An exploration study on the effects of social media on building SMEs brands

Nika Hosseinjazani*

Department of Management and Accounting, Islamic Azad University, Central Branch, Tehran, Iran

CHRONICLE	ABSTRACT
	Social media are an integral part of modern society and they have become a big industry especially after the emergence of social medias on Mobile devices. It has been a while that most Small and Medium Enterprises (SMEs) have used social medias to promote their business activities. Social medias also supply different facilities for SMEs to help them explore their services on the market. This is more evident for those SMEs whose activities are more project based. The purpose of this paper is to find out important factors influencing on building brand using social medias for SMEs. The study designs a questionnaire in Likert scale and distributes it among 238 of SMEs' experts in food industry in city of Tehran, Iran. Using principle component analysis, the study has determined that acquiring knowledge from social media, market approach in mass media, market reaction approach in media, strategic mass media capability and social status influence the most on building brand in SMEs.

1. Introduction

The brand's positioning is the place in the consumers' mind that we wish our brand to own. It is the advantage we wish our consumer to perceive when they think of our brand (Alden et al., 1999). A strong brand position means that the brand maintains a unique, credible and sustainable position in consumer's mind. A successful brand's positioning justify our efforts for capturing the market (Bronnenberg & Wathieu, 1996). The idea of brand's positioning was first introduced by Trout and Rise (1972). They believed that positioning was not something that would be done for a product or service, but something that was done with the customer's mind (Crosno et al., 2009). A company that has a better and deeper understanding of its customers' needs, the ability to market, can organize a set of customer related activities and develop the market in addition to correct orientation. In other words, it is more important to recognize the market before building a market by detecting the quality of the firm's products and also competitors (Bronnenberg & Wathieu, 1996). Successful brand placement companies are purposefully and continuously seeking to capture, employ, and refine new ideas and ideas from their advisers, co-workers, and activities. These companies sometimes find and implement

* Corresponding author.
E-mail address: nania_jey@yahoo.com (N. Hosseinjazani)

solutions through collaboration with reputable and often foreign firms (networking), and sometimes through the implementation and refinement of company's ideas and activities (Kim et al., 2001).

According to researches, the positioning is conducive for directing consumers' preferences and increasing their loyalty, enhancing the brand value of the company and the desire to search for it by customers (Blyler & Coff, 2003). Therefore, the decision to choose an effective positioning strategy is one of the most important challenges for marketers. If an opportunity is effectively implemented, the potential of the brand will be achieved, otherwise it may cause irreparable damage (Crosno et al., 2009). In general, research in the field of brand equity has been categorized by the two consumer-oriented (outsourcing) and organization-oriented (introverted) approaches (Nagamachi, 2002). The dominant approach in previous studies is the consumer-oriented approach, which examines consumer's perceptions of a brand compared with competitors based on some specific indicators.

One of the key steps in designing an appropriate social networking strategy is the recognition and selection of media or the appropriate network in which current customers, potential clients and supporters are active. Understanding these networks will help the company know what to focus on and where. Different types of audiences of an organization, including consumer audiences, investors, shareholders, competitors, as well as the team within the organization, reflect their views on anything about the corporate and corporate website, shareholders, etc. on their social pages and share these ideas with others (Nguyen et al., 2015). In other words, audiences and customers participate in discussions related to companies and organizations, and these discussions provide companies with useful information in marketing research, which is based on the business strategy in a modern intelligent environment. On social networks, people create news, ideas and information and use them as a consumer.

Companies and organizations may also use the existing information on social media in their marketing research. Therefore, the intelligent environment resulting from social networks creates a background for customers and consumers' participation in the production process, advertising, marketing, sales, and even after-sales services of organizations and companies. Connections in social networks are based on the Internet's structure by computers, and today more and more are being transferred to the mobile phone, which is also considered as the best method to share different ideas. Because the way mobile phones communicate with computers is different. A mobile phone is always available and belongs to a person and identifying people is easier. The fact that social networks can be used simultaneously by millions of valuable users and audiences has made controlling the market more convenient and faster for marketing management. On the other hand, this kind of continuous relationship with the market in assessing and evaluating product quality, product price, and customer satisfaction helps market management. This sensing and evaluation will be done more quickly than other methods, and will provide more comprehensive and realistic information to the organization. So a brand with the help of social networks becomes more reputable than other places and tools since word of mouth advertisement in social network works better than other techniques. On the other hand, the market-oriented organization is able to better identify the needs and demands of the target market and thus, in comparison with competitors, it achieves more customer satisfaction with efficiency and effectiveness. In this way, a market-oriented organization is more likely to have higher market share and profit than other organizations with less marketing activities. Thus, the main question of this survey is as follows,

What are the factors influencing social media on brand positioning and how is it structured?

2. The proposed method

The survey attempts to find important factors influencing social media or brand positioning. Table 1 summarizes some of the most important variables. The study designs a questionnaire in Likert scale and distributes it among 238 of SMEs' experts in food industry in city of Tehran, Iran. The questionnaire was shared by some expert prior to survey and they confirmed the overall questions. In addition,

Cronbach alpha has been calculated as 0.879, which was well above the desirable level. Kaiser-Meyer-Olkin Measure of Sampling Adequacy was calculated as 0.824 and Bartlett's Test of Sphericity yields a Chi-Square value of 2931.710 with Sig. = 0.000. These preliminary tests confirm the overall questionnaire and we now use principle component analysis. Fig. 1 also shows the Scree plot, which yields 5 categories.

Table 1
The summary of the variables influencing social media or brand positioning

Row	Variable	Reference
1	Information collection from customers	Adler & Kwon, 2002
2	Information collection from customers	Alegre et al., 2013
3	Information collection from customers	Gupta, et al., 2010
4	Innovations by Media	Heggestuen, 2013
5	Created by media needs	Kim & Ko, 2012
6	Discover opportunities by media	Kim & Ko, 2012
7	Commitment to customer service	Kim & Ko, 2012
8	Leading the competition	Larrañeta et al., 2012
9	Measure customer satisfaction by media	Cadwallader et al., 2010
10	Quick awareness by the media	Burgers et al., 2008
11	Ability to lead the organization in the media	Li et al., 2012
12	Instant notification of new business	Li et al., 2012
13	Brand image	Gupta et al., 2010
14	Market share	Heggestuen, 2013
15	Customer commitment	Cadwallader et al., 2010
16	Participation in international exhibitions	Burgers et al., 2008
17	Human resources	Gupta et al., 2010
18	Organizational capabilities	Brauer & Bourhis, 2006
19	Differentiated products	Adler & Kwon, 2002
20	State support of industry	Alegre et al., 2013
21	Inter-agency coordination	Gupta et al., 2010
22	Networking	Heggestuen, 2013
23	Value chain	Gupta et al., 2010
24	Systematic resource combining	Adler & Kwon, 2002
25	Customer needs	Adler & Kwon, 2002
26	The level of trust between stakeholders in the	Kim & Ko, 2012
27	Customer Relationship Management	Gupta et al., 2010
28	Internet marketing	Larrañeta et al., 2012
29	The foreign sales department	Melewar & Nguyen, 2014
30	Integration	Quinton, 2013
31	Social Networks	Raju et al., 2011
32	Social campaigns	Stock et al., 2013
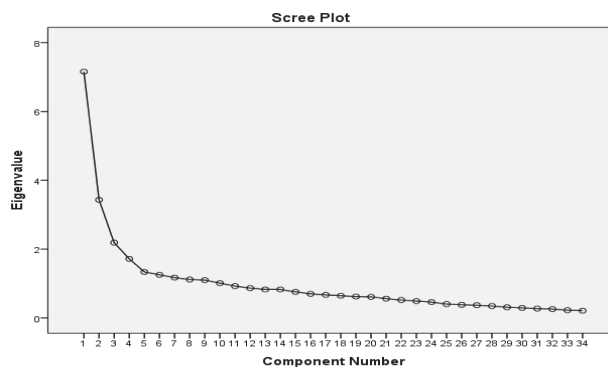
Fig. 1. The Scree-plot

Since principle component analysis is sensitive to some basic statistics, we have measured mean and standard deviation and Table 2 shows our survey. Table 3 also shows the results of communalities. Table 4 shows the results of extracted factors. In addition, Table 5 also summarizes the factor loading after the rotation happens.

Table 2

The summary of some basic statistics

Attribute	Mean	Variance	Correlation (R)	R^2	Cronbach alpha
q1	120.0284	201.952	.168	.316	.818
q2	119.9384	192.315	.496	.758	.806
q3	120.0711	191.628	.517	.675	.805
q4	120.1043	199.761	.252	.355	.814
q5	120.5735	196.474	.294	.430	.813
q6	119.8720	199.036	.253	.478	.815
q7	120.3981	193.965	.304	.348	.813
q8	120.4550	191.049	.433	.562	.808
q9	119.9194	194.903	.375	.621	.810
q10	119.7014	195.753	.405	.528	.809
q11	119.7251	198.124	.333	.556	.812
q12	120.3602	198.260	.286	.534	.813
q13	119.8057	198.443	.324	.431	.812
q14	120.0000	194.029	.420	.471	.809
q15	120.3033	207.946	-.001	.317	.822
q16	119.8815	196.048	.418	.490	.809
q17	120.2512	199.122	.279	.373	.814
q18	119.4550	194.897	.511	.499	.807
q19	119.9289	192.866	.488	.741	.807
q20	120.0948	208.258	.004	.424	.820
q21	120.0000	197.305	.261	.337	.815
q22	120.0190	208.514	-.006	.343	.820
q23	119.9716	206.190	.086	.186	.818
q24	120.3791	200.313	.200	.284	.817
q25	120.1848	198.151	.288	.345	.813
q26	119.9384	197.982	.295	.449	.813
q27	120.1090	196.317	.312	.523	.813
q28	120.0900	194.092	.407	.379	.809
q29	119.5450	197.116	.397	.375	.810
q30	119.6066	196.478	.394	.548	.810
q31	119.6161	197.761	.374	.517	.811
q32	119.9336	200.557	.254	.343	.814

Table 3

The summary of communalities

Attribute	Variable	initial	Extracted
q8	Gathering information from customers	1.000	0.595
q9	Gathering information from competitors	1.000	0.79
q6	Collecting information from suppliers	1.000	0.727
q3	Innovations by Media	1.000	0.608
q17	Created by media needs	1.000	0.628
q15	Discover opportunities by media	1.000	0.666
q25	Commitment to customer service	1.000	0.638
q27	Leading the competition	1.000	0.683
q26	Measure customer satisfaction by media	1.000	0.711
q30	Quick awareness by the media	1.000	0.657
q29	Ability to lead the organization in the media	1.000	0.698
q32	Instant notification of new business opportunities	1.000	0.71
q12	Brand image	1.000	0.551
q13	Market share	1.000	0.613
q11	customer commitment	1.000	0.534
q18	Participation in international exhibitions	1.000	0.61
q19	human resources	1.000	0.619
q35	Organizational capabilities	1.000	0.685
q28	Differentiated products	1.000	0.777
q24	State support of industry	1.000	0.589
q22	Inter-agency coordination	1.000	0.729

Table 4
The results of extracted factors using principal component analysis

Factor	Initial values			Extracted components			Extracted components after rotations		
	Total variance	%	Cum.	Total variance	%	Cum.	Total variance	%	Cum.
1	5.668	17.177	17.177	5.668	17.177	17.177	3.8	11.514	11.514
2	3.551	10.761	27.938	3.551	10.761	27.938	3.702	11.219	22.733
3	2.256	6.836	34.774	2.256	6.836	34.774	2.191	6.639	29.372
4	2.198	6.66	41.434	2.198	6.66	41.434	2.132	6.459	35.831
5	1.771	5.368	46.802	1.771	5.368	46.802	2.115	6.409	42.24
6	1.468	4.45	51.252						
7	1.36	4.12	55.372						
8	1.282	3.885	59.257						
9	1.13	3.425	62.683						
10	1.002	3.035	65.718						
11	0.932	2.825	68.543						
12	0.842	2.552	71.095						
13	0.792	2.399	73.494						
14	0.753	2.282	75.775						
15	0.678	2.054	77.829						
16	0.651	1.973	79.802						
17	0.639	1.936	81.738						
18	0.561	1.701	83.439						
19	0.554	1.679	85.118						
20	0.539	1.634	86.752						
21	0.49	1.485	88.238						
22	0.466	1.413	89.65						
23	0.454	1.376	91.026						
24	0.424	1.286	92.313						
25	0.413	1.253	93.565						
26	0.372	1.127	94.692						
27	0.355	1.075	95.767						
28	0.309	0.936	96.703						
29	0.25	0.758	97.461						
30	0.245	0.741	98.202						
31	0.234	0.708	98.91						
32	0.208	0.631	99.541						

Table 5
The results of factor loading after the rotation happens

Row	Attribute	Factors						
		1	2	3	4	5	6	7
q8	Gathering information from customers	0.809						
q9	Gathering information from competitors	0.697						
q6	Collecting information from suppliers	0.657						
q3	Innovations by Media		0.709					
q17	Created by media needs		0.636					
q15	Discover opportunities by media		0.597					
q25	Commitment to customer service			0.753				
q27	Leading the competition			0.713				
q26	Measure customer satisfaction by media			0.611				
q30	Quick awareness by the media			0.592	0.376			
q29	Ability to lead the organization in the media				0.748			
q32	Instant notification of new business opportunities				0.686			
q12	Brand image					0.8		
q13	Market share					0.622	0.359	
q11	customer commitment	0.455				0.535		
q18	Participation in international exhibitions						0.846	
q19	human resources						0.759	
q35	Organizational capabilities							
q28	Differentiated products			0.423				
q24	State support of industry							
q22	Inter-agency coordination			0.396				

After identifying the factors that are empirically related to each other, it is necessary to try to empirically share the variables that are loaded on a given factor into the inference of the conceptual subscription. Table 6 shows the results of our work. Fig. 2 demonstrates the results of factor loading.

Table 6
The results of the factors loading in terms of different categories

Factor	Attributes	Factor loading	Question
Knowledge of social media	Gathering information from customers	.809	q8
	Gathering information from competitors	.697	q9
	Collecting information from suppliers	.657	q6
Market approach in mass media	Innovations by Media	.709	q3
	Created by media needs	.636	q17
	Discover opportunities by media	.597	q15
Market reaction on social media approach	Commitment to customer service	.753	q25
	Leading the competition	.713	q27
	Measure customer satisfaction by media	.611	q26
Strategic ability to mass media	Quick awareness by the media	.376	q30
	Ability to lead the organization in the media	.748	q29
	Instant notification of new business opportunities	.686	q32
social position	Brand image	.800	q12
	Market share	.622	q13
	customer commitment	.535	q11
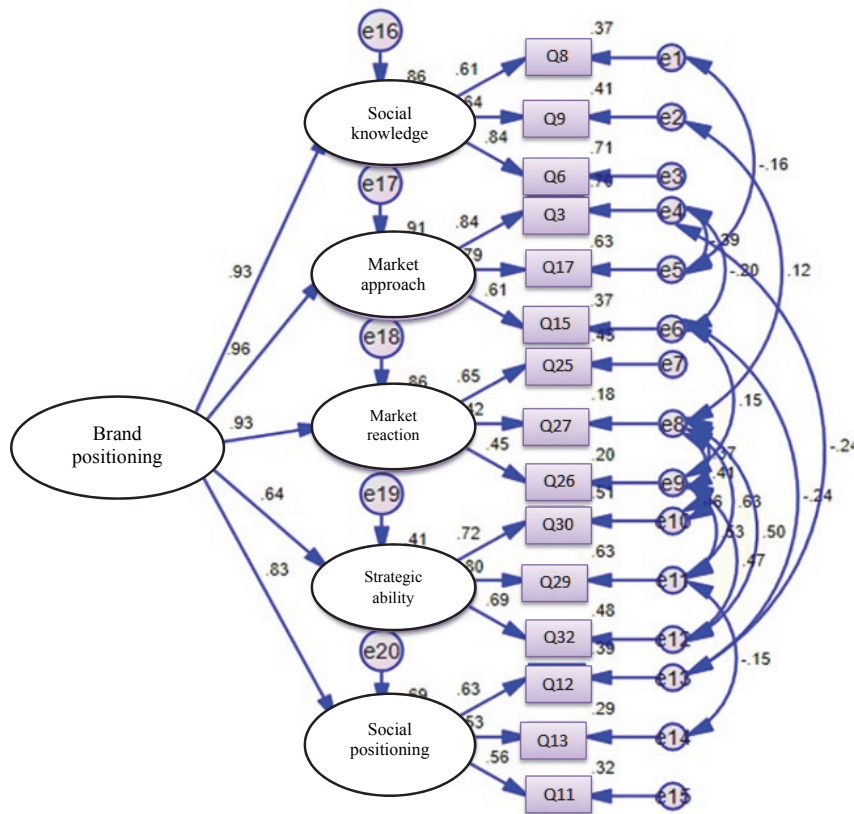
Fig. 2. The results of factor loading

Finally, for the implementation of structural equation modeling performed in this survey, we need to perform some statistical tests to verify the reliability of the test. Table 7 demonstrates the results of some basic statistics on the model. As we can observe from the results of Table 7, all statistics are within the desirable levels.

Table 7
The summary of the statistical tests

Attribute	X2/df	RMSEA	NFI	CFI	IFI	RFI	GFI	PRATIO	PNFI	PCFI
Desirable level	<2	<0.05	>0.9	>0.9	>0.9	>0.9	>0.9	>0.5	>0.5	>0.5
Knowledge of social media	1.35	0.03	0.97	0.99	0.99	0.95	0.63	0.61	0.63	0.02
Market approach in mass media	1.36	0.03	0.97	0.99	0.99	0.95	0.57	0.56	0.57	0.03
Market reaction on social media approach	1.26	0.026	0.95	0.99	0.99	0.93	0.69	0.66	0.68	0.03
Strategic ability to mass media	1.81	0.046	0.97	0.98	0.98	0.96	0.66	0.64	0.65	0.025
social position	1.78	0.045	0.88	0.94	0.94	0.87	0.9	0.79	0.85	0.031

3. Conclusion

In this paper, we have presented an empirical investigation on the effects of social media on building SMEs brands. The proposed study designed a questionnaire consists of 32 questions and distributed it among some experts in food industry who were involved in SMEs projects. The results have indicated that that acquiring knowledge from social media, market approach in mass media, market reaction approach in media, strategic mass media capability and social status influence the most on building brand in SMEs.

Acknowledgement

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