Social Media Marketing and SMEs: Is it a Winning Combination in Singapore? An Analysis

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Abstract: Increasing technological innovation and shrinking borders have resulted in stringent competition and have forced companies into seeking new ways for developing a competitive advantage. Since its introduction in 1989, the internet has taken over the globe as a storm. As of April 2018, the active internet user base has increased to 4087 million while active social media users have touched 3297 million users (Statista, 2018). Gone are the days when marketing was a one-way communication feeding method feeding customers with selective information (Ahmed, 2015). Internet and social media have now become an avenue for companies to target wider consumer base, interact with them and plan their marketing mix accordingly. With increasing penetration of internet across the globe, companies have started investing in digital marketing space to communicate with customers and enhance brand visibility. While internet penetration and social media usage have been on a high, the use of social media platforms as a marketing tool is still at a nascent stage. While companies have been exploring the benefits of social media; developing social media marketing strategies, having access to right talent, understanding digital consumer space, lack of clarity on evaluating ROI on social media and limited marketing budgets have been some of the major roadblocks that SMEs tend to face. The objective of the study is to explore if and how SMEs can win over the internet, the benefits of social media marketing and the challenges they face in implementing a well-defined social media marketing strategy. Considering high digital penetration and being a country with one of the highest active user bases, the Authors have zeroed in on Singapore as a target market to evaluate the objectives of the study.

Keywords: Small Medium Enterprise, Social Media Marketing Strategy, Adoption, Social Media Usage

Introduction to Social Media Marketing and Strategy

Chi (2011) defines social media marketing as a “connection between brands and consumers, [while] offering a personal channel and currency for user-centered networking and social interaction.” Social media is primarily used as marketing tool to reach out to audiences in the cyber world allowing the building of customer relationships, new customer acquisitions and reaching out to a stratified consumer base with targeted content.
Media production such as newspaper, TV and radio were once a primary form of advertisement in marketing before social media took control. Currently, social media platforms such as Twitter, Facebook, Instagram, and LinkedIn are some of the more popular sites that have millions of users daily and thus considered as an essential marketing tool.

Promoting a product or service via these sites creates larger opportunities for brand awareness because of the high traffic of users that appear online daily. This factor also contributes to the success of social media marketing making it an essential element in today's marketing strategy in businesses (Baker & Hart, 2016).

According to Falls & Deckers (2012), an organisation can create wide-spread brand awareness whilst building a relationship with customers, achieve shortened response time and in return can drive sales using social media marketing. When approached strategically, social media marketing becomes actionable and measurable providing SMEs on the value that it contributes to the increase of sales and branding (Diamond, 2008).

Social media marketing focuses on people, not products (Diamond, 2008). In today's marketing, consumers play a critical role in a company's marketing strategy. Unlike traditional marketing, social media marketing promotes communication between business to consumers and consumers to consumers. It contributes to an influencing factor in consumer behavior from information acquisition to post-purchase behavior (Mangold & Faulds, 2009). Increase in brand awareness and sales profits occurs through ignition of word of mouth and customer engagement via social media channels (Sernovitz, 2015). Social media marketing must not be perceived as a separate element but to be an integrated part of promotion in the marketing mix. Social media marketing is a pull marketing strategy which focuses on customer orientation and two-way communication. Unlike push marketing, where a company generates demand for a product without relationship building with consumers (Evans, 2012).

**Benefits of Social Media Marketing**

The continuous development of social media platforms raises many questions about how these applications might be beneficial in an organizational setting, specifically, given the context of this research, in SMEs. The fact that billions of individuals are now connected with each other with a click of a button through social media, firms cannot ignore the power of social media. The customer has always been an importance in business and reaching out to attract the attention of these potential consumers has become a priority to companies. Social media provides the opportunity for social interactions between consumers and businesses (Fischer & Reuber, 2011). It provides a platform for businesses to build a relationship with their customers. It adds value to customers services which contribute to a customer-centric business. Social media marketing focuses more on creativity, community, and relationship building to achieve
traditional goals using non-traditional ways at a much lower cost to achieve marketing objectives (Toh & Shandre M, 2016).

According to Falls & Deckers (2012), there are seven areas that an organisation can accomplish using social media marketing: brand awareness; protect brand reputation; improve public relations; relationship building; enhance customer service; facilitate research and development and lead and sales generation.

**Brand Awareness**

Siamagka et al. (2015) argued that adoption of social media can benefit companies in increasing sales, higher brand awareness and improving their reputation which can be a great opportunity for businesses that want to improve in these areas. McKinsey (2016) suggested that for small businesses in the developing world, digital platforms are a way to overcome constraints in their local markets. Social media provides support for such companies to attain growth by reaching out to the global market. Hays, et al. (2013), argued that many organizations are being part of the growing phase of social media, more companies are being more active and presences in social media. There are a lot of companies that have their presence on social media, the most used platforms are; LinkedIn, Facebook, Twitter, Instagram and YouTube (Guesalaga, 2016). The different platforms provide different functions that demand the attention of many companies and the different platforms are used depending on the purpose of the organization.

**Improve Public Relations**

Guesalaga (2016) argued that businesses that use social media can provide and exchange valuable information in a rapid way. They can develop and increase the chance to deepen relationships with their clients. Hence, social media tools strengthen businesses movement towards making use of internal and external feedback, which ultimately influences their business performance. This may explain why social media tools have been argued to be the best instrument for businesses to deepen their connection with customers across the globe and to receive valuable feedback (Ashworth, 2011).

**Relationship Building**

Social media can benefit SMEs in many ways, either in the fields of marketing and sales or in other different fields, such as in the forging of customer relationships. SMEs are starting to recognize that social media tools represent a new way to communicate with consumers and improve customer relationships, allowing their company to extend its communications, develop a reputation, and promote firm image. This confirms that it can help in many ways for customers, businesses and individuals to interact in a more direct way of communication and ease the way of interaction (Keating, et al., 2015).
Leads and Sales Generation

Social media has recently witnessed an uptake in all types of organizations, regardless of the size. This may be at least partially explained by the cost implications of their use. Several empirical studies have confirmed that social media tools do not require large investments (Kaplan & Haenlein, 2010), suggesting that both large and small enterprises can use these tools. A recent study done by Nobre and Silva (2014) suggested that companies incorporating social media for business noticed increased traffic on their website. This is evident that companies that adopted social media into their marketing strategy yielded increased brand awareness and 75% of the companies stated that customers have better knowledge about their company resulting in increased sales. Another study conducted by Roberts (2012) found that 47% of SMEs observed larger amount of traffic to their website through the Facebook page.

Enhance Customer Service

Although the use of social media is to ultimately increase lead generation and sales, numerous studies have found that SMEs also appreciate the benefits of using social media for other business purposes, such as customer satisfaction (Kietzmann, et al., 2011). When there is an increase in customers’ satisfaction level, other potential customers take note on the company’s reliability and gain trust in the company (Falls & Deckers, 2012). 52% of companies say Facebook is the most effective social channel for customer service. (Social Media Today: The Social Customer Engagement Index 2014).

Protect Brand Reputation

Social media promotes customers’ engagement when there is an increase in social interaction between firms and customers. The sharing of opinions and experiences with the product or services contributes to the spread of word-of-mouth. As discussed in the previous section, word-of-mouth creates a positive effect on branding. Unfortunately, word-of-mouth may not only contribute to positive effects but also negative effects when customers share unfavorable experiences on the social site (LeBoeuf, 2008). Thus, monitoring shared post, videos and comments are critical. SMEs can utilize the various free monitoring tools to ensure that negative feedbacks are detected and follow up immediately to contain the situation and protect its brand reputation.

Research & Development

64% of SMEs follow other businesses or brands on social media for guidance for their own business (UPS Connect, 2016). As Mangold and Faulds (2010) state, social media gives SME owners the opportunity to talk to their consumers and discover new ways of improving their
products. A culture of sharing and exchanging ideas with customers, which is perceived as enriching customers’ creativity, can lead to product development (Sigala, 2012). Social media represent a source of attraction for SMEs to have more flexible forms of collaboration with each other, which is sometimes perceived as the only way to compete with large enterprises (Barnes, et al., 2012). In their exploratory investigation of the potential of social media for collaboration between SMEs, Barnes et al. (2012), provided confirmation for five areas of potential collaboration, namely; internal operational efficiency; enhanced capability; external communications; enhanced service offerings; and lifestyle benefits.

Unfortunately, despite the growth of social media users and the advantages of using social media (Andzulis, et al., 2012), SMEs are very much slower in adopting social media to reach out to the virtual world (Ashworth, 2011). According to Bulearca & Bulearca (2010), most common social media marketing practices among SMEs only covers the basic usage of its technology. Many are still skeptical about the fact that social media use leads to profit improvement (Siamagka, et al., 2015).

**Challenges of implementing Social Media Marketing**

Market segmentation, innovative marketing and social media marketing are strategies that are useful for small businesses. Yet, many companies, especially the micro-businesses, have a poor understanding of marketing and perform insufficient market research in the operation of their business. In the case of SMEs, these challenges are even more difficult to overcome, since, as Gilmore, Carson, and Rocks (2006) suggested, SMEs have several characteristics and constraints, such as lack of time, lack of marketing expertise, lack of market information and lack of planning.

SMEs are, moreover, always constrained when marketing themselves and gaining visibility, due to their limited budgets. The Social Media Marketing Industry Report (2017), identifies the importance of posting content on a regular basis. By planning and organizing their time well, they can always have a moment to keep up on the industry, create posts and updates, and communicate with their customers (Bodnar & Cohen, 2012). Adoption of social media requires resources and demands a comprehensive managerial strategy, which cannot be easily provided by SMEs. It is therefore not surprising that, when adopting social media, several aspects related to resources, such as “high maintenance efforts”, “the need to have someone keeping it running” or “the need to keep information up to date”, are one of the most commonly mentioned aspects, like the study of Meske and Stieglitz (2013) revealed. Lack of staff resources was also found to be a barrier to social media use in businesses by (Ashworth, 2011). Hiring a new person for this job may be suggested to ensure that there is a constant activity being carried out using social media. It is important for firms to have the right person for the job. The person who is responsible for the social media image needs to have a clear understanding and good knowledge about the company’s products and services.
Furthermore, this person should also have the ability and motivation to engage the customer with the posts (Bodnar & Cohen, 2012).

Competitive pressure is another form of challenge which is generally viewed as an incentive for organizations within the same industry to adopt innovative marketing strategies. Much of the social media adoption literature in the organizational context acknowledges that competitive pressure plays a critical role in the adoption process. According to Haller and Siedschlag (2011), organizations are more inclined to adopt social media marketing as a response to strong competition in their market as this enables them to enhance their performance and their survival rate. Gaining competitive advantage may have become even more important as many organizations nowadays are exposed to international competition in a global market. In the context of SMEs, several studies have found a strong influence of competitive pressure on the adoption of various social media tools. In this sense, it can be expected that competitive pressure is another environmental factor that stimulates SMEs to adopt social media technologies.

To successfully implement a social media marketing strategy, SMEs owner/managers must recognize social media’s limitations and opportunities, specifically in terms of performance measurement. Many social media studies have emphasized the need and importance of measurement when evaluating social media (Bodnar & Cohen, 2012), since monitoring results provide input for future strategic planning and allow an opportunity to review objectives.

Another aspect related to social media adoption that has been frequently mentioned is the difficulty when measuring and monitoring the impact that social media has in the business. Figure 1 illustrates the biggest challenge in social media is measuring the results. Some companies might not even know how to measure the results and the level of social media marketing success. According to the Social Media Marketing Industry report (2017), only 38% agreed they can measure their social activities. Bodnar (2012), reminds that companies should not look at the weak metrics such as the number of followers or engagements, but look at the “visitor-to-lead conversation rates” and “visitor-to-customer conversation rates” instead. The question that should be asked is “how many visitors have turned into customers?” (SocialMediaB2B, 2012). To successfully implement a social media marketing strategy, SMEs owner/managers must recognize social media limitations and opportunities, specifically in terms of performance measurement. Many social media studies have emphasized the need and importance of measurement when evaluating social media (Green, 2000; Henning-Thurau et al., 2010; Zhang et al., 2011), since monitoring results provide input for future strategic planning and allow an opportunity to review objectives.
In addition, social media is not free, it requires time to develop relationships, commitment, people and finance, conditions that, like previously mentioned, are easy for large companies to achieve, but very difficult for SMEs. Since SMEs do not count the necessary resources to monitor and measure the impact of social media in their business, their owners are usually not convinced of its strategic viability (Bulearca & Bulearca, 2010).

Social media plays a key role in marketing communications by increasingly helping companies to share their ideas, information and products. Companies have noticed that social media could not only bring positive outcomes since there are businesses that are suffering negative social media impact (Michaelidou, et al., 2011). However, according to Safko & Brake (2009), social media gives the opportunity for different brands to interact with customers by sharing the companies’ contents, creating communities and going viral between businesses and individuals. This benefits many companies to get a vision of innovation and to learn from different businesses and individual’s behaviors (Safko & Brake, 2009). However, the author also stated that there are some challenges to be aware of for example; companies need to be aware that they need to maintain a constant conversation with the audience, monitor their reputation...
and users, also respond to insecure comments and questions and this means even outside business hours. The use of social media without expertise and understanding of it functionality can have a negative impact on businesses, as a negative word of mouth (Leeflang, et al., 2014). According to Ryschka et al. (2016) reputation of companies is an important asset that cannot be compromised, it has a direct effect on competitiveness and financial performance, and this can help companies to avoid any risk with the use of social media platforms. This means that a well-established reputation implies a higher level of appeal, assisting organizations to improve their customer loyalty, satisfaction, retention and trust (Ryschka, et al., 2016). However, in this research, it is also mentioned that companies can learn from other businesses mistakes and learn to use social media for customers or businesses to have an opportunity to share negative or positive experiences.

**Social Media Marketing in Singapore**

According to Oliveira and Martins (2011), the simple and flexible managerial structure that characterizes SMEs tends to help them to react and adapt quickly to changes in their business environment, including innovative technology adoption, compared to large enterprises where the reaction tends to be slow owing to the levels of bureaucracy involved in the decision-making process. It has therefore been suggested that being small is no longer a competitive disadvantage in terms of adopting innovative technologies.

Rapid technological evolution and intensity of competition oblige companies to constantly seek new ways to differentiate themselves and offer added value to their customers. With the increasing popularity of social media, SMEs in Singapore have started to consider this as a new way to communicate with their customers and increase their brand reputation.

According to Singapore’s Ministry of Trade and Industry, *SME is defined as an enterprise with an annual sales turnover of under S$100 million, or that employs less than 200 workers. SMEs are at the heart of Singapore’s economy and make up 99% of enterprises, employ two-thirds of our workforce and account for about half of Singapore’s GDP.*

70% of Singaporeans are active social media users on the go, more than double the global average of 34% according to a report on social media and digital trends around the world (Tan, Angela, 2017). Local news Strait Times reported that 71% of Singaporeans check social networks at least once per day spending a minimum of three hours on their mobile phones daily (Lin & Toh, 2017). The figures indicated that Singaporeans are well connected and are heavily influenced by social media. Establishing as one of the top countries with the highest internet penetration of 80% among South East Asia, SMEs should leverage on this advantage to step into digital marketing (Singapore Digital Marketing Statistics, 2017).
Facebook Marketing in Singapore’s SMEs

According to logistics and transportation services firm UPS together with analytics firm comScore, 83% of Singaporeans select Facebook for promoting a brand or product. Figure 2 indicates the various social media platforms that Singapore businesses uses for promoting its products and Facebook is the top selection followed by Instagram (Ismail, 2015).

Facebook is the top-rated social media platform for businesses in Singapore, there has been a growing trend of small businesses without websites operating through Facebook Pages, using the intuitive marketing tools to promote their services and connect with their customer. They create a Facebook Page straight away because they find more value than from a website, effectively making Pages the new storefront for small businesses. Marketing consultancy firm We Are Social, reported that there is an even spread of gender ratio of Singaporeans users on Facebook with a staggering 94% of active users that are between the age of 20 to 39 which falls under the tech-savvy generation of today who makes informed buying decisions based on online research, social media and peer recommendations (Yam, Shirley, 2016).

**Fig. 2: Social Media Chosen to Promote Brand/Product**

Facebook is the top-rated social media platform for businesses in Singapore, there has been a growing trend of small businesses without websites operating through Facebook Pages, using the intuitive marketing tools to promote their services and connect with their customer. They create a Facebook Page straight away because they find more value than from a website, effectively making Pages the new storefront for small businesses. Marketing consultancy firm We Are Social, reported that there is an even spread of gender ratio of Singaporeans users on Facebook with a staggering 94% of active users that are between the age of 20 to 39 which falls under the tech-savvy generation of today who makes informed buying decisions based on online research, social media and peer recommendations (Yam, Shirley, 2016).
A study done by Hubspot (2016), on the state of inbound marketing showed that customers are more likely to get more information about your product and services from fellow consumers than your salesperson. Singaporeans are now making buying decisions based on recommendations and reviews from their peers and family via social media. Businesses in Singapore are now focusing on cultivating customer advocacy by encouraging customers to post reviews on third party websites. Singapore Productivity Centre (SPC) conducted research on 88 F&B outlets in Singapore on their social media marketing presence and only 41 F&B merchants have a Facebook page making it close to 47%. However, further analysis concluded that only 11 restaurants have interaction using Facebook who has posted at least once a month. This can be concluded that marketers are not utilizing the platforms full potential to engage with their customers. Hence, the question here is why being that so? It may be due to the lack of resources, knowledge or competency.

Homegrown restaurant, Uncle Leong Seafood, uses Facebook polls almost weekly to receive many likes, comments and sharing from fans, achieving an engagement rate of 4%, comparable to international companies (Toh & Shandre M, 2016). Thus, it appears that conducting polls using Facebook page can be an effective way to enlist, engage and interact with fans who may subsequently become customers. Another local company that uses Facebook efficiently to promote its business is Standing Sushi Bar. Customers are entitled to discounts when they join the various social media platforms initiated by the company (Toh & Shandre M, 2016). In this case, the firm’s strategy is to gain as many ‘likes’ to build a large community for its image. Therefore, it is crucial for companies to identify its marketing objectives and purpose when deciding where to direct their marketing effort to benefit from the various functions that Facebook has to offer for businesses (Weinberg & Pehlivan, 2011).

Literature has also shown that competition increases the likelihood of a business to adopt social media into their marketing mix. When the competition is very intense, SMEs must look for a way to obtain a competitive advantage. To obtain this advantage over their competitors, it is more likely that SMEs will consider adopting an innovation: it is possible to say that competition can push businesses to innovate. Additionally, when the competitors of an SME adopt a certain technology, it is more likely that the SME starts feeling pressure and decide to adopt this technology (Grandon & Pearson, 2004).

With the support from the government, SMEs in Singapore can get help in building their digital marketing capabilities through tools such as social media marketing. Companies will be given consultancy and training services from official partners in developing their social media marketing strategies (Channel NewsAsia, 2015).
**Research Methodology**

**Research Model**

Research model has been developed after analyzing the literature available and filtering it with the most relevant factors influencing the implementation of social media marketing by SMEs. Since the objective is to identify primary relationships between the independent (perceived benefits, challenges encountered and recommendations) and dependent (social media strategy) variables, a one-stage model is used to relate them, without intermediate variables in between. The variables that constitute the research model are discussed below:

**Dependent Variable: Social Media Strategy**

The implementation of social media marketing is defined in this research as the use of social media for business purposes.

This factor is measured as a binary variable: whether SMEs have benefited or not using social media as part of their marketing strategy. This kind of measure is used because the first part of our research question has the aim of segregating and analyzing SMEs that have benefited from social media from those that have not.

**Independent Variable: Perceived benefits**

Companies that are aware of the benefits and advantages of social media tend to adopt social media marketing as a marketing tool (Ashworth, 2011). Perceived benefits such as ease of ROI measurement, cost-effective vis-à-vis traditional marketing methods, helps in building a relationship with customers, helps in new customer acquisition and increasing brand awareness are selected as attributes for evaluating the objectives.

**Independent Variable: Challenges encountered**

The literature has shown that SMEs lack employees with technical skills such as knowledge about social media (Ashworth, 2011). SMEs perceived using social media as challenging due to the lack of knowledge. Hence, many find it challenging to use social media as part of their marketing mix as they are not aware of creating user-generated content and incorporating various social media tools into their marketing content. Because of their barriers to developing the necessary technical skills and knowledge, SMEs tend to limit their implementation of social media into their marketing strategy until they have the necessary internal expertise. Therefore, SMEs that have employees that are knowledgeable about social media will be more willing to adopt social media as part of their marketing mix.
Many find difficulty in measuring and monitoring the impact that social media has in the business. Unaware of which social media platform to be integrated is another challenge faced by SMEs. Therefore, applying the elements of the Honeycomb framework and assessing the benefits to their company needs is critical. SMEs require to monitor their social media activities and features such as likes, followers, comments as well as their ROI. Firms will require monitoring their reputation simultaneously during this interaction of implementing the elements to observe positive and negative behaviors in the interactions with their customers. By doing so, companies can monitor the effect on their image and reputation, are they getting more positive or negative results, and the effect on brand and identity.

Independent Variable: Areas for improvement

Basis literature review, the challenges that SMEs encounter can be overcome by taking on additional measures such as providing essential training to all employees to be equipped with the right knowledge on implementing and improving business social media strategy to gain a competitive edge, incorporating social media management system to monitor their activities and respond efficiently to comments posted by users to tackle negative feedbacks, ensuring that the social media marketing goals are integrated with the business objectives.

Hypothesis:

The hypotheses for this research process will be to derive factors that contribute to the adoption of social media marketing among SMEs in Singapore. To determine the problem statement, the report will define the assumptions by critically evaluating the following points:

- What are the benefits that will accrue from using social media as a marketing tool by SMEs in Singapore?
- What are the challenges encountered by SMEs in Singapore when using social media for marketing?
- What are the areas of improvement in their social media strategy that can be implemented by SMEs in Singapore?

Two objectives have been identified in this research. First, is to identify the benefits and challenges of incorporating social media into SMEs marketing strategy and second, to identify how efficiently SMEs in Singapore use social media marketing and how they can improve.

From each independent variable, a hypothesis establishing the relationship between that independent variable with the dependent variable has been developed:
Hypothesis 1 (H1): There are benefits to be gained by SMEs through using social media as a marketing tool in Singapore.

Hypothesis 2 (H2): SMEs in Singapore encounter challenges while implementing social media marketing plans.

Hypothesis 3 (H3): There are areas for improvement in the use of social media for marketing by SMEs in Singapore.

Research Method

Quantitative and qualitative are two approaches designed to give the researcher more understanding of the studied field (Bryman & Bell, 2015). Silverman (2015), explains that a researcher must not assume that qualitative method is superior to the other, a quantitative approach may sometimes be more appropriate to a research problem, thus in choosing a method, everything depends on what the study is aiming to find. According to Williams (2007), quantitative research is driven by the need to quantify data, which involves a numeric or statistical approach to research design, and build upon existing theories, additionally; the research is independent of the researcher and objectively measures reality. On the other hand, qualitative research is driven by words and their meaning in the collection of data, rather than quantification of it (Bryman & Bell, 2015).

In this study, a quantitative approach is used to obtain data from SMEs in Singapore. A survey questionnaire consisting of 25 questions is developed base on the variables discussed in the research model. The advantages of a survey approach which made it a suitable choice for this research were related to cost and time. Unlike interviews, surveys are time efficient and cost effective (Silverman, 2015). Once the questionnaires have been collected and, after verifying that they have been correctly filled and can be therefore considered valid, an analysis of the main characteristics of our sample will be performed. The SPSS software will be used to perform the statistical analysis. In this analysis, we will verify whether the data obtained can be considered valid and reliable and, after having done so, we will test the hypothesis stated in the research model.

Research Design

The quantitative research based on the survey, which is questionnaire was applied in this study. According to Babbie (2011), “Survey research is probably the best method available to the social researcher who is interested in collecting original data for describing a population too large to observe directly. Surveys are also excellent vehicles for measuring attitudes and orientations in
a large population”. Moreover, this methodology is a viable means to test hypotheses and build theoretical models in research across a wide variety of domains.

For this study, a survey questionnaire of 25 questions is developed to study the factors mentioned in the research model. The questionnaire is developed using an online survey form (Google Forms). This makes it easier to send out the e-survey to 80 participants who are marketing practitioners and SME practitioners in Singapore. The selected SMEs details are taken from the Singapore Business Directory 2017. These companies are randomly selected from various industries. The questionnaire is sectioned into two parts. The first part consists of the demographic questions such as industry sector, number of employees, social media platforms adopted and frequency of use. The second part of the questionnaire consisted of questions that relate to the independent variables that identify the benefits derived from social media adoption, the challenges faced during its implementation and suggested recommendations to be considered for future use. The questions developed for this study, were measured by a five-point Likert scales representing a range from “strongly disagree” to “strongly agree”. Details of the measures for these variables are summarized in Table 1. The sample of the questionnaire can be found in Annexure A.

Table 1: Description

<table>
<thead>
<tr>
<th>Variables</th>
<th>Descriptions</th>
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<tbody>
<tr>
<td>Perceived Benefits</td>
<td>1. The Return on Investment (ROI) of social media activities can be measured.</td>
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<td></td>
<td>2. Social media marketing is cost efficient compared to traditional advertising.</td>
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<td></td>
<td>3. The use of social media helps in building relationships with customers.</td>
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<td></td>
<td>4. Social media marketing will help SMEs find potential customers.</td>
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<td></td>
<td>5. Digital advertising, such as Facebook Ads, help increase brand awareness more than commercial advertising.</td>
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<tr>
<td>Challenges Encountered</td>
<td>1. SMEs must select the right social media tool that meets their business objectives.</td>
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<td></td>
<td>2. SMEs in general, do not have social media monitoring analytics in place.</td>
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<td></td>
<td>3. The time required is a challenge in monitoring social media activities.</td>
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<td></td>
<td>4. The variety of formats for content creation - such as video, photos, live video, etc. – are sometimes difficult for SMEs.</td>
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<tr>
<td></td>
<td>5. The frequency of posts required on social media is sometimes difficult for SMEs.</td>
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### Areas for improvement

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<tbody>
<tr>
<td>1.</td>
<td>Social media marketing goals need to be integrated with overall business objectives</td>
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<td>2.</td>
<td>Social media training across the organization is required to ensure employees understand how to engage on social media platforms and consistently represent the organization.</td>
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<tr>
<td>3.</td>
<td>It is important to establish metrics to track social media marketing efforts to business objectives.</td>
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<td>4.</td>
<td>Processes need to be put in place to take actions, where appropriate, based on social media monitoring.</td>
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<tr>
<td>5.</td>
<td>Social media marketing strategies need to be incorporated within the SME’s marketing plans.</td>
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<td>6.</td>
<td>Specific social media marketing tactics related to SME strategies need to be created.</td>
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<td>7.</td>
<td>The budget for social media marketing needs to be earmarked separately.</td>
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<tr>
<td>8.</td>
<td>In general, the frequency of using social media to promote SME products or services needs to be increased.</td>
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<tr>
<td>9.</td>
<td>Personnel whose time is dedicated to social media marketing efforts need to be employed.</td>
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<tr>
<td>10.</td>
<td>Social media marketing ROI needs to be tracked.</td>
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### Data Collection

The study was conducted on 60 representatives from a bouquet of industries to validate the proposed model and to understand the perceived benefits and challenges across industries.

The questionnaire plays a crucial role in the data collection method for this study. The author developed a questionnaire using a 5-point Likert scale to collate and analyze the data. The questionnaire was developed in accordance with the learnings from literature review and based on its applicability to the hypothesis of this research. According to Dornyei (2007), the quality criteria for quantitative research are validity, measurement validity and reliability.

**Validity – Internal & External Validity**

The whole research process is valid. It can cover internal validity (the fact that the research itself has successfully proven/disproven the hypothesis) and external validity or generalizability (the fact that the result of the research can be generalized to results beyond the research sample) (Dornyei, 2007). Therefore, the research questions that are put forward to the respondents are designed around the literature review and that no confounding information would impact the results of the research. To ensure that external validity is practiced, the research was conducted with SMEs from various industry backgrounds.
Measurement Validity

Additionally, to ensure that the interpretation of the result of the research is meaningful and appropriate, the measurement levels of scale questions is limited from “strongly disagree” to “strongly agree” avoiding answers such as “not sure” or “neutral”. The aim of the questions is to get the factual knowledge of the participant’s perception.

Reliability

The fact that the measurement instruments of the research produce consistent results in a given population in different circumstances. Hence, to ensure the highest reliability of the research, the questions are designed to support the specific purpose of the research. The questions are structured in short simple sentences to allow to allow respondents to answer them without consuming too much of their time.

The authors developed a questionnaire using online tools and invited participation through emails. Networking sites such as Facebook, Twitter and LinkedIn were used to identify target individuals while non-members were excluded from participation. A total of 60 emails were sent for participation but feedback was received from 43 respondents which form the sample size of the research.

Lastly, the collected data set has been statistically analyzed with the use of SPSS. Cronbach's alpha has been used in this study due to the use of the five-point Likert scale applied to the questions in the survey. To determine if the scale is reliable, the Cronbach's alpha was used.

Discussion and Analysis

Research Findings

This section will provide an insight into the main characteristics of the sample studied and analyzes the data obtained through the surveyed questionnaires with the use of SPSS as the statistical tool. The results consist of a demographic profile and descriptive statistics such as mean values and the standard deviations. The frequency statistics of the mean value and standard deviation of each question can be referred to Annexure B.

Sample Characteristics

The questionnaire was floated to numerous respondents but a total of 43 responses were obtained. Considering social media marketing is more relevant to business-to-customer model, the respondents were stratified accordingly. Majority of the participants were from decoration and allied industries such as wedding planners, event management (48.84%), followed by retail (20.93%), electronics (16.28%), leisure (9.30%) and F&B industry (4.65%). Respondents from
different industries were chosen to avoid the intrinsic bias of each sector and understand the benefits and challenges of social media marketing from a broader viewpoint.

The number of female respondents (23.26%) vis-à-vis male respondents (76.74%) is lower and the numbers can be attributable to the low ratio of female to male labor force participation rate (The World Bank, 2013). Thus, the probability of getting feedback from male employees is higher than that of their counterparts. The low number of female respondents can also be attributable to the fact that industries and profiles chosen for study are primarily male-dominated.

The average number of years the companies have been in operations was ~11 years with 23 companies being in existence for 10 or more years and 20 companies with an existence of 9 years or less. This was planned to ensure that a proper mix of responses was obtained to avoid any bias and to understand if companies tend to adopt social media strategy when they are mature or during the initial life cycle. However, on analysis of the responses obtained, it was noticed that all companies had already incorporated social media marketing as part of their marketing mix. However, it is unsure of how early they have incorporated social media marketing in their business strategy.

![Number of Years](source)

**Fig. 3:** Number of Years  
**Source:** Compiled and created by Authors
Based on the data collated, the majority of the companies (69.77%) tend to choose Facebook as the preferred platform for social media marketing whilst 30.23% of the companies complement Facebook with use of Instagram to market their products/services. However, the Singaporean companies don’t necessarily capitalize on the social media marketing considering only 11.96% companies tend to use social media marketing on daily basis or multiple times during week while 86.04% of the companies use it only once a week or less than once a week. This indicates that social media marketing as a strategy is still in the nascent stages in Singapore. While the adoption of the strategy seems to be high, the effectiveness of it has not been capitalized on.

Data Analysis

Once the data was prepared for the analysis, the psychometric properties of the research variables were examined. For this, both the reliability and the validity of the variables composed by more than one item were assessed. This was necessary to verify whether the data obtained through the questionnaire was reliable enough to provide useful and stable results. The reliability, which is useful to verify the overall consistency of a measure, was assessed by calculating the Cronbach alpha coefficient.

Benefits of Social Media Marketing

Table 2: Summary of responses to the benefits of social media marketing

<table>
<thead>
<tr>
<th>No.</th>
<th>Attributes</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>ROI can be measured</td>
<td>0</td>
<td>28</td>
<td>28</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td>2</td>
<td>Cost efficient compared to traditional marketing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>86</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>Helps in building relationship</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>61</td>
<td>39</td>
</tr>
<tr>
<td>4</td>
<td>Helps in identifying potential customers</td>
<td>0</td>
<td>51</td>
<td>0</td>
<td>19</td>
<td>30</td>
</tr>
<tr>
<td>5</td>
<td>Helps in building brand awareness</td>
<td>0</td>
<td>53</td>
<td>0</td>
<td>14</td>
<td>33</td>
</tr>
</tbody>
</table>

Cronbach Alpha = 0.789

Overall, participants across the industry profile tend to agree on the fact that social media marketing does provide tangible and intangible benefits to the business. Based on the analysis of the feedback received, it was noted that being cost-efficient and ability in building a relationship with the customers are the top-rated benefits of social media marketing vis-à-vis traditional marketing. Considering 74% of the Singaporeans use social media platforms regularly (Hashmeta, 2015), it helps companies in building a relationship with the customers.
Identifying new potential customers and building brand awareness have mixed results. This is primarily because respondents in the decoration industry tend to rely more on Instagram compared to Facebook marketing which is more preferred amongst Singapore with almost 70% customer base (Hashmeta, 2015). Considering that Singaporeans on average spend 2.1 hours on social media and one in every two Singaporean uses social media to make a purchase decision (Hashmeta, 2015), companies have not effectively capitalized on the benefits of social media marketing.

28% of the respondents disagree that ROI of social media marketing can be measured while equal number of respondents had no concrete viewpoint. This can be attributable to the complexity of evaluating specific returns of marketing and lack of availability of a framework to calculate ROI on social media marketing.

While social media offers various benefits as part of the marketing mix, brands must be conscious about the customer attitude while online engagement. 22% of the users actively ignore contents from brands while 24% feel constantly followed by online advertising (TNS, 2016). Companies need to be mindful in developing a social media strategy to ensure its effectiveness and maximize its returns.

**Challenges to implementing Social Media Marketing**

**Table 3: Summary of responses to the challenges of implementing social media marketing**

<table>
<thead>
<tr>
<th>No.</th>
<th>Attributes</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Selection of right social media tool</td>
<td>0</td>
<td>65</td>
<td>19</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>Lack of social media monitoring analytics</td>
<td>0</td>
<td>68</td>
<td>16</td>
<td>16</td>
<td>0</td>
</tr>
<tr>
<td>3</td>
<td>Time investment in monitoring activities</td>
<td>11</td>
<td>26</td>
<td>7</td>
<td>26</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>Variety of formats for content creation</td>
<td>5</td>
<td>35</td>
<td>5</td>
<td>23</td>
<td>32</td>
</tr>
<tr>
<td>5</td>
<td>Frequency of posts required</td>
<td>21</td>
<td>23</td>
<td>2</td>
<td>26</td>
<td>28</td>
</tr>
</tbody>
</table>

Considering the Cronbach Alpha is more than 0.70, it can be safely assumed that the feedback of the survey can be relied upon. Broadly, respondents tend to disagree with the fact that selection of right social media tool and lack of analytics tools pose to be a challenge for social media marketing implementation. With the growing adoption of social media, consulting companies have developed tools for monitoring customer engagement, data analytics and other consulting services which helps SME better evaluate their campaign.

However, more than 50% of the respondents believe that investing time in the monitoring of social media activities, development of content across formats and frequency of posts required are major challenges. Considering all of these require an investment of time, efforts
and financial resources and the fact that SMEs have limited bandwidth and resources, there is a challenge in the adoption of social media marketing. However, companies can look at co-sourcing/out-sourcing model with third party social media marketing companies who tend to have lower costs due to the broader customer base.

Table 4: Summary of responses to improvements measures for incorporating social media marketing

<table>
<thead>
<tr>
<th>No.</th>
<th>Attributes</th>
<th>SD (%)</th>
<th>D (%)</th>
<th>N (%)</th>
<th>A (%)</th>
<th>SA (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Integrate social media marketing goals with business objectives</td>
<td>0</td>
<td>46</td>
<td>0</td>
<td>28</td>
<td>26</td>
</tr>
<tr>
<td>2</td>
<td>Social media training across organization</td>
<td>0</td>
<td>5</td>
<td>16</td>
<td>30</td>
<td>49</td>
</tr>
<tr>
<td>3</td>
<td>Establish metrics to track social media marketing efforts</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>21</td>
<td>65</td>
</tr>
<tr>
<td>4</td>
<td>Define process for action steps based on monitoring and analytics</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>30</td>
<td>70</td>
</tr>
<tr>
<td>5</td>
<td>Integrate social media marketing strategies with marketing plans</td>
<td>0</td>
<td>37</td>
<td>0</td>
<td>40</td>
<td>23</td>
</tr>
<tr>
<td>6</td>
<td>Develop specific social media marketing tactics</td>
<td>0</td>
<td>37</td>
<td>0</td>
<td>54</td>
<td>9</td>
</tr>
<tr>
<td>7</td>
<td>Assign budget for social media marketing</td>
<td>0</td>
<td>37</td>
<td>0</td>
<td>49</td>
<td>14</td>
</tr>
<tr>
<td>8</td>
<td>Increase frequency of using social media marketing</td>
<td>0</td>
<td>44</td>
<td>9</td>
<td>30</td>
<td>17</td>
</tr>
<tr>
<td>9</td>
<td>Deploy social media marketing personnel</td>
<td>0</td>
<td>44</td>
<td>0</td>
<td>35</td>
<td>21</td>
</tr>
<tr>
<td>10</td>
<td>ROI of social media marketing should be tracked</td>
<td>0</td>
<td>49</td>
<td>5</td>
<td>30</td>
<td>16</td>
</tr>
</tbody>
</table>

Based on the feedback assessment, it was noted that defining process for action steps, providing training across the organization on how to engage customers through social media marketing, establishing metrics to track marketing efforts and integrating social media strategies as part of marketing plans were the most preferred recommendations. This is in line with the fact that social media marketing adoption within the SMEs is still in the nascent stage and stronger framework and governance structure needs to be defined for increasing its efficiency.

63% of the companies agreed to not having social media marketing budgets and the fact that it needs to be specifically defined as part of the budgeting process. Mixed results were noted for increasing frequency of using social media marketing, deploying specific manpower for social media marketing and calculation of ROI. Since this has bottom-line impact, companies need to perform a cost-benefit analysis and prepare a business case for each of these recommendations.

To assess whether multicollinearity problems existed among the independent variables, the Pearson Correlation Matrix was examined. Correlation is important as it indicates a significant relationship between variables. Using \( \alpha = 0.05 \) and a two-tailed test where a two-tailed test allows for a positive correlation or a negative correlation, the following decision rule can be used; if p
is less than .05, the test is significant and if p is more than .05, the test is not significant. Table 5 illustrates the relationship between the frequency of posting on social media with three other question from the survey (Q8, Q10 and Q12) and the results indicates that p is .00 which is less than .05. Hence, there is a significant positive relationship between each of the two variables.

**Table 5: Correlations between two variables**

<table>
<thead>
<tr>
<th>Correlations</th>
<th>frequency</th>
<th>Q8</th>
<th>frequency</th>
<th>Q10</th>
<th>Q12</th>
</tr>
</thead>
<tbody>
<tr>
<td>frequency Pearson Correlation</td>
<td>1</td>
<td>.937**</td>
<td>1</td>
<td>.951**</td>
<td>.576**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td></td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Q8 Pearson Correlation</td>
<td></td>
<td>1</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td></td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Q10 Pearson Correlation</td>
<td></td>
<td>.951**</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td></td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Q12 Pearson Correlation</td>
<td></td>
<td>.576**</td>
<td></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.000</td>
<td></td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).**

The data concludes that those who post on social media at a lower frequency find it a challenge in the time required to monitor its social activity, the frequency of post required is difficult and social media training is required for employees to better engage on social media platforms.

Based on the data found in Table 6, it can be interpreted that those who believe to have difficulty in measuring the ROI base on their social media activities do not have a social media monitoring analytics in place.
Table 6: Positive correlation coefficient between measuring ROI and social media monitoring analytics

<table>
<thead>
<tr>
<th>Correlations</th>
<th>Q6</th>
<th>Q7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q6</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>Q7</td>
<td>Pearson Correlation</td>
<td>.980**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>43</td>
<td>43</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.01 level (2-tailed).

Conclusion

This study has shed some light over the under-researched topic of social media adoption by SMEs and it can be considered an important contribution to the scarce literature existing about this topic in Singapore.

From these results, SMEs in Singapore are not efficiently using social media even though 100% of the respondents have adopted social media due to the challenges encountered despite knowing the benefits from it. The areas for improvement are essentials to be implemented by SMEs to ensure optimal results of social media marketing strategies. A high percentage of respondents strongly agree that training should be provided to employees for better engagement on social media platforms. The lack of knowledge on social media creates challenges for SMEs to overcome resulting in underutilizing the potential of the tool’s capabilities in developing business opportunities. The other area is that companies need to integrate social media marketing goals with their business objectives and will guide them in incorporating social media marketing strategies as part of their marketing mix. Finally, we can conclude that this study can also help owners of SMEs to finally make the decision to implement social media within their business, and can help them see that, with the right strategy and very little investment, social media can be of great benefit to their business.

In addition, the study can serve as a guide to help them avoid other people's mistakes during social media implementation, making it easier for them to implement the right strategy from the beginning, so that they can sooner start enjoying the benefits that social media can provide to their business. Most respondents acknowledge the need for correct expertise to strategically manage and grow social media presence and activities for marketing purpose. Moreover, the previous literature stresses that companies must keep in mind the risk that can come with social media and assess the benefit and risk that social media can bring. Some companies can have a very negative experience with social media, which is why most of the samples do not have a high
frequency of engagement using social media. It is also clear that time, resources and expertise play a major role in the implementation of social media.

Finally, social media is not a one size fits all, different companies have different needs, and use social media in accordance with that need. Yet, as presented by many scholars in understanding and employing social media strategically can prove to be useful to companies. One crucial factor in the use of social media and its measurement is that the benchmark for social media success is set mostly by their management or their marketing department, which can be concluded that success in social media is related to the company’s need and uniqueness, some companies are satisfied with using social media selectively for customer satisfaction and public relations, some are planning to use social media holistically and strategically with experienced staff. However, companies have unique needs, budget and resources when it comes to social media usage, therefore, social media usage in B2B companies is versatile and does not have one specific way to utilize it.

References


Social Media Marketing and SMEs: Is it a Winning Combination in Singapore? An Analysis


