customer satisfaction with their brand …” (Garcia 2012)</td>
<td>Transaction costs</td>
</tr>
<tr>
<td></td>
<td>“GM has unclear social media goals and a lack of understanding of the purpose of Facebook ads. … GM did not create its Facebook page with worthy content, which led to their fan page to appear poor and non-engaging.” (Garcia 2012).</td>
<td>Institutional issues</td>
</tr>
<tr>
<td><strong>Case 2: Tesla Motors</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome – did not inspire customers</td>
<td>“… their official Facebook is not exciting when compared to other companies. On their Facebook page, they do not provide any inspiring items or backstory to the customers or potential customers. They use their Facebook page only to engage with an audience.” (Clarke 2012).</td>
<td>Institutional issues</td>
</tr>
<tr>
<td><strong>Case 3: Netflix</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome – angry customers</td>
<td>“… Netflix has failed to communicate with their customers and potential customers on its Facebook page. … Netflix used their Facebook page to announce a rise in rates and change in service to its customers. … they got comments from angry customers …. Afterward, they spent more than five months attempting to “positively reassure” their Facebook fans, and Netflix still has not been able to recover” (Clarke 2012).</td>
<td>Institutional issues</td>
</tr>
<tr>
<td><strong>Case 4: Goldman Sachs</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome – no customer engagement</td>
<td>“… they do not have any activity or engagement on their wall. In addition, they did not engage and reply to some comments that were posted on their wall.” (Clarke 2012).</td>
<td>Institutional issues</td>
</tr>
<tr>
<td><strong>Case 5: WalMart</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome – negative customer comments</td>
<td>“… WalMart allowed users to post their comments and feedback on Facebook Wall Posts only, so negative comments flooded their Facebook page. … WalMart attempted to restrict the dialogue with the audience by engaging in a one-way conversation …” (Wilson 2007).</td>
<td>Institutional issues</td>
</tr>
<tr>
<td><strong>Case 6: ODEON</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome – customer complaints</td>
<td>“… one of ODEON’s customers posted a complaint on their official Odeon Facebook Page about ticket prices. The complaint was posted on Friday (August 24, 2012) and it had generated 122,468 Likes and 10,408 comments within 4 days (by Monday, August 27, 2012). … ODEON’s social media team appears to have been ‘on holiday’ … therefore no one had responded to the complaint.” (Walsh 2012).</td>
<td>Institutional issues</td>
</tr>
<tr>
<td><strong>Case 7: Ryanair</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outcome – failed customer service</td>
<td>“… one passenger posted to complain that she was charged €300 by Ryanair for printing six boarding passes … Ryanair did not have any response besides replying with an insulting message on their Facebook page … Ryanair failed to address the crisis on Facebook and also failed to use Facebook as a customer service tool because they had poor customer relations, a</td>
<td>Institutional issues</td>
</tr>
</tbody>
</table>
lack of a response, and a complete lack of care for their customers' concerns” (talkaboutuk 2012).

Table 2. Content analysis of text from industry publications that argue against the use of social media for business

3 THEORETICAL BACKGROUND

The literature review and content analysis in the previous sections provide evidence that while some businesses experience a positive impact on business performance from the use of social media, others do not. This section explores the potential theories that may explain the variety of outcomes and benefits possible, including the cases covered in the previous section.

By analyzing cases of success in social media advertising in Table 1 and failure in such advertising in Table 2, we conclude there are three main categories of themes for the differing outcomes experienced: institutional factors, transaction cost factors, symbols attached by the company to social media or Facebook, and/or the symbols the consumer associates with a brand’s page.

3.1 Institutional issues

As observed from the successful cases in Table 1, the attitudes of these companies’ management toward social media are positive. For instance, Kia Motors America has successfully increased customer awareness and engagement with the brand because it has a proper social media strategy in place that is implemented consistently with diligence and perseverance. The firm places a priority on providing value to the brand’s online community. Similarly, in the case of AT&T, the company has committed heavily in terms of human resources to manage its social media fan page in order to ensure it is able to provide good customer care.

In contrast, companies that fail in their social media efforts show a lack of care for customers’ concerns (see ODEON in Table 2), restrain customers’ interaction on the fan page (WalMart in Table 2), have no proper plan to manage social media and engage with their customers (Netflix, Goldman Sachs and Tesla Motors in Table 2), have no clear goals and/or select the wrong metric to measure the effects of social media (General Motors in Table 2). Such issues can occur if a company is not leading or does not know how to properly lead a social media project. This usually happens when companies merely follow the success footprint of others.

The above situations as a result of failed social media campaigns can be explained using the institutional theory. This theory refers to a situation in which “a firm’s behavior is compliant, habitual, unreflective, and socially defined” (Oliver 1997, p. 699). Some institutionalized activities may have no obvious economic purpose (Oliver 1997). Instead of making consistent rational decisions, “institutional theorists argue that many activities in firm are so taken for granted or so strongly endorsed by the firm’s prevailing culture or power structure that decision-makers no longer even question the appropriateness” (Oliver 1997, p. 700). The basic premise of institutional theory upholds “firms’ tendencies toward conformity with predominant norms, traditions, and social influences in their internal and external environments” (Oliver 1997, p. 700). Thus, companies that initiate a social media strategy for the wrong purpose will be unlikely to succeed in boosting business performance, see General Motors in Table 2.

3.2 Transaction costs

Investing in a social media strategy requires human resources who are dedicated to the management of the brand’s page. The responsibilities of such individuals include designing the image and the content of the page, responding to complaints and comments from consumers and business leads, frequently
providing updates, and posting interesting messages for the page’s fans to maintain a certain level of engagement and a relationship with the target audience (see AT&T in Table 1). Although the human resource requirements and necessary high frequency of interactions with consumers on the brand’s page increase transaction costs, these measures provide many benefits such as better brand awareness (American Express), brand affinity (Diageo), brand bonding (AT&T), and increased demand and sales volume (Lacoste and Adidas).

In short, companies such as Adidas, American Express and Lacoste (Keath 2012) perceive social media advertising as successful because the transaction costs involved in managing it are sufficiently low and because it generates a positive ROI, sales revenue and a better brand awareness. This can be explained by the transaction costs theory or transaction cost economics (TCE), which states that firms are profit-maximizing and therefore seek cost minimization (Williamson 1985). The essence of TCE, i.e. rational economics reason is that transactions or exchanges conducted in firms/organizations are arranged in such a way that they minimize transaction costs. The amount of a transaction cost depends on three characteristics inherent to the transaction: asset specificity, frequency, and uncertainty (Williamson 1985). Thus, companies that obtain more profits and incur lower transaction costs from their social media activities will have better business performance.

3.3 Symbolic interactionism

From the analysis of failed cases of social media advertising above in Table 2, there are certain negative symbols/impressions consumers attach to the brand pages of companies such as Tesla Motors: “Their official Facebook page is not exciting,” and Netflix: “[They have] angry customers”. On the other hand, in the successful cases, companies are able to create a positive symbol/impression through their Facebook page (see Table 1), such as American Express, which “achieves connectedness,” and AT&T, which seems “a more human company.”

According to Blumer (1969), symbolic interactionism is based on three premises: (1) “human beings act towards things on the basis of the meanings that things have for them”, (2) the meanings of those things are derived from a person’s interactions with others, and (3) “these meanings are handled in, and modified through, an interpretative process used by the person in dealing with the things” (p. 2). Gopal and Prasad (2000) suggest “symbolic interaction is rooted in the social constructionist position that views all social interaction as follows from the meanings assigned by individuals and groups to objects and events in the course of everyday life and practice” (p. 513). Social construction, as proposed by Berger and Luckmann (1990), refers to an institution’s or human’s experiences with objects and events (e.g., a brand’s page) that are constructed in a particular social setting (e.g., in the social media or social networking site setting). Following this line of argument, a customer’s negative experience with a brand page is likely to influence one’s own and others’ perception of the brand through interactions among relevant parties in the same community, especially considering the viral nature of social media. Consequently, not only is a company unable to obtain the desired results of customer engagement and brand awareness, but it may also earn bad brand reputation and experience a decrease in sales volume. On the contrary, a company that has positive symbols attached to its social media based on its previous experience is likely to allocate more resources to social media efforts to improve its customer service. This in turn will generate more customer engagement, brand affinity, brand loyalty, and eventually more purchases from such customers.

In light of the insights gained from understanding the differences in business performance observed among the cases in the previous sections, this study proposes to apply: (1) the institutional theory – to explain how differences in an organization’s attitudes, practices and behavior affect business performance results from social media advertising; (2) the transaction costs theory – to explain why some businesses are more suitable for and experience greater benefits from social media advertising; and (3) symbolism interactionism – to explain why some businesses fail before and after a social media advertising campaign. Figure 1 below shows the conceptual model investigated in this study.
4 RESEARCH METHODS

The multiple case study method is adopted in this study, as there is very little guiding theory available to go on in this context of social media advertising), see Benbasat, Goldstein and Mead (1987). Moreover, this method suits the purpose of this study, which is to explain and understand the reasons behind the differing impacts of social media on business performance. The specific typology of case study used herein is the interpretative and explanatory case study method. This type of method requires rich descriptions of and elaborations on the cases under consideration. According to Yin (2003), this is suitable for illustrating, supporting, or challenging theoretical assumptions held prior to the data collection. This research method has the potential to provide a level of abstraction that may range from suggesting relationships among variables to the construction of a theory (Yin 2003).

Data collection: At least two case studies using two organizations should be implemented to understand how such organizations succeed and fail in planning, executing, and managing their social media advertising projects. The collected data will be used to evaluate our theoretical assumptions proposed in Figure 1. This will be followed by making relevant changes to the proposed conceptual model, as suggested by Pan and Tan (2011) when surprising data that extends and/or differs from the initial theoretical lens emerges. The target respondents in this study are top executives such as Marketing Managers, CIOs, and/or CFOs who are familiar with and involved in planning, executing and managing companies’ social media advertising projects. Information will be gathered with the intent of analyzing, interpreting, and/or theorizing about the effects of social media. Data collection methods will involve semi-structured interviews; documentation such as reports, records, and procedures; and physical artifacts/evidence, including the organization’s social media site or Facebook fan page (Yin 2003).

Data analysis: Qualitative content analysis will be adopted. In particular, the directed content analysis approach will be used to analyze field notes and interview transcripts to identify the predicted pattern of specific variables in the theories shown in Figure 1. This is the most applicable approach as it suits the purpose of this study, which is to validate and/or extend the theoretical framework in Figure 1 conceptually (Hsieh & Shannon 2005). Case comparison analysis (Yin 2003) will be used for three purposes: (1) to confirm and identify how the symbols attached to a brand’s page differ between organizations that succeed and those that fail in social media advertising projects; (2) to confirm and identify how institutional factors (mimetic and normative pressures) differ between organizations that succeed and those that fail in social media advertising projects; and (3) to confirm and identify how the asset-specificity and risk management plans differ between organizations that succeed and those that fail in social media advertising projects. Pattern-matching will be used to analyze the predicted pattern of specific variables (e.g., institutional context, transaction cost factors, symbols attached to a brand’s page) defined before data collection, with the pattern being matched envisioned to be the key cause-effect pattern between independent and dependent variables (Yin 2003).
5  

ANTICIPATED RESULTS AND CONTRIBUTIONS

This study is expected to make the following contributions, including: (1) proposing a conceptual model of factors affecting the influence of social media on business performance, (2) producing a better understanding of the issues and factors impacting business performance of firms utilizing social media, and (3) adopting a theoretical perspective to explain the reasons for success and failure in social media advertising projects.

The research findings from this study should be useful to practitioners as it will suggest which factors contribute to a successful social media strategy and the pitfalls to avoid based the prior experiences of other companies reviewed from relevant literature and industry publications. For companies that are currently executing a social media strategy, this study should: (1) provide insight into how they can better manage their social media strategy in the future; and (2) help them better understand why they have succeeded or failed in their social media strategy, as seen through the various theoretical lenses presented, i.e. the institutional theory, transaction costs theory and symbolic interactionism theory.

References


