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Analyzing the Effectiveness of Social Media Marketing

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Abstract

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The purpose of the paper is to report on the process and findings of factors that influence the effectiveness of customer engagement, brand reputation & image, and customer brand attitudes towards online performances of Small and Medium Enterprises (SMEs) in Melaka. The paper contains sufficient details to support that objective and suitable to be presented at the conference. Besides, this paper examines the relationship between factors influencing effectiveness and SMEs performance and also examined the key determinants of those factors towards SMEs performances. A literature review is presented to explain the effectiveness of social media marketing towards SMEs performances. In additional, a survey was carried out through questionnaire in the area of Melaka. The effectiveness of social media marketing contributes to SMEs success and contribute to their growth in the future, although some problems are acknowledged. The limitations of this research includes the limitation of the scale and scope of the survey, hence there is a need for further studies in other locations. A practical implication of this study comprises the effectiveness of social media marketing to SMEs in their daily business operation. In addition, this study provides insights into how practitioners see the effectiveness of social media marketing and may help with decision making and strategy making towards better performances of SMEs in general and in Melaka in particular.

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Keywords: Customer engagement; brand reputation & image; customer brand attitudes; Effectiveness of Social Media Marketing; SMEs performances.

1. Introduction

Internet has contributed 41.7% per year for the national economy and it will rise even further over the next 3 years (Get Malaysian Online, 2015). In Malaysia has 12, 000 businesses are online. The increasing of the online business the government has set up a program Get Malaysian Business Online



in collaboration with the Commission, Registration of Domain Names (MYNIC) and iTrain. It aims to help small businesses create websites and compete in the market (Berita Harian Online, 2014). Utusan Sarawak (2013) reported, “PayPal, e-commerce market leader has released data showing the success and potential of Malaysia to trade online around the world. In addition to identifying export line as an effective channel for local SMEs closer to millions of consumers abroad and sell to a global market” (Saravanakumar & Sugantha Lakshmi, 2012).

Social media comes in many forms and the eight most popular are, Blogs, Microblogs, Social Networks, Media-Sharing Sites, Social Bookmarking and selection Sites, analysis Sites, forum and effective Worlds (Baruah, 2012). Marketing communication using social media such as Twitter, Facebook, and YouTube has already been evaluated as business take-off tools for luxury fashion brands. Traditional designer houses such as Louis Vuitton provide live broadcasting fashion shows on their blogs. Ralph Lauren, Chanel, Donna Karan, and Gucci have worked with Apple to create iPhone applications (Kim & Ko, 2012).

2. Objective of the study

The main objectives of the research are to investigate relationship between the customer engagement, brand reputation and image and customer brand attitudes and the online SMEs performance in Melaka. To determine the independent variables towards will be the most significant that contributes to the online SMEs performance in Melaka.

3. Methodology of the study

The concentrate essentially a quantitative analysis of elements impacting the adequacy of social networking showcasing in online SMEs performance in Melaka. In order to examine the factors of the effectiveness, survey method was applied for investigation as this found to be the most appropriate method to carry out a survey in order to answer the objectives. Firstly, researchers identified characteristics of SME in Malaysia that have been established by SME Corp. According to SME Corp, for the manufacturing sector’s sales turnover not exceeding RM50 million or employment not exceeding 200 workers. For the services and different parts, as firms with a business turnover not surpassing RM20 million or labour not surpassing 75 specialists. After that, the researchers identify the online vendor that has the characteristics of SMEs. Observation method was also used for the present study. A sample survey was carries out among the owner of online vendor boutique and online SMEs in Melaka have been taken into consideration. Researchers chose Melaka as a study because the data is readily available through <http://www.pikore.com/butikvendormelaka.my> and official website Melaka.gov.my unlike other states. Therefore, the researcher needs a sample about 100 companies to complete this research as respondents.

4. Theoretical background and hypothesis

4.1. Overview of social media

Social media as a group of Internet-based applications that build on the ideological and technological foundation of Web 2.0, which facilitates the creation and exchange of user generated content (Kaplan & Haenlein, 2010). Moreover, social refers to activities, practices, and behavior among communities people contribute freely, to create, share information, knowledge, and opinion using conversational media which covers the web-based applications that to make it possible to create and easily transmit content in the form of words, pictures, videos, and audios (Neiger, 2012). However study by Musa et al (2015), website usage among private sector: a case of Malaysian business organization revealed that the most significant predictors of the adoption of website in organization in Klang Valley are complexity. Beside that study by Angela (2012), social media are online applications, platforms and media which aim to facilitate interactions, collaborations and the sharing of content.

4.2. Social media as a marketing channel

According to Weinberg (2009), social media turning into an influential marketing channel is news to many companies and organizations. Hence, when social media developed in accordance with a company's overall strategic objectives, a smaller firm not only needs the ability to communicate its message to its target audience, but also the ability to begin to cultivate meaningful relationship with its consumers. Besides, importance of long-term coordination of marketing communications in such a way that consistent message is communicated at all points of contact between the marketers and the consumer (Castronovo & Huang, 2012). In order to catch consumers' attention in a cluttered advertising environment, firms must begin to plan for synergy among various communication and media outlet. Social media also gives important role for travelling firms. Study by Zheng Xianga (2010), due to the huge amount of information available, searching has become an increasingly dominant mode in travelers' use of the Internet. On one hand, so-called social media Websites, representing various forms of consumer-generated content (CGC) such as blogs, virtual communities, wikis, social networks, collaborative tagging, and media files shared on sites like YouTube and Flickr, have gained substantial popularity in online travelers' use of the internet (Gretzel et al, 2006).

4.3. Online SMEs Performance

Marketing from a SMEs point of view is a way to inform the customer about the firm, its products, and services; and create a maintain customer relationship (Gretzel et al, 2006). Thus, social media play a crucial role in implementing marketing in SMEs in order to sell their goods or services online besides to join and engage with customers. According to Aliyu et al, (2014), measures of performance can be seen from an objective perspective that is more about the financial assessment to organizational performance such as return on equity, return on asset, sales growth, evaluated in terms of employment level, firm size and strength in working capital as well as its profitability. As for this research, online SMEs performance is measured through sale growth or profitability.

4.4. Customer Engagement

Customer engagement is "a psychological state, which occurs by virtue of interactive customer experiences with a focal agent/object within specific service relationships" (Francesca et al, 2014).

Study by Neiger (2012), the main purpose of social media in business context is to engage people. Besides, study by Rantapelkonen (2010) engagement is the level of involvement, interaction, intimacy, and influence customers have with a brand over time. Travel agency also has the customer engagement to use their services. Furthermore, more than one third of online travelers are somewhat influenced by social media, with Facebook referring more than 15.2 million visitors to tourism websites in 2010. In addition, the proliferation of social media platforms has changed how organizations communicate with customers, thus allowing tourism service providers to pursue a variety of customer engagement strategies (Francesca et al, 2014). There are four pillar of social media strategy in order to engage customers which are communication, collaboration, education and entertainment (Safko, 2010).

(H1= there is significant between customer engagement and online SME performance)

4.5. Brand Reputation and Image

Social media can have a dramatic impact on a brand's reputation. One-third of survey participants posted opinions about products and brands on the brand's blog, and 36% thought more positively about companies that have blogs. As a result of many studies, it strongly relates to attitude and preference toward a brand or a product (Angella, 2012). Study by Afzalet al (2010), when a consumer accesses a corporation's web's site, the appearance, structure, land maintenance status all influence the consumer's perception of both the transaction experience and corporate image. Companies can utilize social media to increase their benevolence and trustworthiness which may ultimately result in better branding. Likewise, companies can have conversations with their customers through social media, which may result in a great amount of credibility among their customers.

(H2= there is significant between brand reputation and image with online SME performance)

4.6. Customer Brand Attitudes

Brand attitude are those feelings and thoughts that are attached to the brand when customer first think of it. Safko (2010) deliberates upon changes that need to be made when engaging in social media strategies, people need to change their attitude and challenge some of practices they have been observing for a long time. Marketers have invoked brand attitudes as an important concept related to consumer behaviour since the consumer-brand relationship was the last step in the building of brand equity as suggested by Fournier (1998). According to Aaker (2012), customer picks a brand hardly and harder than they keep that brand. As Cronin (2000) also said that customer attitudes seem to have a significant influence on this decision yet individual attitudes do not, by themselves, influence one's intention and/or behaviour. Therefore, brands succeed through applying, maintaining and increasing the use of them by customers.

(H3= there is significant between customer brand attitudes and online SME performance)

5. Research Model

The research adopts three factors that lead to the effectiveness of social media marketing towards online SMEs performance as shown in figure 1. The three factors which are the customer engagement,

brand reputation and image and customer brand attitudes that act as independent variables and online SMEs performance in Melaka as a dependent variable also known as an outcome.

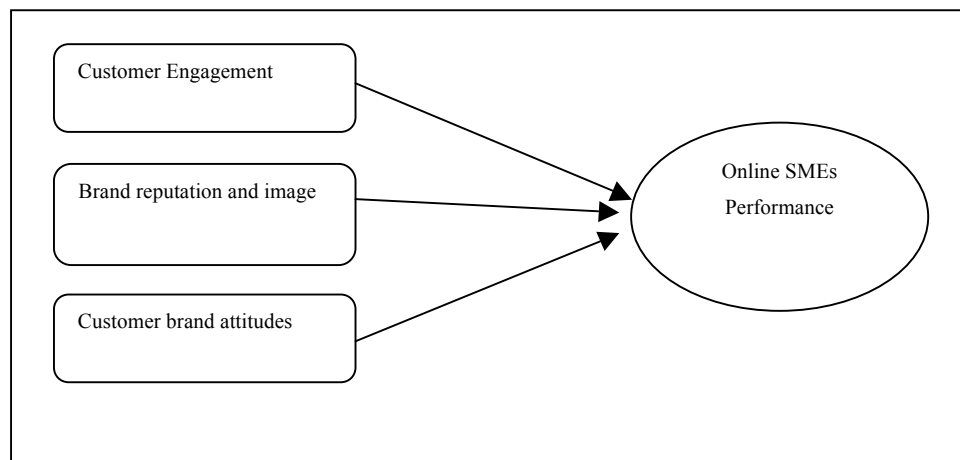


Fig. 1.Research Model.

6. Discussion and finding

A survey was conducted among the proprietor of online seller boutique and online organizations in Melaka. The aggregate respondents was 100. 70% females included in this study and whatever is left of 30% are male. 89% of respondents are Malay, 5% Chinese while 3% Indian. The 3% more is from others race. This analysis isolated into four gathering of ages. Respondents between ages 21-29 years gives the most elevated investment in this examination that is 70% respondents. Age beneath 20 years and between 30-39 years have the same result which are 13%. In the interim for age 40 years and beneath has contributed 4% for this study. Facebook and Instagram give the same results which are 46% each. There is 2% that chose blog. Same goes to the others online networking additionally 2% which they pick social bookmarking. Ultimately, 4% picked Website as their online networking commercial.

Table 1 demonstrates the Cronbach's Alpha for independent variables and dependent variables and the result for this research have been collected. The purpose for this test to check whether the data obtained is reliable or not. Base on the indicator this results shows excellent variable because the value is 0.944. The results shows that all the independent variable have a significant with dependent. All the alpha value is equal to 0.0000 less than 0.05, so this research accepted the entire hypothesis (H1, H2, H3). Based on Rule of thumbs the value of the correlation coefficient between independent variables and dependent variables shows that moderate relationship. The coefficient value range between 0.4 to 0.7. Table 2 shows the Multiple Regression Analysis (MRA). R value for this model summary is 0.692 which is good relationship. This means that the respondents are concern on the factors that influence the effectiveness of social media marketing towards online SME performance. R square is the proportion of variance in one variable associated with the variability in a second variable that shows of

0.479 from the result. It means 47.9% of independent variables studied in this contributed to the online SME performance and the other 52.1% are caused by indirect factors that are not study in this research.

Table 1.Reliability analysis.

Variables	Cronbach's Alpha	Result
Online SMEs Performance	Excellent	0.944
Customer Engagement	Excellent	0.944
Brand Reputation and Image	Excellent	0.944
Customer Brand Attitudes	Excellent	0.944

Table 2.Multiple Regression Analysis.

Model	R	R Square	Adjusted R Square	Std. Error of Estimate
1	.692	.479	.462	.40517

7. Conclusion

There are various approaches that have been used in finding answers of objectives stated in the research, such distributed questionnaires and as some of the methods used to analyze the data obtained by using validity and reliability analysis, correlation and multiple regression analysis.

As a conclusion, this research is about the factors influencing the effectiveness of social media marketing among online SME performance in Melaka. It can be concluded all the independent variables gives the moderate relationship. However, customer brand attitudes shows that the highest value of correlation which is 0.640 better than other factors. So this variable are the most significant contributed to the online SME performance. This study shows that, it might be the respondents more experience about customer attitudes. This study further confirmed by Emma McDonald (2003) which says that if brand awareness was increased by management the brand attitudes also increased. These things happen might be the respondents also concern about brand awareness. Study by Chae Jung-Suh and Youjae Yi (2006) said that, brand attitudes are influenced by customer satisfaction and loyalty. It shows, respondents are fulfilled and devotion toward online offers of products supplied by the Vendor.

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