

Social Media Implementation in Small Service Firms

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Abstract- This study examines the implementation of social media in small service firms with a view to identifying the factors that promote or inhibit successful adoption. Based on in-depth interviews, the study found five key factors that inhibit successful adoption. These factors have not been reported in prior research on social media adoption. The implications of the results are discussed.

Keywords- Social Media; Adoption; Service Firms; Web 2.0

I. INTRODUCTION

Social media is a group of Internet-based applications that enable the creation and exchange of user generated content. It is built on the ideological and technological foundations of the Web 2.0 platform where user generated content is a pillar [19]. Examples of social media include Facebook, LinkedIn, Twitter, YouTube, Flickr, Wikis, and blogs. The lure of social media is that it enables businesses to conduct real-time conversations directly with their customers very inexpensively. Social media use for business and marketing is currently one of the major preoccupations of business executives, from large multinationals to small entrepreneurial firms, because of the huge opportunities that social media presents. It has the potential to fundamentally alter the way companies design, develop, and market products and services and interact with customers and other stakeholders. Also, the speed, reach, and low-cost nature of social media, combined with the potential for negative or positive word-of-mouth to go viral extremely quickly, means it cannot be ignored.

Although social media can be used for a wide variety of purposes, from interacting with visitors to acquiring customers, building customer relationships, and promoting corporate brand image, the ultimate concern of managers is how to use social media to increase revenues and profits. This is perhaps the most difficult and elusive aspect of social media for all businesses, especially small businesses.

Research on businesses' use of social media is in its infancy but is growing steadily. To date, the focus of prior research has been on issues pertaining to social media strategies ([5], [21]), social media use in customer relationship management and public relations [26], return on investment on social media ([1], [12], [17]), social media and segmentation, viral marketing, corporate brand image ([4], [13]), consumer activity in social media, and implementation of social media ([9], [15], [16]). Most of the research on social media adoption falls under the rubric of Internet or Web 2.0 adoption in large business ([18], [20], [23], [28]).

There is a dearth of research dealing specifically with the adoption of social media in small service firms. This exploratory study contributes to fulfilling the need for research in this emerging area by presenting evidence of social media use in small service firms. The challenges of small firms face in adopting social media are highlighted.

II. LITERATURE REVIEW

Recently, there has been a proliferation of social media sites, which allow users to network and share information with each other. These sites have become widely popular with users of all ages and social, cultural, educational, and economic backgrounds. ComScore, a global leader in web analytics, reported that more than 55 percent of the world's population is using social media and one out of every six minutes spent online is spent on a social networking site [7]. Moreover, with the growing adoption of smart phones and other mobile devices, such as tablet computers, social media use will not only increase but also migrate to mobile social media — that is, users will be using their mobile devices to connect to the social web anytime, anywhere. In many advanced countries (e.g., the United States, Canada, the United Kingdom, Germany, and France), smart phone penetration is almost at 50 percent and is predicted to grow rapidly over the next two years [8]. This shift is expected to open huge business and marketing possibilities for firms that are ready to participate in this shift by embedding social media into their operations.

Small businesses that can tap into this important reservoir of potential customers and new business opportunities are poised to become quite successful. The cost for small business to establish a social media presence is perceived to be very low. Also, the technical infrastructure and knowledge required are seen low and widely available. For example, Amazon Web Service and Google offer various levels of services and payment plans to suit the infrastructure needs of individual small businesses.

Thus, social media enable small firms to pursue a wide range of business goals very cost-effectively. These goals include acquiring new customers, building customer relationships, managing brand image, marketing promotions, tapping into various networks, and enhancing partner collaboration ([2], [3], [6], [11], [26]). For instance, small firms can use LinkedIn to tap into highly qualified knowledge networks, YouTube to post videos on their services and to disseminate information, and Twitter to provide news and updates about upcoming events [16].

In spite of these potential uses and benefits, it seems that small businesses still face challenges in adopting Web 2.0 and social media. Prior research suggests that the factors driving small firms to adopt innovations are different from those driving large firms [18]. The main factors driving small firms are organizational readiness (IT sophistication, financial resources, and customer readiness), perceived benefits, and the environmental context (competition and partners). Khalil and Karakaya added firm size and technological readiness to this list [20]. Continuous use of legacy systems and cost of transformation to new systems have been identified as major constraints for small firms [10]. Other variables that were found to influence small firms' adoption of new technology are access to infrastructure, adaptation of business processes, critical mass among business partners [28], and management capability of the adoption process [5].

III. METHODOLOGY

The study is based on in-depth, semi-structured interviews with the owners of four small service firms. Each interview lasted for one hour and was tape-recorded. The interviews focused on several issues, including the reasons for adopting social media, experience using social media, and the challenges and benefits of social media. At the request of the owners the firms' names are disguised, but all details are real. For convenience, the firms are labelled A, B, C, and D. Firm A is a software company, Firm B is a vegan bakery, Firm C is a marina, and Firm D is an immigration law firm. The firms are located in a large Canadian city. Firms A and D have been in operation for about four years, Firm B for seven years, and Firm C for eight years. Excluding the managers, Firm A has nine employees, Firm B has five, Firm C has six, and Firm D has three. Firm A is the only business that has an in-house IT department and has been using social media for about four years. Firms B, C, and D have been using social media for five, two, and three years, respectively.

IV. ANALYSIS

Analysis of our case study data show support for not only some of the factors identified in the preceding literature but also uncovered new ones. All four managers in our study identified perceived benefits and the relatively low cost of accomplishing certain goals as the main drivers that attracted them to social media. The core benefits identified were increased visibility on the Internet, increased ability to reach potential clients, and the ability to engage in one-to-one conversation with current customers. They all felt that social media enabled them to promote their businesses, acquire new customers, and build relationships with existing customers at very low costs.

The managers stated that social media were a new marketing channel and even though they were not quite familiar with it, they felt that it was necessary for them to "experiment with it early for fear of being left behind." They did not consider customer pressure or competitive threats as drivers. Three managers indicated that they started using social media long before any customer inquired and before many of their competitors. One manager said that because one of his business partners was using social media, he felt that "it was almost an obligation to be on social media."

Interestingly, the managers felt that because social media is easy to use and inexpensive, they did not think about organizational readiness or technology infrastructure before implementing social media in their businesses. Similarly, they did not make a plan prior to using social media and they did not have a clear long-term strategy as to how they would integrate social media into the various aspects of their businesses.

In terms of their experiences after implementing social media, the managers expressed very similar sentiments. They were extremely surprised by the huge amount of time and effort they had to devote to social media, which took them away from their business. They stated they felt that in order to use social media effectively, they had to be "active on it", that is, they had to constantly monitor it and respond to comments. In all four firms, the managers were the main persons responsible for social media activities. They often solicit the assistance of employees but, since the employees are not trained, the managers are concerned that they may unintentionally post content or responses that do more harm

than good to the businesses. Despite these concerns, the managers were excited by the idea of having a Facebook fan page and a Twitter account to interact regularly and directly with customers. They find this rewarding.

Three managers expressed deep concerns about the potential for people to post negative comments on Twitter, Facebook, or blogs, which might lead to negative word-of-mouth and hurt their businesses. They acknowledged that they were unsure of how to deal with this particular aspect of social media. The managers also stated that when they first started using social media there was some dissatisfaction among their followers who requested more information and updates than they were able to provide.

Three managers reported that they needed help but were unsure where to find experienced service providers to assist them with social media planning. This was less of an issue for the manager of the IT firm, given its strong technical background and connection to the IT industry. In fact, this manager was much more adept than the others in designing and using social media and appeared to be more pleased with the results of their efforts. However, like the others, this firm's social media strategy was neither well-integrated nor long term in focus. All four firms were good at doing routine updates and communication using the basic capabilities of social media. The four managers were not knowledgeable enough to develop and execute a coherent social media marketing strategy or campaign.

Finally, in terms of actual benefits observed from using social media, the managers clearly stated that they have no hard numbers against which to gauge success or effectiveness. This is not surprising because they did not have any monitoring technologies or process for collecting and analysing traffic, inquiries, posts, impact, and so on. They believed that "it is difficult to calculate precise returns on investment or cost-benefit analyses" and therefore it is "a waste of time doing it." They spoke of their success primarily in qualitative terms with comments such as "we noticed an increase in the number of visitors to our site," "general inquiries for the services we provided increased," and "we gained greater visibility amongst a wider audience."

V. DISCUSSION

This study focused on the adoption of social media in small service firms. The preceding analysis of the experiences of these service firms pointed to five new factors that influence social media implementation that were not mentioned in previous studies. The five new factors are crucial for the successful use of social media by small service firms. Thus, this study contributes to a better understanding of social media adoption in small firms. The new factors identified in this study are: (1) no clear understanding of social media requirements; (2) lack of understanding of the social media ecosystem; (3) no clear objective and prior planning; (4) lack of integration between social and traditional media; and (5) lack of training.

A. *No Clear Understanding of Social Media Requirements*

The analysis revealed that all four managers were very surprised by the amount of time and effort needed to implement and manage their social media efforts. Also, it seems that although they were aware of the different types of social media sites and had a basic understanding of the main target audience for each site, they were choosing more popular sites such as Facebook and Twitter rather than those sites that

closely aligned with their objectives. For instance, in the case of Firm C, which offers marina services, its primary customers are mostly professional men 45 years of age or older. The social networking sites that are most popular with this demographic are LinkedIn, Classmates.com, and MyLife [7]. Logically, Firm C should have a stronger presence on these sites, but the company seemed unaware of this fact.

In social media, being active and available to respond quickly is a key requirement for success [19]. These firms experienced some level of difficulty devoting the resources required to stay active. Failure to meet the expectations of customers could lead to negative feeling, which could ultimately lead to negative word-of-mouth being spread very quickly on social media. This suggests that small firms with limited resources need to carefully consider how to increase the efficiency of their resources by concentrating only on sites where they have the best chances of achieving their goals. Undertaking prior research and prioritizing the sites could make their efforts more manageable and efficient.

B. Lack of Understanding of the Social Media Ecosystem

In a business context, social media is just not about using Facebook, Twitter, or YouTube to post content, messages, and videos. To use social media effectively requires a clear understanding of the range of technologies that are useful in monitoring site activities and the service providers that provide the range of marketing, technical, and supporting services such as content management and media planning. All four managers indicated that they were using the basic functionalities of social media sites, which essentially involve posting information on the sites and responding to comments. Firm B held a contest to create buzz but used no coherent follow-up activities to leverage the responses from the contest. The manager stated a hope that contest participants, after becoming aware of the business, would return to its website regularly. Further, the firms did not use any of the available social media analytic tools [22] to monitor their efforts. Their comments regarding the ability to generate metrics to evaluate social media performance in a concrete way showed they had little understanding of these technologies. Three of the managers had difficulties finding and accessing service providers with the right mix of knowledge and experience to assist them in developing effective social media strategies.

C. No Clear Objective and Prior Planning for Using Social Media

Setting goals provides direction for what a firm would like to achieve, and these goals serve as a benchmark to assess performance. Although planning does not guarantee success, it helps to avoid mistakes and serves as a roadmap for developing and executing the strategy [14]. The interviews revealed that the managers did not have clearly articulated goals before embarking on their use of social media. It seems that their efforts were implemented in a very ad hoc manner. For example, one firm began using social media because one of its partners was using it; the other three firms began using it because it was a new channel and they needed to "experiment with it." It seems clear they were all driven by the perceived benefits, which are widely discussed in the popular press and supported by anecdotal stories. Hence, it was not surprising that the firms found it challenging to determine the level of success even though they felt that they benefited from adopting social media. Additionally, they all indicated that they did not engage in any prior planning as to how to make the best use of the technology, nor did they consider which strategy would be

most appropriate for their business. All four managers remarked that, based on the experience acquired with their initial use of social media, developing a social media plan that covers all aspects of their business is absolutely necessary to be more efficient, effective, and successful.

D. Lack of Integration of Social Media and Traditional Media

An integrated communication strategy is essential for ensuring consistency of marketing messages across different media [14]. In social media, there are two sides to this. One is the integration among social media sites and the other is integration of social media and traditional media (print media, radio, and television). In terms of social media sites, a key ingredient for success is to ensure that the messages in the different sites are consistent even though the execution may be different because of the unique characteristics of each site. For instance, Facebook, Twitter, and YouTube have different characteristics and capabilities, so the message execution must be tailored to suit these media characteristics; but, the message of, say, high-quality, personalized services, or excellent customer care, must be obvious within all three media. The analysis of the interviews suggested that the managers had little experience in this regard and their messaging was, therefore, restricted to announcements of upcoming events and new products, and responses to customers' comments and feedback.

Another key observation is that the managers felt that because social media are much less costly and facilitates greater interactions with customers than traditional media, they seemed to have discounted the need for traditional media. Rather than trying to figure out how they can use traditional media to leverage their social media strategies and vice versa, the managers perceive these two types of media as distinct channels from which to choose. In fact, they have virtually stopped promoting their services in traditional media, not only because of costs but also because of a perception that traditional media is declining in importance. The popular press has reported numerous examples in which companies have successfully integrated their media strategy by using both traditional and social media. For example, many large companies have used "teaser" television, radio, and print ads to create buzz and encourage users to go on social media sites to share stories and post comments. These campaigns could serve as useful exemplars for small business to adapt to their particular situations. Clearly, small firms could benefit from better integration of the various media to get more out of their marketing budget. Also, small firms can benefit from outside professional marketing help with their media strategy.

E. Lack of Training

The ease of using social media seems to have created a false sense among managers that using it requires little or no training. While this may be true for individual users, it is not the same for firms since the stakes are much higher. Managers felt that the technical aspects of using social media are not difficult but that their challenge is the "soft" skills needed to use it effectively. These include writing, communications, and presentation skills, which are way beyond what they possess in-house. Indeed, some recent missteps by large companies such as U.S. multinationals Burger King and McDonald's illustrate some of these challenges and the resulting negative impact. For example, a Twitter campaign by McDonald's, aimed at highlighting good news relating to the fast-food chain completely backfired when people used the hashtag "McDStories," to highlight their horror stories at McDonald's restaurants. The initial hash tag "Meet the Farmers" was meant

to highlight the farmers who work to deliver McDonald's fresh produce. Instead, observers used the trend to either share their own past problems with the burger chain or simply mock the Golden Arches [27]. The managers expressed fears at making similar mistakes since this could severely damage their businesses. Thus, they try to avoid these risks by engaging in basic social media activities.

VI. CONCLUSIONS

This exploratory study was designed to develop a deeper understanding of the issues small service firms face in developing and implementing social media in their businesses. Prior research highlighted factors such as organizational readiness, technology readiness, perceived benefits, and financial resources as key inhibitors. This study found five other factors pertaining to the knowledge, skills, and capabilities of the firms in developing and using social media as well as their understanding of social media ecosystem and the importance of social media planning and integration across the entire business. The findings of this study contribute to ongoing research by providing a more nuanced understanding of the specific issues small firms face when using social media. The findings of this study can also be used by managers to develop or refine their social media strategies and efforts. Given the small number of firms used in this study, it is clear that one fruitful area for further research is to conduct a larger study using survey research to validate the findings reported in this study. Another issue that seems worthy of further investigation is determining who should manage the social media strategy of small firms. Should it be the firms themselves or should the task be outsourced? This is particularly important given the limited knowledge and capabilities in-house and the required time commitment.

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