

University of Economics, Prague

Master's Thesis

University of Economics, Prague

Faculty of Business Administration

Student: CEMS MIM

Title:

The Benefits of Social Media as a Means of Business Development for Small
Organizations



Author:

Madeleine Latapie

Advisor:

Ing. Ladislav Tyll

Thanks

I would like to express my deepest thanks to Professor Ing. Ladislav Tyll, MBA, Ph.D., for his valuable advice, kind comments, and time given to me.

I would also like to thank all of the participants that kindly took the time to partake in interviews and share their unique experiences.

| | |
|---|-----------|
| Section I: Introduction | 4 |
| CHAPTER 1: INTRODUCTION TO ‘THE BENEFITS OF SOCIAL MEDIA USE AS A MEANS OF BUSINESS DEVELOPMENT FOR SMALL ORGANIZATIONS’ | |
| 1.1 BACKGROUND TO THE STUDY..... | |
| 1.2 RESEARCH TOPIC, OBJECTIVES, AND STRUCTURE | |
| Section II: Critical Literature Review | 6 |
| CHAPTER 2: EXPLORING BUSINESS DEVELOPMENT IN SMALL B2C ORGANIZATIONS..... | |
| 2.1 INTRODUCTION TO THE LITERATURE REVIEW | |
| 2.2 Exploring Business Development for Small B2C Organizations..... | |
| CHAPTER 3: UNDERSTANDING THE MODERN BUSINESS ENVIRONMENT..... | |
| 3.1 Social Media has caused Business Challenges | |
| 3.2 The new Buying Decision-Making Process..... | |
| 3.3 Chaging consumer engagement | |
| 3.4 Changing relationship marketing..... | |
| 3.5 Limitations of the Marketing Mix..... | |
| 3.6 The New Brand..... | |
| CHAPTER 4:T HE RISE OF SOCIAL MEDIA AND ITS IMPACT ON ORGANIZATIONS | |
| 4.1 Understanding Social Media | |
| 4.2 Reasons for skepticism | |
| CHAPTER 5: THE BENEFITS OF USING SOCIAL MEDIA TO BETTER ADAPT TO THE NEW BUSINESS ENVIRONMENT | |
| 5.1 Influencing Stakeholder Behavior with Social Media (BUSINESS DEVELOPMENT THROUGH SALES) | |
| 5.2. Social Media and the New Organization (BUSINESS DEVELOPMENT THROUGH UNDERSTANDING THE MODERN ORGANIZATION AND EXPLOITING SOCIAL MEDIA) | |
| 5.3 Conclusion to the Literature Review..... | |
| Section III: Research Methodology | 33 |
| CHAPTER 6: RESEARCH METHODOLOGY..... | |
| 6.1 Introduction..... | |
| 6.2 Approach to the Study..... | |
| 6.3 Secondary Data Collection | |
| 6.4 Processing and Analysis of Primary Data..... | |
| 6.5 Data Quality..... | |
| 6.6 Limitations of Data Collected | |
| Section IV: Research Findings, Discussion, and Conclusion | 38 |
| CHAPTER 7: RESEARCH FINDINGS, DISCUSSION, AND CONCLUSION..... | |
| 7.1 Research Findings..... | |
| 7.2 Discussion | |
| 7.3 Conclusion and Recommendations..... | |

Section I: Introduction

CHAPTER 1: INTRODUCTION TO 'THE BENEFITS OF SOCIAL MEDIA USE AS A MEANS OF BUSINESS DEVELOPMENT FOR SMALL ORGANIZATIONS'

1.1 BACKGROUND TO THE STUDY

1.1.1 Introduction

Social media presents a big challenge to organizations that have, up till recent years, been able to control their communications, marketing, and overall business development via traditional media channels (Strategic Direction, 2010). Despite the large amount of advocates who believe that these new information technologies offer organizations a powerful means to improve their communications process and, ultimately, their performance (Andriole, 2010), some C.E.O.'s remain skeptical. According to a 2013 European Commission study, "the main reason stated for not using social media are a lack of a strong business case and insufficient demand from customers". This can translate to 54% of non-users not seeing reason for it. The Author, through her research, hopes to make visible the importance of the tool and highlight the benefits of social media use, and more specifically for small B2C organizations.

1.1.2 Importance of the Study

New, small businesses tend to struggle to find the resources they need to compete with larger companies (Harmonson, 2013). Through this research thesis the Author hopes to make the business case for change and explore how using social media can increase business development for small businesses.

1.1.3 Potential benefits of the Study

The rise of social media is an exciting phenomenon for business owners and academics alike. This study will be of benefit to both parties. The practitioner business owner will gain a greater understanding of the current challenges of traditional business development methods and the new opportunities that social media are bringing.

Academics will benefit from this study because it is rare that social media and business development strategies have been linked and examined together. The conceptual framework constructed via the critical literature review offers an exceptional opportunity for further research

1.2 RESEARCH TOPIC, OBJECTIVES, AND STRUCTURE

1.2.1 The Research Topic

The Topic is herein defined as “The Benefits of Social Media Use as a Means of Business Development for Small Organizations”.

1.2.2. Parameters of the Study

This study’s focus is on investigating the research topic by exploring business development in small B2C organizations and how social media can impact it. However, the Author feels that she should make it clear what the study is *not* about. The study is not about social media strategy or about the characteristics and benefits of specific social media tools and platforms. The aim is not to explore how organizations use social media, but rather to study social media’s strategic importance on business development and its influences. Additionally, this study is business-to-consumer (B2C) oriented – no attention is given to business-to-business (B2B) literature, and findings do not apply to B2B cases. This is intentional for a few reasons: Firstly, there is more literature available on social media for B2C. Secondly, the Author is more

interested in the B2C environment. Lastly, to mix the two would complicate a research problem that already poses numerous challenges.

1.2.3. Research Objectives

The Research Objective, designed to show exactly what the study seeks to achieve, are threefold:

1. To explore the issues raised by the literature within contemporary business development methods.
2. To analyze the impact of social media on business development for small B2C businesses.
3. To create a conceptual framework of social media's influence on business development for B2C businesses.

1.2.4. Companies Featured in the Research

The specific names of the companies featured in the research will remain confidential due to a confidentiality agreement with all participants. However, all companies were small (less than 20 employees), based and operating in either North America or Europe, and were B2C businesses. All of the companies used for primary research were also less than 8 years old.

Section II: Critical Literature Review

CHAPTER 2: EXPLORING BUSINESS DEVELOPMENT IN SMALL B2C ORGANIZATIONS

2.1 INTRODUCTION TO THE LITERATURE REVIEW

2.1.1 Aim of the Literature Review

The aim of this literature review is to locate and critique relevant theory relating to the research topic, *The Benefits of Social Media Use as a Means of Business Development for Small Organizations*, and identify concepts and themes arising and put these variables together to form a theoretical framework.

2.1.2 Structure and Nature of the Literature Review

The review is divided into two chapters: Exploring Business Development in Small B2C Organizations (Chapter 2), and The Rise of Social Media and its Impact on Organizations (Chapter 3). The critical literature review consists of academic literature but also, with social media being such a fast-developing phenomena, practitioner sources in order to get the latest insights and expertise on Web 2.0.

2.2 Exploring Business Development for Small B2C Organizations

2.2.1 Business Development and Value Creation

The term “business development” seems ambiguous and not all can agree on a single, correct definition. However Scott Pollack, contributor to *Forbes’* “Entrepreneurs” section, was quite successful at uniting the various forces and views of business development into one concise definition. This is the definition that the Author will refer to in this study whenever she mentions ‘business development’: “Business development is the creation of long-term value for an organization from customers, markets, and relationships.”¹ Indeed, value, or cash, money and the livelihood of business, is the ultimate goal of each and every business manager but only if said value is able to persist in the long run. This entails reaching and engaging customers, who live in specific markets defined by geography but also demographics, lifestyles, and buying mindsets and creating strong relationships with them as well as other stakeholders. Customers are one of the main stakeholders and key influencers

¹ <http://www.forbes.com/sites/scottpollack/2012/03/21/what-exactly-is-business-development/>

in business development. Some even define business development in a more narrow way citing “business development is a broad term applied to the process of strengthening ties with existing clients as well as cultivating customers in other sectors of the consumer market.” (WiseGeek, 2014)² Indeed, business today is centralized on pleasing the customer, and communications are becoming more “human”.³ And, as Gary Vaynerchuk puts in his book *The Thank You Economy*, “Companies of all stripes and sizes have to start working harder to connect with their customers and make them happy, not because change is coming, but because it’s here.” (Vaynerchuk, 2013) Vaynerchuk cites social media as the most effective and efficient tool for organizations to connect with their customers and vice versa. Indeed, if a customer is dissatisfied with a product or service he has paid for, he can easily share his disappointment with millions of people across the Web in the click of a button.

Business development is a key concern for small organizations, as they must fight to strive amongst larger organizations. The main elements of business development which include sales, customers, changing modes of business development today compared to traditionally, and innovation, will help companies strengthen ties with current customers and also cultivate customers in other segments of the consumer market. Business development encompasses marketing, sales, customer care, operations, and management. The core is identifying and capitalizing on growth opportunities.

CHAPTER 3: UNDERSTANDING THE MODERN BUSINESS ENVIRONMENT

This Chapter will take a look at today’s business environment and attempt to explain and uncover the fundamental differences between doing business today

² <http://www.wisegeek.org/what-is-business-development.htm>

³ <http://www.forbes.com/sites/chrisperry/2013/01/15/study-ceos-and-social-media-remain-an-unlikely-pair/>

versus two decades ago. The Author has chosen to take a look at some dominant business development and marketing theories amongst academics that are still taught in business schools today, and try to show how they are now irrelevant or obsolete. Firstly, we will look how social media has caused business challenges, next we will look at some traditional business development theories that may no longer be applicable today, and finally we will look at the “new” brand.

3.1 Social Media has caused Business Challenges: the New Consumer

Social media and the rise of Web 2.0 have caused new challenges that were not previously identified: the challenge of relationship marketing. In the next chapter (Chapter 4), we will look more specifically at social media.

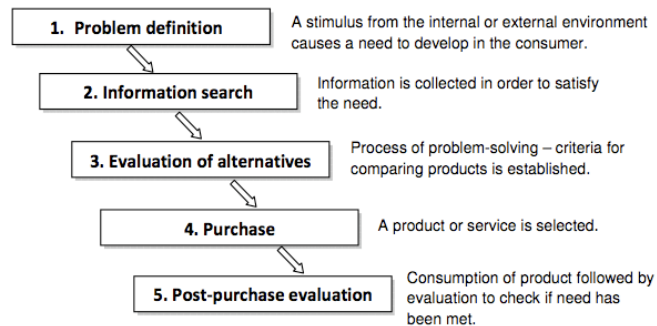
These changes have caused questioning of existing theories often taught in MBA-level marketing courses, such as the marketing mix and branding. One main challenge lies in truly understanding the customer. In recent times, marketers have found it harder and harder to change customer behavior. Since 2005, Wilson and Gilligan see the emergence of a ‘new customer’ who is “much more demanding and far more discriminating than consumers of the past”, is “much less brand loyal”, and “much more willing to complain”. (Wilson and Gilligan, 2005). The new consumers are also said to be “smart” and demand “openness and transparency” (Piercy, 2002). Additionally, this consumer is time-starved and low on attention and trust (Lewis and Bridger, 2000).

A look at dominant theory amongst academics and how it may no longer apply to today’s ever-changing business environment, especially due to the rise of Web 2.0, will help to paint a picture of some challenges faced by businesses today.

3.2 The new Buying Decision-Making Process

The dominant theory amongst academics for how and why consumers buy is a five-step process as seen in **Figure 1** below. The five steps are:

1. Problem definition: a stimulus from the internal or external environment causes a need to develop in the consumer
2. Information search: information is collected in order to satisfy the need
3. Evaluation of alternatives: process of problem-solving – criteria for comparing products is established
4. Purchase: a product or service is selected
5. Post-purchase evaluation: consumption of product followed by evaluation to check if need has been met



Source: Volkema, Roger J

FIGURE 1: THE CONSUMER BUYING DECISION PROCESS

Modern academic literature argues that a problem exists in stages 1 to 3 above, and that a downward communications spiral exists (see **Figure 2**) caused by competitive pressures between brands which force them to increase message frequency, thereby increasing clutter (Keller, 2009). Customers experience information overload, forcing them to be very selective, reducing the level of attention they can give to each message. Brands react by ramping up the frequency and ‘volume’

of their communications in an effort to counter this (Keller, 2009). The Author suggests that consumers are therefore victims of ‘over-marketing’

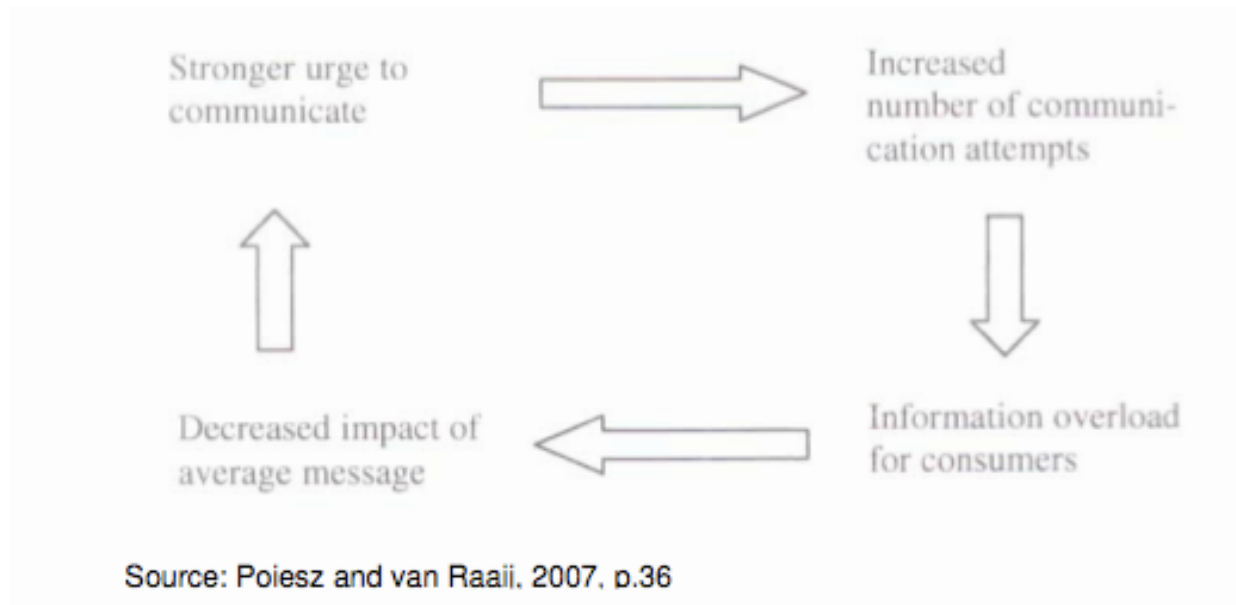


FIGURE 2: THE COMMUNICATION SPIRAL

Poesz and van Raaij (2007) assert that the transparency of the market – that the internet promised to bring by enabling brands and products to be compared easily (Sinha, 2000) – is lost. Due to the overload, consumers can no longer make rational choices and many consumers feel these messages are invasive and actively ignore them (Keller, 2009). This only increases the spiral effect. The problems identified above are not eased by the internet. Poesz and van Raaij (2007) state that it presents no solution to the problem of the communications spiral and cite the low click ratios for online banner ads as proof.

3.3 Changing consumer engagement

The Author argues that the most important stakeholder for small B2C businesses is the customer. It is key for business owners to fully understand customer engagement and challenges, and manage to measure their ROI.

Increasingly, CEOs recognize that “long term, sustainable competitive advantage is tied to a firm’s ability to retain, sustain, and nurture its customer base” (Anderson et al., 2004). Engaged customers contribute to the brand reputation and recognition via online communities, and can be a crucial source of knowledge and thus co-creation (Van Doorn et al., 2010). High customer engagement is also essential for future growth whilst low engagement results in lost sales and negative WOM (Kumar et al., 2010). Engaged consumers have a greater propensity to communicate via WOM and social media when they are engaged, and according to Kirby (2006) “engaged customers drive word-of-mouth marketing that is ten times more effective at resonating with a target audience than television or print advertising”. In addition, engaged customers purchase more and are “the most credible, trustworthy, and effective sales and communication channel available to marketers today (Roberts and Alpert, 2010). The key to creating engaged customers can be found in social media. Roberts and Alpert (2010) propose four elements that are needed to create engaged customers: customer value proposition, customer experience, brand, and internal culture. They suggest that social media such as blogs, user-generated content, forums, aggregators, communities, and social networks are tools by which consumers engage with organizations and vice-versa.

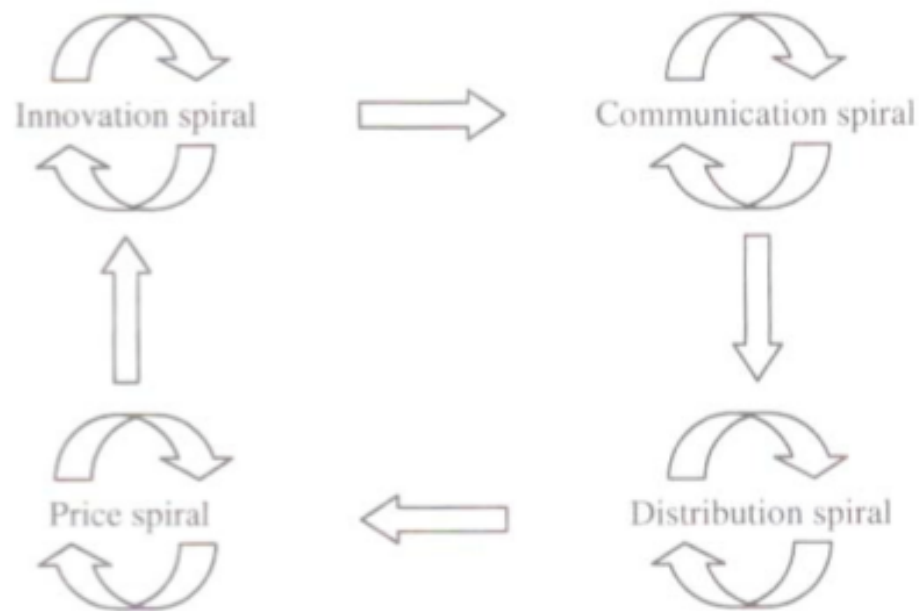
3.4 Changing relationship marketing

In the academic community, the terms ‘relationship marketing’ and ‘CRM’ are used interchangeably (Parvatiyar and Sheth, 2001). The benefits of relationship marketing, given by Chaffey et al. (2009) are no acquisition costs, limited need to incentivize, less price-sensitivity of customers, more referrals and increase spend per relationship. However, relationship marketing presents some challenges and questions still remain about its efficacy.

3.5 Limitations of the Marketing Mix

The marketing mix model, also known as the 'Four Ps of Marketing' proposed by McCarthy in 1960, also poses problems today. Indeed, the Four Ps thrived in a different world where businesses were king. (Ogilvy, 2014) Constantinides (2006) neatly summarizes what has been written by many authors about the shortcomings of the 4 P's model (Product, Place, Price, and Promotion), identifying three areas that academics have objections or difficulties with regarding the mix's relevance to consumer marketing.

The first area of difficulty identified is the marketing mix's internal orientation which reveals its lack of customer orientation (Constantinides, 2006). The mix was initially developed as a concept for the era of mass marketing when brands did not have to accommodate the needs of the customer. However, in today's highly competitive and technology-driven environment, brands blindly using it will not be able to gain and maintain a competitive advantage. Secondly, Constantinides points out that the mix lacks the ability for personalization. Today, customers demand a personalized product or service in the form of mass customization or even mass individualization. Thirdly, the mix lacks strategic content, rendering it deficient as a framework for marketing planning in an environment where strategic opportunities and threats are defined by uncontrollable and external factors. These include globalization, enhanced competition, more demanding and less loyal customers, and technology (Wilson and Gillian, 2005) as well as increasing commoditization, rapid innovation cycles, and media fragmentation (Roberts and Alpert, 2010). As a result, the mix does not give the brand the differentiation it required to offer value to the consumer and competitive advantage is in doubt (Poiesz and van Raaji, 2007). The latter see the 4Ps each operating as four downward spirals creating a marketing spiral (See **Figure 3**)



Source: Poiesz and van Raaij, 2007, p.39

FIGURE 3: THE MARKETING SPIRAL

Poiesz and van Raaij argue that the spirals drive each other, acting as catalysts on one another. Each spiral is downward, resulting in an increasingly undifferentiated, commoditized product or service (Roberts and Alpert, 2010). Poiesz and van Raaij (2007) say that tactical marketing is subject to the spirals – what is required to escape the marketing spiral is strategic innovation. Constantinides (2006) summarizes that the mix should “not be considered as the foundation of Consumer Marketing management any longer” and Gronroos (2009) concurs – the model’s rigid decision making attributes have become a “straitjacket for the development of marketing theory and practice.” For these reasons, the marketing mix’s ability to contribute to a competitive advantage has been diminished.

Ogilvy (2014) proposes a new marketing mix: ‘From Product to Experience, from Place to Everyplace, from Price to Exchange, and from Promotion to Evangelism’.

The Author believes that this model is an interesting and relevant model that can be used for Marketing, and eventually business development, in today's world. Indeed, 'experience' is more relevant today than 'product', as we live in a modern world where most product advantages last less than six months, it is important to stop thinking just about your product and to start thinking about the full experience. (Ogilvy, 2014). Ogilvy suggests that to fully understand the end-to-end customer experience, companies need to know how customers shop for their category, know who influences their purchases, when their purchases happen, and what happens after they make a purchase. The Author strongly feels that the use of Social Media, by creating a two-way communication between the customer and the company, can give companies insight on 'The Customer Journey'. Secondly, 'everyplace' is more relevant today than 'place' as consumers create their own paths. Instead of interrupting people, today companies and marketers want to 'intercept' them and make contact when they are most receptive to engaging with the brand, on the customer's terms, and that could be anyplace or everyplace (Ogilvy, 2014). Luckily, with social media, companies can be omnipresent and have the power to strategically catch their customer's attention. Thirdly, 'exchange' is more relevant today than 'price' as companies, especially small B2C companies, can no longer strive by simply cutting costs. Today's brand needs to be aware of their brand value, and needs to understand what it takes for a customer to give out precious things like their attention, their engagement, and their permission (Ogilvy, 2014). Through social media, the marketer can take a first step and offer their customers benefits in exchange for their attention, their engagement, and their permission. Finally, 'evangelism' now replaces 'promotion', which used to be that a single-minded product benefit, creatively and persistently promoted, would be a winning approach (Ogilvy, 2014). Evangelism is about creating a mission and brand experience so inspiring to consumers that they engage with you – and share their enthusiasm with others. What makes evangelism so powerful today is how it marries the oldest form of persuasion – word of mouth – and the newest – social networking and Web 2.0.

3.6 The New Brand

The trend today is that many companies have turned their attention to brand as it is what is capable of creating and maintaining a differential advantage. Building a strong brand allows companies to retain a unique identity and increases the ability to repeat business (Keller, 2009). As such, branding is essential to business development. However, at the same time, forces are working against the brand – a paradox that brings major challenges for business owners. The power of a brand lies in its equity with consumer (Thomas and Kohl, 2009) and this equity is often the single most valuable asset for an organization. Christodoulides and de Chernatony (2010) argue that brand equity, if measured, is actually a better way of providing an understanding of short and long-term performance than traditional financial methods. They argue that consumer-based brand equity (CBBE), as opposed to firm-based brand equity (FBBE) which concerns financial metrics, is an intangible asset that can offer a sustainable advantage. Exactly how does brand equity create value for the organization? Aaker (1992) states six ways in which value is created: (1) it enhances the efficiency and effectiveness of marketing, (2) strengthens brand loyalty, (3) enables higher margins via premium pricing, (4) provides a platform for brand extensions, (5) offers leverage in the distribution channel and (6) creates a barrier to stop customers switching. Piercy (2002) states that branding must be a key part of any business development strategy because “branding is strategy” and “brands add value in the consumer’s eyes”. Branding is thus undoubtedly an essential element of business development. There are, however, forces working against the brand. These include weakening of brands, internal forces, erosion of trust, and loss of control. The challenges seen in traditional aspects of marketing and business development require reinventing the way businesses market to consumers. Haven et al. (2007) states: “Face it: marketers no longer dictate the path people take, nor do they lead the dialogue”.

To conclude this part, we can state that academics and researchers alike agree that the traditional and most popular theories present challenges in today's rapidly changing business environment. The main challenges identified include:

1. Organizations should pursue value-driven marketing and business development strategies, but marketers are finding it hard to create value for customers.
2. Innovation is key to adding value but there is an innovation spiral and organizations are not geared to innovate.
3. Traditional marketing techniques do not work well on the new consumer, compounded by conditions of the marketing funnel due to fragmented media, intense competition, and consumers having conversations with each other. Firms need to regain the ability to influence the consumer.
4. Questions exist about relationship marketing and its ability to deliver its promise. With consumer increasingly in charge of the relationship, how can firms re-connect with their customers?
5. The marketing mix is captive to a marketing spiral which produces a commoditized offering, thereby frustrating the brand from creating value and differentiating. A new paradigm needs to be developed which enables the creation of competitive advantage.
6. Branding, whilst experiencing some difficulties, offers marketers a way of creating a differentiated product and thus gain a competitive advantage. How can brand equity be built in this new era of marketing?

CHAPTER 4: THE RISE OF SOCIAL MEDIA AND ITS IMPACT ON ORGANIZATIONS

4.1 Understanding Social Media

According to Evans (2008), social media relates to a self-generated, authentic conversation between people about a particular subject of mutual interest, built on

the thoughts and experiences of the participants. Social media is centralized on sharing and aiming at a collective vision, often intended to offer a more informed choice at the end. Additionally, social media is constantly changing in time as it allows users to generate content in participative manners whenever and however they choose. Social media is also changing due to its high-technology nature, which are modified regularly with additional or replacing features. Additionally, social media is growing every day across different age groups. Although 90% of the 18-24 year old internet users make up the bulk of the demographic group, social media affects every age group with a much higher increase rate for those age groups of 35 years old (Hubspot, 2014). According to Netpop Research, social media use in the U.S. has increased by 356% since 2006 (Netpop Research, 2012), and keeps growing.

4.1.1 The differences between platforms

As a basis for illustrating the various types of social media available, we can look at Cavazza's 'Social Media Landscape, 2013' (See **Figure 4**). This picture illustrates the different social media channels that people are using to interact on the internet, placing Facebook, Twitter, and Google at the center of the social media ecosystem, but many contenders can be found in each category. The aim of Cavazza's diagram is not to simply list social platforms, but to provide companies with the keys to understanding some major differences between each (Cavazza, 2013).

Social Media Landscape 2013



FIGURE 4: SOCIAL MEDIA LANDSCAPE 2013

Social Media covers a wide variety of “online and mobile, word-of-mouth forums including social networking websites, blogs, company sponsored discussion boards and chat rooms, consumer-to-consumer email, consumer product or service ratings websites and forums, internet discussion boards and forums, and sites containing digital audio, images, movies, or photographs, to name a few” (Hollensen, 2011). More specifically, social networks, which are the main actors in the social

media medium and which are of particular interest and focus in this study, can be defined as “online communities of people who typically share a common interest or activity, providing a variety of ways for users to interact and having the ability to facilitate communication”.

In our specific case, and as opposed to B2B, Facebook drives the most conversions for B2C. According to a study conducted by Hubspot, 77% of B2C companies acquire customers through Facebook, followed by the Company Blog, Twitter, and LinkedIn (Hubspot, 2012). It is also important to mention that “many internet activities that once took place on separate, isolated venues are now funneled through Facebook. These include email, instant messaging, blogging, gaming, video-sharing, and online shopping.” (Paul Verna, 2011)

Blogs are also an important platform, as blog frequency impacts customer acquisition. (Hubspot, 2012). Indeed, the global population of blog readers keeps growing (Emarketer, 2012), and 81% of marketers rated their blog as ‘useful’ or ‘better’ (Hubspot, 2012). According to Hubspot, companies that blog have 55% more website visitors and B2C companies that blog generate 88% more leads per month than those who don’t (Hubspot, 2010). As mentioned, blogging frequency is proven to have a direct and significant impact on lead generation.

4.1.2 Social Media for Small Businesses

Through her research, the Author has found that social media has real business value. This quote by Josh Mendelsohn, Vice President of Chadwick Martin Bailey, gives a good depiction of the impact of social media on businesses: “While social media is not the silver bullet that some pundits claim it to be, it is an extremely important and relatively low cost touch point that has a direct impact on sales and positive word of mouth.” (Mendelsohn, 2012). This is accurate in the Author’s opinion – although social media is not the only solution for business development for small organizations, it undoubtedly has its benefits and those are important to acknowledge. Indeed, social

media and blogs generate real customers (Hubspot, 2012) (See **Figure 5**). 63% of companies using social media say it has increased marketing effectiveness, among other benefits (McKinsey, 2010). 57% of small and medium businesses say that social media is beneficial to their business (Ad-Ology Research, 2010). As well, when asked how important social media is in seeking out potential new customers/clients, more than one half of U.S. small and medium businesses say that social media sites play an important role in active sales (Forbes, 2010). Finally, more than 1/3 of U.S. small and medium businesses say that social media helps them get found online (American Express, 2010). Brand exposure is key to business development. The Author believes that it is safe to say that social media plays a vital role in business development and provides small B2C companies with great business development opportunities.

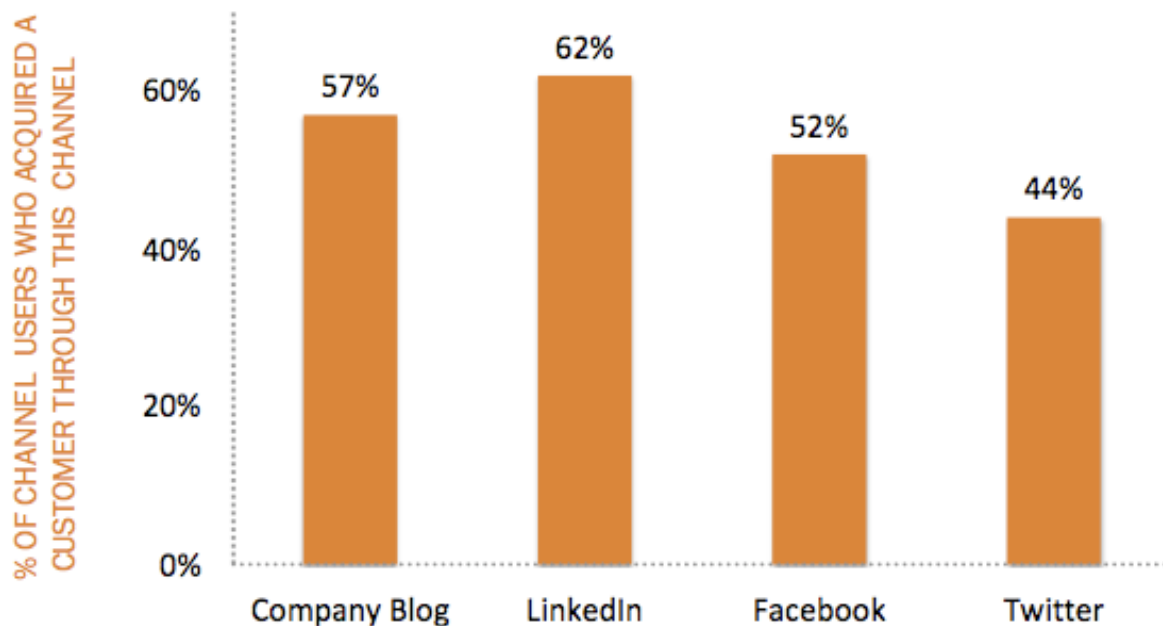


FIGURE 5: PERCENTAGE OF CHANNEL USERS WHO ACQUIRED A CUSTOMER THROUGH EACH CHANNEL

4.2 Reasons for skepticism

4.2.1 The main reasons CEOs remain skeptical

Despite proven advantages of social media use for small, B2C organizations, only 61% of SMEs in Europe are formally using social media (European Commission, 2013). What stands in their way? The greatest argument is that many CEOs wonder what the concrete return-on-investment (ROI) of social media use is, and, because it is difficult to measure, they choose not to invest in it. However, we will see in the next chapters why ROI may not be the most appropriate measure for social media, and how it might be necessary to re-think ways of measuring return. Another reason is that some organizations do not see the need to embrace social media, as they feel satisfied with their current performance and marketing ways. A third issue is the cost associated with social media – this could be the concrete cost of hiring a social media expert to implement a social media strategy, or the cost of the time and effort dedicated to social media. As well, traditional organizations are structured in a hierarchical way, and social media may clash with these organizational structures, as once a decision to adopt social media is made, organizations must address the governance issues that accompany platforms, such as: who is allowed to participate, what are the usage rules, what new policies must be developed, etc... Finally, there are fears that employees will become distracted by social media and, consequentially, become less productive at work. (European Commission, 2013).

4.2.2 Examining if ROI is the right measure

Vaynerchuck (2014) agrees that because entrepreneurs tend to have smaller organizations, the biggest problem with social media is that it is resource intensive. However, he emphasizes that “you need to become practical”. He claims that “too many people think that social media is going to save their world, and, on the other hand, too many people think it’s nothing of value. The answer is clearly somewhere in between, and becoming educated on this is important”. When asked, in a Forbes

interview, how CEO's can know if there is actually going to be a revenue return after investing in social media, Vaynerchuck (2014) expresses "It's like anything in life, like learning to play the piano, it takes practice and also takes talent. There is no ROI in anything unless you learn how to use it, then execute it, and have the talent to do it". Indeed, as with any new marketing channel, there has been much debate as to how to measure its ROI. The wide reaching answer, according to a study performed by Master's students at the University of Sydney, is that "The ROI of Social Media can't be measured in the traditional sense, and even if it could, it wouldn't be particularly relevant as its effects are too multi-faceted to be boiled down to a number". As they state, in order to estimate ROI of social media it is important to take more qualitative measures into account, and consider the analysis of web traffic, time spent on the site, bounce rates, repeat visits, content acceptance rate, followers, social mentions, sharing of content, and number of active users. In the next chapters, the Author will discuss her opinion on ROI and how it should be re-thought.

CHAPTER 5: THE BENEFITS OF USING SOCIAL MEDIA TO BETTER ADAPT TO THE NEW BUSINESS ENVIRONMENT

The Author suggests that social media use by small B2C organizations can address the challenges identified in the previous section. The Author raises the following questions relating to social media:

1. Can social media enable brands to re-connect with their customers?
2. Can social media enable organizations to influence buyer behavior?
3. Can social media bring about change in organizations and make them market oriented?
4. Do social media enable organizations to create and deliver value for customers and organizations?
5. Can social media help organizations to innovate?
6. Can social media offer a competitive advantage to organizations?

7. Can social media restore trust in brands and build brand equity?
8. Can social media provide a fix to the marketing mix which, as claimed, does not work anymore?

5.1 Influencing Stakeholder Behavior with Social Media: Business Development Through Sales

5.1.1 How Social Media Influences the Buying Process

As a result of consumer conversations, the existing buying process, already made more complex by the existence of the web, is made even more complicated. Constantinides and Fountain (2008) suggest a new framework to represent this (See **Figure 6**) which builds existing frameworks of traditional marketing (Kotler, 2003), and traditional web marketing (Constantinides, 2004).

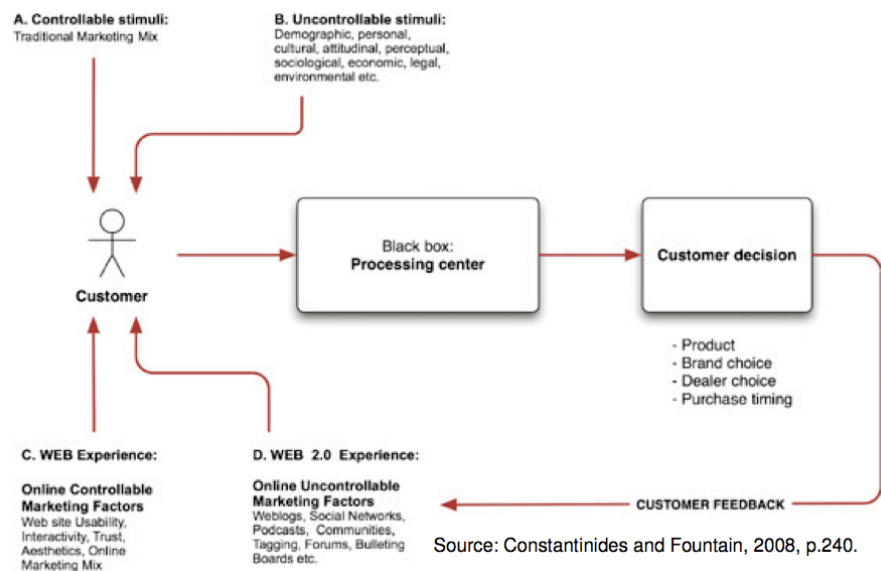


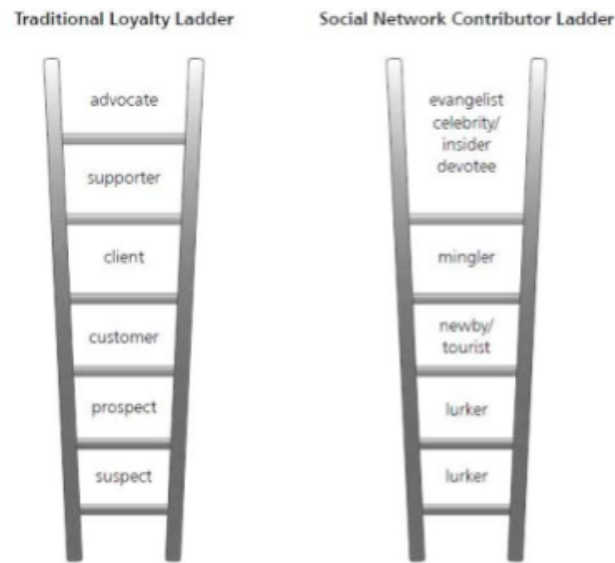
FIGURE 6: FACTORS INFLUENCING THE BUYING PROCESS IN A WEB 2.0 WORLD

To the existing three influencer inputs acting on the consumer (**A. Controllable Stimuli:** Traditional Marketing Mix; **B. Uncontrollable stimuli:** Demographic, personal, cultural, attitudinal, perceptual, sociological, economic, legal, environmental; **C. WEB**

Experience: Online Controllable Marketing Factors: Web site usability, interactivity, trust, aesthetics, online marketing mix) they add a new, uncontrollable input of social media: **D. WEB 2.0 Experience: Online Uncontrollable Marketing Factors:** Weblogs, Social Networks, Podcasts, Communities, Tagging, Forums, Bulletin Boards, etc... According to Strategic Direction (2010), social media plays a “massive part in influencing consumer behavior”. Hoyer and Macinnis (2001) suggest that this influence is either marketer-led or WOM from friends and family. Evans *et al.* (2009) refer to consumers as operating in “virtual groups” which can exert influence and affect behavior. Constantinidis and Fountain (2008) state that “in the Web 2.0 era customer preferences and decisions are increasingly based on inputs provided by parties beyond the control of online marketers” and that customer reviews are more powerful than expert product reviews.

5.1.2. Brand Champions: business development through customers and ambassadors

A key strategy to expand business is to identify those consumers who can champion and influence the brand for the organization. Roberts and Alpert (2010) suggest that five levels of engagement by customers exist, ranging from level 1 (purchaser) to level 5 (customer is advocate and promotes the product actively to others). They suggest that the core concept of traditional relationship marketing can be applied to the social web and that loyalty of consumers can be earned by organizations that engage with them correctly. We can compare the “Traditional Loyalty Ladder” with the “Social Network Contributor Ladder” (see **Figure 7**)



Source: Harridge-March and Quinton, 2009, p.176.

FIGURE 7: THE SOCIAL NETWORK CONTRIBUTOR LADDER

At the lowest level of engagement is the 'lurker', who may be either a recent joiner to the network or uncommitted. The degree of engagement increases with each step until the rank of 'evangelist' (advocate) is attained. As opposed to the traditional ladder, participants in social networks can advance up this virtual ladder and it can be used by companies to further promote the brand.

This idea goes hand-in-hand with recent research conducted by V. Kumar and R. Mirchandani from the MIT Sloan School of Management about "How can a company improve the ROI of its social media campaigns". The main findings from the research were that the company must:

- Identify social media users who are influential and very interested in the company's product/service
- Incentivize those influencers to talk about the company's product/service
- Use metrics to calculate the value of an individual's influence.

As stated in their article in the MIT Sloan Management Review, many companies are investing in social media channels to engage consumers and using traditional “one-way” advertising messages as a stepping stone to begin a two-way dialogue with consumers. It has been challenging to see positive results. In order to create a successful social media campaign, they developed a seven-step approach that the Author feels is innovative and relevant to her specific study group (small B2C businesses). The seven steps are as follows:

- Step 1: Monitor the conversations – find brand related conversations and gain access to valuable information and people
- Step 2: identify influential individuals who can spread the messages – the “influencers” that can spread the right message
- Step 3: Identify the factors shared by influential individuals – find commonalities and create profiles of typical influencers. These have high levels of engagement in (1) message spread (# of times a message is forwarded), (2) influence (# of times that message is forwarded by recipients), (3) social impact (# of comments for each message). They created a metric to capture these three aspects that they call the Customer Influence Effect (CIE) metric: “To develop the CIE, we used Charles Hubbell’s classic network centrality theory, which measures the influence of a user as a function of the influence of the people that he/she is connected with, plus a factor attributable to his/her own decision to spread the message. It represents the relative influence of an individual on another user” (V. Kumar and R. Mirchandani, 2013).
- Step 4: Locate those potential influencers who have interests relevant to the campaign – find influencers who are particularly interested in the company’s category of goods & services. To do this, they developed a metric called the Stickiness Index (SI) – “To calculate the SI, we matched an influential individual to a particular category of words. This helped to estimate the possible size of

the target market and to identify the incentives that are optimal for these users” (V. Kumar and R. Mirchandani, 2013). The SI measures the degree of word of mouth generated by influencers on a particular topic. Marketers can now go beyond simply listening to conversations and actively identify potential brand ambassadors.

- Step 5: Recruit those influencers with interests relevant to the campaign to talk about the company’s product/service – enlist those influencers in the company’s social media campaign to spread positive word of mouth (can develop interactive online content)
- Step 6: Incentivize those influencers to spread positive word of mouth about the product/service – this can be tangible (discounts and freebies), intangible (recognition in a social network), or both.
- Step 7: Reap the rewards from increasingly effective social media campaigns – by monitoring and tracking word of mouth, business can develop more effective social media campaigns. The Customer Influence Value metric (CIV), which is actually the profit contributed by a customer through purchases of a product/ service after a message has gone out, which also helps to attribute a number score to each influencer and rank them in order to recruit the most influential - a good way to calculate the influence of an individual’s word of mouth on future sales.

An example of a real small B2C business that employed this method proves that ROI from social media can actually be measured, indirectly, through the 7-step process: Hokey Pokey Ice Cream Creations, an upscale ice-cream retailer with over a dozen outlets across India, implemented the Seven Steps over a 30-month period. They identified influencers, came up with a two-step creative influential campaign and incentivized influencers with “Brownie Points” (redeemable for prizes and product discounts). The campaign had positive effects at the company and customer level.

Hokey Pokey realized increases of 49% in brand awareness, 83% in ROI and 40% in the sales revenue growth rate.

5.1.3 The Social Web and Relationship Marketing

In today's business environment, long-term relationships with customers are vital to outperform the competition and pay off high costs of acquisition. Marketers see online brand communities as a way of helping them to understand consumer needs and to encourage brand loyalty and involvement. According to Wang and Owyand (2010), social media are exposing existing CRM systems' inability to help firms build relationships within these new channels. To counter this, organizations must adopt a social CRM as a series of systems and processes across departments.

5.2. Social Media and the New Organization: business development through understanding the modern organization and exploiting social media

5.2.1 The Modern, Social Organization

It is important to understand that social media is not only changing the consumers, it is changing the organizations as well. The Author suggests that social media is enabling and also forcing companies to become customer-focused.

5.2.2 Changing the Organization from Within

Cravens and Piercy (2009) define "market orientation as a business perspective that makes the customer the focal point of a company's total operations". They describe a market-oriented organization as one which "continuously gathers information about customers, competitors, and markets", which also "involves the use of superior organizational skills in understanding and satisfying the customers".

Indeed, by listening, companies can measure engagement and also become learning organizations. Li and Bernoff (2008) suggest that “listening is perhaps the most essential neglected skill in business” and benefits include understanding sentiment shifts, more economic and quicker research, identification of market influencers, and the generation of new product ideas. The organization will be altered by listening as it will alter its power structure.

5.2.3 Employee Empowerment

Dibb et al. (2006) state that the concept of employee empowerment is increasing in importance as firms try to be more customer-focused. Empowerment is about giving employees the authority and responsibility to make marketing decisions without seeking the approval of their supervisors. Roberts and Alpert (2010) propose that employees should be empowered to create engaged customers as this then produces better customer experiences. Burnett and Hutton (2007) say that reputation is built from the inside out by encouraging employees to be brand advocates. It is suggested that social media use within an organization can help solve the problem of poor strategy execution.

5.2.4. Co-Creation, Innovation, and Competitive Advantage: Business development through innovation

Understanding Value Creation via Communication

Today, value is no longer defined as benefits minus costs. As a result of increased transparency, Prahalad and Ramaswamy (2004) assert that value is now the “result of an implicit negotiation between the individual consumer and the firm”. According to Kumar *et al.* (2010), customer value is determined by the intensity of customer engagement.

The Value Co-Creation Process

Prahalad and Ramaswamy (2004) explain that co-creation is a method of creating value “through personalized interactions based on how each individual wants to interact with the company”. It “involves the customer participation in the creation of the core offering itself. It can occur through shared inventiveness, co-design, or shared production of related goods. Co-creation is about both value and innovation, and is an undisputable benefit to organizations in their business development. Prahalad and Ramaswamy propose that co-creation is a result of four interactions, namely Dialogue, Access, Risk-benefits, and Transparency (DART), (see **Figure 8**)



Source: Prahalad and Ramaswamy (2004)

FIGURE 8: DART BUILDING BLOCKS OF INTERACTIONS FOR CO-CREATION OF VALUE

Dialogue is essential as markets are now defined as conversations between the consumer and the firm (Levine et al., 2011), and there are also conversations amongst consumers. Dialogue is only possible with the granting of access to, and transparency of, information. The final building block, risk, refers to risk-benefit balance – by being too transparent, the firm risk revealing too much, but if it shares too little it could lose customers.

5.2.5 Content Strategy Creation: Business development through proper content

How to Build Brands via Content

In marketing, brand equity consists of five assets that contribute to the value of a brand: brand loyalty, brand awareness, perceived brand quality, brand associations, and other brand assets such as trademarks or patents (Aaker, 1992). Increasing the value of an asset, such as awareness, will in turn increase brand equity. Raising awareness of a brand can be created by “releasing information to the firms’ consumer community and via other social media tools resulting in “buzz” about the product or service” (Hoyer et al. 2010).

Li and Bernoff (2008) explain that “word-of-mouth is a powerful amplifier of brand marketing, achieving results no media campaign can achieve”, (p. 130). Via their “Talking” strategy, they suggest various four ways of brand building – posting a viral video (awareness), engaging with consumers in social networks (lack of WOM), writing blogs (complexity), and creating specific online communities (accessibility).

The Impact of Online Brand Communities

Innovation: the problem faced by many companies is not how to gain a competitive advantage – but how to sustain it. According to Piercy (2002), the answer lies in continuous innovation. Web 2.0 and social media provide a special tool for innovation to be communicated. Poiesz and Raaji (2007) suggest that value and innovation go hand-in-hand.

Social media helps co-create value which can help develop a competitive advantage. But by far the greatest value will be created by WOM because of the superior effectiveness of consumer-to-consumer communications and its superior ability to influence over traditional media (Brown et al, 2007). However, there is no evidence that academia sees social media as directly giving the organization a competitive advantage.

Views differ on whether social media offers a strategic competitive advantage – some think Web 2.0 can offer, and others think it is fleeting until the ‘pack’ catches up with them. Still, others believe that Web 2.0 enables them to do business differently, internally and externally, and thus offer some sustainable advantage.

Section III: Research Methodology

CHAPTER 6: RESEARCH METHODOLOGY

6.1 Introduction

6.1.1 Background

Research methodology studies how research should be undertaken and involves both the social and natural sciences. This chapter begins by justifying the approach to the study, then discusses the collection of secondary data and development of the conceptual framework. Next, it details the primary data collection

approach and methods and concludes by exploring data quality and potential limitations.

6.2 Approach to the Study

The Author's reading led her to understand that her approach would be epistemological, interpretivist, and inductive in nature. Epistemology is what is acceptable knowledge in a subject or study (Bryman and Bell, 2007). Interpretivism is derived from epistemology and the emphasis on conducting research among humans rather than objects (Fisher, 2007). As a conceptual framework will be constructed, an inductive approach was adopted. Additionally, personal values was also considered. The final two factors to shape the study were theory, as mentioned in the literature, and practical considerations such as how to obtain interviews.

6.3 Secondary Data Collection

6.3.1 Background

The reason for the literature review is to "remove the need to rediscover knowledge that has already been reported" (Fisher, 2007).

6.3.2 The Literature Review Process

The literature review was divided into the search for literature, the evaluation of literature, sorting the data, reading and extracting data. The review revealed two underlying themes – that traditional means of business development (notably marketing efforts) were facing challenges, and that social media might provide solutions.

6.4 Primary Research Methodology

The Author conductive “qualitative, single (mono)-method research”, which is defined as “collection of data involving words that is inductivist, constructivist, and interpretivist and has an emphasis on understanding, is not controlled, and is subjective” (Ghauri and Gronhaug, 2005). The Author saw no benefit in combining two different qualitative data gathering activities (mutli) for the study.

6.5 Primary Data Collection

6.5.1 Data Collection Method

It was said by Myers (2008) that interviews offer an excellent ‘window’ into an organization. The author disregarded group interviews and focus groups because she was not exploring a single theme or collective attitude. One-to-one interviews were conducted as they were thought to offer the best way of achieving the research objectives. The interviews were informal and semi-structured in format which provided a developed line of questioning but with scope for improvisation.

6.5.2 Themes and Questions Design

The interview was designed to promote honest and relevant opinions and experience-sharing from participants. The interview was roughly based on 10 open-ended questions, that would touch upon the main themes of the Author’s research, allowing room for each respondent to elaborate and “dig deeper” into each question.

The questions were as follows:

1. What social media platforms is your company currently present on?
2. Is there someone specific who is in charge of social media? If so, who?

3. Does your company currently have a specific social media strategy? If so, what is said strategy?
4. How many hours per week would you say your company dedicates to social media?
5. How much time has it taken your company to create a strong presence on social media?
6. How does your company measure its social media success?
7. Does your company use any external tools to manage its social media presence/campaign?
8. What are some specific benefits that your company has experienced from social media?
9. What are some specific challenges that your company has faced regarding social media?
10. Do you see social media as an important means of promoting your brand?
11. How would you link social media to innovation?
12. Has social media aided your company internally in terms of internal communication?

6.5.3 Selection of Organizations and Individuals

To identify small B2C organizations, the Author used a variety of sources including company websites, forums, personal connections, and second and third degree connections. There was no bias towards any industry or sector. CEO's were preferred for the superior insight they might offer. The individuals, their titles, and organizations will not be revealed in this paper as that information is confidential. The organizations were North American or European in origin, chosen deliberately due to the similarity of development in both regions.

6.3.3 Data Collection

All interviewing was conducted via Skype calls. The advantages to this method are speed and convenience, but it was also a more intimate means than simply online surveys or even a phone call. Digital recordings were made and care was taken to ensure all utterances were transcribed for accuracy.

6.4 Processing and Analysis of Primary Data

6.4.1 Approach

The primary data was collected through transcribing the one-on-one interviews into a Word document. The Author then coded some key words and came up with major themes that were recurrent in every interview as a way of identifying major trends.

6.5 Data Quality

6.5.1 Reliability

Because all of the data is taken from primary research, the Author is able to state the level of reliability of the data. One of the main problems is that the sample size is small, composing of only 20 participants, and thus cannot be representative of the B2C segment as a whole. Something else that should be noted is that all questions and answers were subjective, meaning that most participants shared their opinion on the topic, and can thus not be stated as fact or even verified to ensure 100% truthfulness of all participants' answers.

6.5.2 Validity

The Author feels that the data is fully valid as it is based on real experience from entrepreneurs in the field. The only limit to this validity is, as was stated, whether or not the interviewees are telling the truth. Of course, there is always the

chance of moral hazard and adverse selection – factors outside of the Author, and eventually the interviewee's control.

6.5.3 Generalizability

The Author strongly feels that there is little generalizability possible from her research as the sample size is not significant. However, she also feels that the research is pertinent and a good way of confirming her hypotheses concerning the use of social media as a means of business development for small B2C organizations.

6.5.4 Bias

As the sample size is from Europe and North America, there is some underlying bias. Indeed, the findings are not generalizable worldwide. As well, the author was somewhat biased towards younger participants (all participants ended up being less than 50 years old), making the findings inapplicable to older populations. As well, some startups interviewed were in the e-commerce industry, an industry where it is almost mandatory to have a presence on social media.

6.6 Limitations of Data Collected

Because the research was conducted over a few months only and that the sample size is relatively small, there are a few limitations of the data collected that should be considered.

Firstly, because the interviews were based on open-ended questions, via Skype, the responses can be somewhat limited in their content and truth. Indeed, as interviewees were aware of the interview taking place, their answers could be biased and skewed in order to promote a positive image of their brand, or for whatever reason.

Secondly, due to the small sample size, the data collected is not applicable to a larger population.

That being said, the Author strongly stands by the fact that her respondents were all firsthand experiencers of starting their own B2C businesses (entrepreneurs), and she feels that it is an interesting way of confirming or confronting her theory that social media is a powerful tool to aid in the business development of small B2C organizations. Ideally, the study would have been conducted with a much larger sample and over a period of several years so as to see the progress of the social media campaigns and so as to measure their success and return more accurately.

Section IV: Research Findings, Discussion, and Conclusion

CHAPTER 7: RESEARCH FINDINGS, DISCUSSION, AND CONCLUSION

7.1 Research Findings

7.1.1 Introduction

Through her research, both via the literature review and her primary research through interviews, the Author found some very interesting trends and tendencies that she feels should not be ignored. The overall trend that was observed by the Author is that those companies that embrace social media as a central part of their strategy quickly realize that social media is not about pushing out promotional materials to their audience. It's about having collaborative interactions with customers, prospects, and even employees – allowing these companies to gain valuable insights, solidifying long-lasting relationships and cultivating customer advocates. In this section, the Author will conduct an overview of her findings and then jump into the discussion, giving her opinion that arose from personal experience, the literature review, and her primary research.

7.1.2 Findings on Business Development Strategies

60% of the companies interviewed had a social media strategy, but most of the time it wasn't very elaborate. 40% had no social media strategy whatsoever. 80% of the respondents that had a social media strategy were based in North America. Only 30% of the companies interviewed mentioned that they had a specific social media strategy, while the rest mostly agreed that their approach to social media was more sporadic and random, sometimes even put aside because of "no time". In general, social media was seen as something that accompanied business if time allowed for it, and rarely was it one of the main points of the business development plan. As well, many times people started their businesses with the idea of building up a large presence on social media to promote their brand, but ended up "giving up" or "putting the task aside" as they didn't see enough measureable return from social media use.

7.1.3 Findings on Social Media Usage

100% of the companies interviewed had a presence on Facebook. Then, 60% had a presence on twitter and 25% had a presence on Instagram. 30% had a presence on LinkedIn and 12% had a presence on Google+.

The Author asked herself whether there is a difference in social media use in North America versus Europe. Although both regions are on similar development levels, there are stark differences in terms of the use of social media in businesses, which is further confirmed by the Author's primary research. Indeed, 80% of those companies that mentioned that they had an active presence on social media were North American companies. Whether you look at the number of online job postings, the best viral marketing campaigns, or the world's most respected social media marketing thought leaders, almost all of the innovation seems to come from the USA. There are exceptions, of course, but in general social media is much more widely used in North America.

The number of hours spent on social media varied greatly amongst interviewees. 50% mentioned they spent less than 5 hours per week on social media, and 50% spent more than 5 hours per week.

When asked about why they have a presence on social media, 100% of the interviewed mentioned that it was a necessary tool to survive in today's competitive environment.

7.1.4 Findings on Stakeholder Engagement

All companies interviewed were very young companies, none older than 5 years. As can be imagined, stakeholder engagement was not a priority in any of the companies' books. However, more than half (60%) of the companies interviewed agreed that stakeholder engagement is the number one goal of their social media campaigns. When asked about the concept of "brand ambassadors", 70% of the companies had heard about the term, but only a few of them actually had a plan to engage with stakeholders via a brand ambassadors.

When asked about what types of content they would share with their stakeholders, most companies agreed on sharing content related to the brand, and using social media as a promotional tool more than anything else. Only one company out of all interviewed envisioned using social media to promote discussion with their audience by sharing trending topics that they would search for using outsider websites such as hootsuite.com, and also by monitoring what people in the industry were talking about.

7.1.5 Findings on the Organization

None of the companies interviewed mentioned that they used social media within their organization, as a means to communicate internally. As can be imagined,

all companies interviewed were very small, and thus social media was not needed as all members could communicate with each other using other, traditional (face-to-face, e-mail, telephone, etc...) means of communication.

7.1.6 Findings on Innovation

When asked about the link between social media and innovation, most companies (60%) interviewed did not see a direct link. However, 40% mentioned the need to use social media in order to be considered an innovative company, and they also mentioned the benefits of social media as a source of just-in-time information from competition and industry trends.

7.1.7 Findings on Competitive Advantage

90% of the companies interviewed concurred that social media use can bring competitive advantage. Many companies, however, agreed that it is hard to see competitive advantage from social media only, and that it is tough to gain competitive advantage without being a first mover. However, most of the companies agreed that having a presence on social media was mandatory and a step in the right direction to gaining competitive advantage.

The limitations of social media usage were almost all related to not being able to measure the return from social media. Most companies did not know how much time should be dedicated to social media in order for it to be cost-effective. Additionally, social media was seen as long to implement successfully.

7.1.8 Findings on Branding

All companies agreed that social media is a great tool to promote the brand. None of the companies use traditional promotional tools (radio, TV, magazine), and all

consider using social media as their main channel to promote the brand. All companies agree that promoting the brand and brand name is important, but they found it challenging to do that directly on social media, and considered contact-making the priority and later to move to a brand-promoting campaign. When asked about the importance of branding, all companies agreed that in order to gain competitive advantage today, having a strong brand and brand image was key. Indeed, as there are so many companies out there and most have a presence on social media, it is increasingly challenging to differentiate from the competition. For this reason, having a strong, unique, and innovative brand image was at the top of most of the companies' priorities. Most agreed that this could be enhanced through social media and communicating the brand to the audience.

7.2 Discussion

7.2.1 Introduction

The Author, through both her primary and secondary research, has come up with some opinions and suggestions for small B2C businesses considering social media use as a means of business development. In this section, the Author will attempt to discuss her research findings by confronting them with the findings from the literature review so as to conclude the research paper with a few solid argument for social media use in small B2C organizations.

7.2.2 Discussion on Business Development Strategies

The Author suggests that small companies need to develop a specific strategy focused on social media. She also strongly believes that companies should have at least one person responsible for social media strategy as it should be well executed. Although the majority can agree that a presence on social media will help their

business, just because a company is on Facebook, Twitter, or Pinterest doesn't guarantee success. Even if a company has a decent amount of fans, likes, or followers, it doesn't mean that their social media strategy is working. Indeed, if a company is not generating conversations or new subscribers, or making money, then what they are doing has failed.

Through both her primary and secondary research, the Author identifies six things that companies may be doing wrong in terms of their social media strategy which explains their lack of success. Firstly, it is common that **values don't match**. Every business usually has a set of core values for their business, which is a means of explaining to others the purpose of the business. The Author suggests that everything that a company does or wants to accomplish on social media should be based on the values of their business. Not only does this guide their content and business objectives on social media outlets, but it can also generate some buzz about the brand, since the target audience has already been identified and the company is already aware of their wants and needs. Here, the Author emphasizes the importance of sharing your businesses' story on social media so as to remain relevant and consistent.

This brings us to the second mistake that small businesses make on social media: they are **not consistent**. What is the point in creating something great if no one is going to search for it? A successful social media campaign demands consistency – not only in terms of quality and useful information for the audience, but also about frequently sharing that valuable content and knowing when to. Indeed, most companies interviewed who struggled with social media were irregular and not consistent with their updates, which, in the long term, can end up damaging their campaign. The tough part is that there is no correct answer, nor is there a specific set of rules to follow that will guarantee consistency. It depends on the business and on the customers. This is why it is important for companies to conduct research, like searching for “ambassadors” as was suggested by researchers at MIT Sloan School of

Management. Outside applications, such as SocialBro.com, HootSuite, SproutSocial of hashtags.org could also be used to find useful information on a company's audience, in order to understand them, understand what topics are trending, and joining the conversation. The vast majority of companies interviewed did not use any external sources to further understand their audience, and the Author feels that such tools should be exploited as the audience, also known as the consumer, is the main driver of business today. Indeed, consistency is one very important step that many seem to overlook when thinking about their social media strategy.

One main and reoccurring problem that the Author encountered in both literature and primary research was the problem of **misunderstanding how social media really works**. Although it may seem obvious to some, not all understand that social media outlets are very different one from another, nor do they fully grasp each subtle difference. It takes some experience and if not studying to know that posting a promotional ad on Instagram won't work as well as posting an "artistic" cityscape photo. It seems that all understand that Facebook is great, because it's the most frequently used social media service and it's the most trustworthy, but something to understand is that it may not be the most fit to one particular business. The following quote by Bob Mangat, prominent social media strategist, illustrates the Author's point of view quite well: "I think social media is an extremely effective tool, but a lot of people who say it doesn't work, I think, are not using it right. People are not focused on where their market is. Before starting anything online, you need to have a strategy down pat to go after your target market. By spending time identifying target audience, crafting a message, and choosing the correct outlet, you can save a lot of time, energy, and frustration by doing it this way. A lot of people who fail using social media, I bet, are not spending enough time on strategy." Again, this is still in relation to understanding your customer, above all. The author strongly feels that small companies need to understand their customer and also understand which specific

network is most effective in reaching their audience, then exploiting that network to the maximum.

One remark that was found over and over again in literature was the problem of not providing anything different. It is important in today's busy social web to provide creative and unique content, and this should be a major part of every businesses campaign. Although it is tough to always create unique content (the ideal), the Author suggests that companies should at least make sure that their content is tailored to their audience.

Another classic issue that seems to arise over and over again is the problem of **shouting, not listening**. As has been proven by many researchers, traditional promotional methods, that of throwing out information to the audience or "spamming" the consumer are no longer effective. Instead, it's now the company's turn to listen to the consumer, and not vice-versa. The point of social media is conversations and engagement, and that's what small companies need to be doing in order to get recognition. Instead of just shouting to their audiences, companies need to take the time to actually listen to them. This could be as simple as asking for feedback or sharing their thoughts on a piece of content that the company shared. When you actually listen to your audience on social media, you will get a better understanding of what they like and dislike, as well as the information they would like to see more of, and you can thus produce content that they would actually want to read and share.

One practice that is commonly overlooked at by entrepreneurs is **monitoring and measuring**. Indeed, most companies interviewed had no idea exactly how successful their social media campaigns were because they weren't looking at and studying the information. For example, a company realizes that Facebook is the best network for their brand, but doesn't know how well their Facebook campaign is doing.

How many likes or shares is their content receiving? Are people leaving comments? Are you making money or new subscribers because of your great content? These questions, though they may seem unimportant, are important ones that need to be answered, if not companies may continue to create and promote content that isn't triggering any response from their audience, which ends up being a waste of time and money.

Overall, the Author suggests that it is imperative for companies to treat their social media strategy as a priority, that needs to be worked on, improved, and researched every day. The Author also strongly believes that one person or even a team should be dedicated solely to social media, and that person would be in charge of listening to the audience, engaging in conversations, creating creative and unique content, and analyzing the data.

7.2.3 Discussion on Social Media Usage

As was made evident by both primary research and further confirmed in secondary research, social media usage within organizations as a main business development strategy was scarce. In most cases, this was due to a lack or perceived lack, of time by the interviewed participants. The Author argues that social media usage should be made a key priority in the business development plan and not put aside as an 'additional' plan. As well, most participants expressed little time spent on investigating social media channels pertaining to their audience. Indeed, all participants were present on Facebook, but few knew or acknowledged the importance and pertinence of other channels that may have been primarily used by their target audience. The Author emphasizes the importance of understanding your audience as they will be the main driver of business, and have now become the center of businesses as well as a source of business development as they can become brand ambassadors, so to speak. A true commitment to social media and an investigation of

target audience is thus deemed essential in creating a strong base of business development opportunities.

7.2.4 Discussion on Stakeholder Engagement

As was emphasized in the literature review, engaging stakeholders, mostly customers but also potential investors, is key in creating a presence on social media and exploiting the platform's potential. Through her primary research, it was made evident that very few companies made a conscious effort to engage their stakeholders in creative ways. The Author argues that this step is essential in order to gain a larger audience and "spread the word" about a product and especially a brand. Telling the brand's story and engaging with people on a more "human" level is something that should not be missed, yet that many interviewees overlooked. Indeed, most business owners may be caught up on the "traditional" way of creating a business plan and following through, but forget about engaging with their stakeholders on a creative and human way, which would aid them in truly making an impact on their stakeholders and differentiating them from competitors.

7.2.5 Discussion on the Organization

Due to the small size of every organization in question, social media was not considered a key tool for internal communication. Indeed, most participants used traditional media such as email and phone. However, the Author argues that engaging with employees on social media and, more importantly, encouraging them to engage with customers, their personal connections, and wider stakeholders is deemed a key strategic decision. Once again, word-of-mouth and engagement has become more and more important in businesses today, and getting as many "agents" to participate as possible, and even creating a social media culture within the organization, could be the answer to exploiting the tool to its maximum potential.

7.2.6 Discussion on Innovation

Although most participants agreed on the importance of innovation as a strategic tool, many did not see a direct connection between social media and innovation. However, the Author argues that both go hand in hand as social media can be a means of detecting potential innovation opportunities.

7.2.7 Discussion on Added Value of Social Media for the Company

One interesting and recurring question is about just how much social media brings in returns to the company. A classic question posed by social media skeptics is “What is Social Media’s ROI?”. Understandably, the question on many CEO’s lips is to what extent is Social Media Marketing adding value. As was seen in the literature review and also in the primary research, social media ROI is not easily measurable, and even less easily quantifiable, which brings the Author to wonder: is ROI the right way of measuring social media return? Indeed, the Author feels that with the occurrence of digital marketing has come tremendous change in consumer behavior and even company structure and behavior that she wonders if financial ROI is still an appropriate measurement when it comes to social media.

The wide reaching answer is, the ROI of Social Media can’t be measured in the traditional sense and even if it could it would only be partially relevant because the effects of Social Media Marketing are too multi-faceted to boil down to a number. Indeed, as seen throughout the research, using social media allows businesses to increase consumers’ awareness of the brand, foster engagement and facilitate word of mouth, which are all aspects that can boost sales in the long run. However, their direct effect on a business’ top-line growth is difficult to measure and quantify in monetary terms. Thus, traditional ROI is simply not an appropriate measure for Social Media.

It's not all bad news, though, when it comes to metrics on this complex new channel that is social media. Although a shift in traditional thinking about marketing measures is required, there are still approaches organizations can take to provide evidence of a valuable, cohesive and well-directed Social Media marketing campaign. For effective monitoring of social media campaigns, metrics can still be used but rather than a simplified quantitative ROI, they must instead include a variety of qualitative factors that influence the long-term performance of the marketing campaign. Social media metrics require managers to focus on a variety of more intangible factors as well as tracking the consumers' motivation to engage with the brand on social media. Indeed, the ROI in a social media context should be based on a holistic approach and not solely on traditional monetary terms.

The Author strongly feels that it is time the behavior of individuals resulting from interactions on social media be introduced as a metric and assessed. This is relevant today as it has been shown that almost 50% of people are influenced in their purchase decision by social media and individuals indicate higher likelihood to engage in word of mouth after visiting social media sites compared to corporate websites. It is also proven that 34% of individuals post opinions about products and brands on blogs, so it is important to monitor the content of customers' posts and evaluate whether the feedback is positive or negative. It is imperative for organizations to keep in mind the potential and ability of SM tools to convert consumer awareness into loyalty by connecting with them on a one-on-one basis. As previously mentioned, the new element that social media is bringing is that consumers now have the power to influence a brand, by posting comments and reviews of products online. In fact, as seen in the literature review, today's customers are very well informed and deeply connected with millions of people empowering them to share ideas and to combine forces to spread views and opinions about brands, generating content that lies beyond the control of managers and marketers. This further provides them difficulty in

accurately measuring financial ROI given that a great deal of marketing content generated by marketers is being publicly discussed, evaluated, influenced and often modified by consumers. This accentuates the significant role and importance of having qualitative measures in place for social media campaigns to identify the areas where consumer platforms may need to be more consciously and positively influenced by marketing campaigns.

It can be understood that the ultimate goal of the majority of marketing campaigns is to affect increased and sustained sales. There are some quantitative measures for social media and digital marketing that show the quality of a campaign in terms of brand engagement, brand awareness and word of mouth. Measurement of social media marketing can be undertaken throughout the analysis of factors such as web traffic, time spent on the site, bounce rate, repeat visits, content acceptance rate, followers, social mentions, sharing of content and number of active users. This must be taken into account when trying to grasp quantifiable measures for how social media affects sales through qualitative contributions (see **Figure 9**) Below for data that can be collected and analyzed in terms of qualitative return)

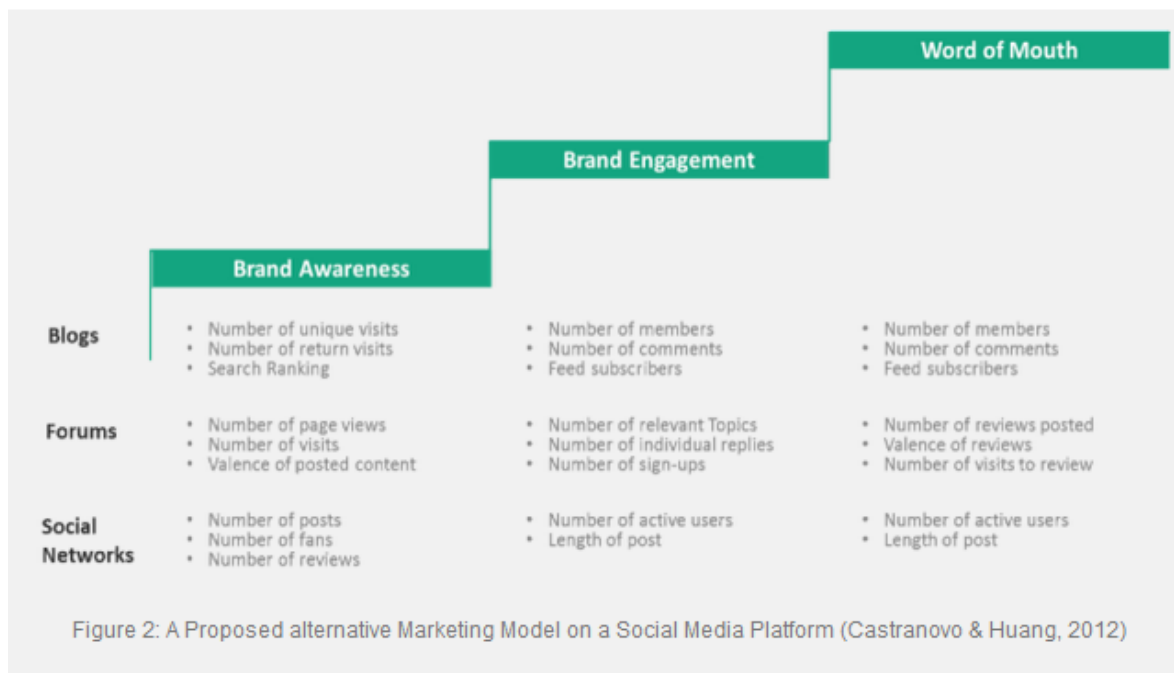


FIGURE 9: A PROPOSED ALTERNATIVE MARKETING MODEL ON A SOCIAL MEDIA PLATFORM

An organization may question whether it is best to use quantitative or qualitative metrics. Why not both if necessary? It is important for companies to keep in mind that the most effective measurements they can rely on depend on the specific and main strategic needs of the business and the specific outcomes desired from a Social Media Marketing campaign.

If a small business is pushed by online transactions, it is important to track exactly where these investments are yielding results and actually translating into sales. The financial ROI gives the answer for the “old thinking” CEO who is interested in the \$1 return for their social media investment. However, as previously stated, this is not an easy task and it’s a greater deal of painstaking effort to quantify all financial returns when social media’s returns are far more complex than just affecting the financial aspect of a business.

Whether the aim for a business is to create a sustained relationship with customers or if a business is a new entrant in the market it may be useful to use social media by trying to communicate brand personality and company culture.

Another good use of social media can be for businesses traditionally perceived as conservative, such as insurance or accounting firms, who may find it useful to convey through Facebook or Twitter a more creative, fun, and innovative image of their business.

Measurements also depend on the type of product or service a business is operating. Clearly if the business is offering a standard product with low differentiation from competitors, as is typical of consumer goods, it could be useful to communicate corporate identity and what intangible benefits your product can offer to consumers through social media, which obviously is not something that can be measured in monetary terms. A classic example is Coca-Cola, which shares videos of their guerilla marketing campaigns promoting joy and togetherness around the world. Dove is another organization that is a source of marketing inspiration. Their 'Real Beauty' campaign, which disseminates videos that feed the public with intriguing, positive and inspiring content mostly about women feeling good, is not product focused but their social media content is shared by millions and very successfully generates a positive buzz around the brand which would translate into product sales. Although these are examples from very large corporations, the Author feels that they can be used as sources of inspiration for smaller ones.

If creating buzz and fostering brand awareness are the organizations' goals, then qualitative metrics, not quantifiable ones, are most likely to be more successful measures of the campaign. Tracking the sentiment of trends and the noise around the brand is, in today's busy social web, paramount.

Current thinking seems to be shifting the concept of “ROI” beyond the traditional monetary definition. Chris Street, an influential social media consultant, suggests in an article posted on the *Social Media Today* blog, other important classifications of ROI, complementary to the older brother which is the financial one, including:

- Brand reputation ROI
- Prospect engagement ROI
- Search engine ranking ROI
- Thought Leadership ROI
- Competitive Edge ROI
- Interesting and Engaging Content ROI

The most important aspect of measuring return on Social Media campaigns is that the organization needs to identify its desired outcomes before the campaign is initiated and identify what measures will satisfy the business needs. Indeed, a business could be interested in the purely quantitative in terms of consumer activity on the channel, in the purely qualitative, focused on what’s being said on the Social Media channel, or in a business-specific combination of quantitative and qualitative measures to assess a range of outcomes from the campaign.

The Author feels that is essential for organizations not to underestimate the importance of determining these measures, as thinking about measures, will require thought about the specific desired outcomes of the campaign. Sub sequentially it will make a business’ social media campaign more cohesive and effective. In turn, and most importantly, it will lead to the opportunity of finding evidence of concrete success in different areas of their social media campaigns.

7.3 Conclusion and Recommendations

7.3.1 Outcome of the Research

Through both the literature review and her primary research, the Author has come up with some interesting results, some expected and others unexpected, that she feels can be of use to academics and small B2C business owners alike. Although limitations were present in her primary research, mainly due to the small sample size, the Author's findings were in unison with the literature review, confirming that today's business environment is rapidly evolving and business development strategies should evolve accordingly. The Author holds true to her initial argument that social media use can be beneficial to the business development of small B2C businesses, but only if certain conditions are met. Indeed, an elaborate business development strategy should be put in place, taking into account the many factors that make each business and business environment unique, so as to end up with a relevant, unique, and pertinent social media presence that will allow for the company to gain a competitive advantage.

7.3.2 Limitations of the Research

Strengths

The Author feels that the strengths of the research were mainly present in the literature review which provided an overview of modern business development theory. The Author attempted to connect this theory to social media and how it can be useful for small B2C business owners, and she feels that the strength of her research lies in that aspect.

Weaknesses

Due to the lack of capacity, the Author's research sample was of only 20 participants in 2 regions of the world, which she feels limits the findings and especially the applicability of her research. Ideally, the study would have been conducted with thousands of participants worldwide to get a much more accurate depiction of the practices, trends, and challenges of modern small B2C business owners relating to social media. For this reason the author feels her research lacks in true applicability.

7.3.3 Review of the Research Objectives

The research objectives, as stated in the first part of the research paper were threefold:

1. To explore the issues raised by the literature within contemporary business development methods.
2. To analyze the impact of social media on business development for small B2C businesses.
3. To create a conceptual framework of social media's influence on business development for B2C businesses.

Have the Research Objectives Been Achieved?

The research objective number 1, to explore the issues raised by the literature review within contemporary business development methods, is deemed achieved by the Author as she conducted an extensive literature review on those topics related to business development methods within contemporary academics and authors alike. The second objective, to analyze the impact of social media on business development for small B2C businesses, is also deemed achieved by the Author as, through both the literature review and her primary research, the Author came up with benefits and challenges that companies face regarding social media as a means of business

development. The third research objective, to create a conceptual framework of social media's influence on business development for B2C businesses, is considered somewhat achieved by the Author as she did come up with some recommendations for businesses but found it challenging to create a one-size-fits-all framework that would be applicable to all businesses in all industries. Indeed, as the Author's research extended to many industries in different countries, the findings were diverse and there is never a simple solution. For this reason, the Author chose not to create a simple framework but rather explore different solutions that could apply to a wide variety of small B2C businesses.

7.3.4 Conclusion

It has been proven throughout the paper that social media, if used correctly, can be a great tool for business development in small B2C organizations. However, due to many different factors, companies fail to adequately exploit the tool and make it a priority in their business development strategies. The Author, throughout her research, attempted to make the Case for Change in the importance of social media as a business development tool for small B2C organizations.

Bibliography

- Big Data Insight Group. (2012). *Big Data Infographic*. Retrieved 7 June, from
<<http://www.thebigdatainsightgroup.com/site/article/big-data-infographic>>;
- Castronovo, C. & Huang, L. (2012). *Social Media in an Alternative Marketing Communication Model*. Journal of Marketing Development and Competitiveness. Vol 6(1) 2012.
- Coggins, L. (2010). *Qualitative vs Quantitative Measurement in Social Media Marketing*. Retrieved June 5, from
< <http://argylesocial.com/blog/2010/12/01/qualitative-vs-quantitative-measurement-in-social-media-marketing.html>>;
- Kevin Lane Keller and Frederick E. Webster Jr. (2009), "The Branding Sweetspot: Achieve Marketing Balance by Reconciling Marketing Trade-offs," Marketing Management, 18 (July/August), 12-17.
- Kirtis, K. Karahan, F. (2011). To be or not to be in Social Media Arena as the Most Cost-Efficient Marketing Strategy after the Global Recession. *Procedia Social and Behavioral Sciences*, Vol. 24: 260–268.
- Marrs, M. (2013). *How to measure the ROI of social media (no, it's not impossible!)*. Retrieved June 5, from
<<http://www.wordstream.com/blog/ws/2013/04/25/social-media-roi#>>;
- Poiesz, T. and Van Raaij, W.F. Future Consumer Behaviour; Introducing the Virtual Guardian Angel. December 2007. Camberley, UK, Edward Elgar.
- Re-thinking traditional Digital Marketing Metrics: Is financial ROI still an appropriate measurement when it comes to Social Media? (n.d.). Retrieved August 22, 2013.
- Schillewaert, N. Ruyck, T. Disave, S (2007) 'Evolution of beauty' Dove Case Study, An applied buzz & brand activation research model, Insites Consulting. Retrieved November 10, 2012, from

<[http://www.insites.eu/02/documents/whitepapers/08 Evolution%20of%20Beauty Dove%20Case%20Study.pdf](http://www.insites.eu/02/documents/whitepapers/08_Evolution%20of%20Beauty_Dove%20Case%20Study.pdf)>

- Sinha, I. and Smith, M. F. (2000), Consumers' perceptions of promotional framing of price. *Psychol. Mark.*, 17: 257–275. doi: 10.1002/(SICI)1520-6793(200003)17:3<257::AID-MAR4>3.0.CO;2-P
- Street, C. (2013). *Ways to measure Social Media Marketing ROI*. Retrieved June 4, from <<http://socialmediatoday.com/chrisstreet/1430191/ways-measure-social-media-marketing-roi>>
- The Most Important Thing Entrepreneurs Need to Know About Social Media. (2014, January 1). Retrieved August 22, 2013.