INVESTIGATING ONLINE SOCIAL WEBSITES PORTAL AS MARKETING COMMUNICATION MEDIUM OF MALAYSIA LOCAL COSMETIC SMES

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ABSTRACT

Virtual communities are increasing in popularity and changing the way information is learned and shared by consumers. The present study investigates an increasingly popular approach to promote brands product at the internet: the use of social websites. The core purpose of this study was to determine the extent to which social websites such as facebook are being used by local cosmetics SMEs as a marketing communication media to create relationship and information-sharing with and amongst its customers and distributors. Content analysis was selected as the method for investigation for the local cosmetic SMEs with a social website account. Local cosmetics SMEs generally use the social websites as another means to exhibit their static information. There is a need for more social interaction with customers to overcome barriers to marketing their brand and products over the internet.

Keywords: Online marketing, social networking sites, facebook

1.0 Introduction

Today’s small businesses face an increasingly unstable marketplace rife with change. Dominating the changes in the macro environment are technological advances affecting telecommunications and information processing. The technology of the Internet has altered forever the market environment of small and mid-sized business operations (Foit, 1996). The Internet has revolutionized communication, allowing individuals and organizations to overcome geographical and time constraints (Harris & Rae, 2009). Marketing is probably one of the areas most affected due to the possibilities offered in online communications (Krishnamurthy, 2006; Krishnamurthy and Singh, 2005; Sheth and Arma, 2005). The internet provides leverage for small businesses because it has significantly reduced the cost of marketing, and created mechanisms whereby individuals can make use of other people’s connections to raise their own business profile in a systematic way through blogging and online networking (Harris et al., 2008).

Online marketing communications (OMC) has grown to be an important part of a company’s promotional mix (Adegoke, 2004). With the increased use of online tools and platforms, individuals can share their opinions, insights, experiences, and perspectives with each other through many different forms (e.g., text messages, images, audios, and videos) (Thevenot, 2007). With rapid changes in information technology, online activities are now performed via a new form of communication technology, known as ‘Web 2.0’ or
social media (Gretzel, Kang, & Lee, 2008). Social media has now created a shift in traditional marketing, allowing companies to create lasting relationships and one-on-one relationships, as opposed to a one-many relationship, for a very low cost (Gardhamer, 2010). Content generated in social media include a variety of new and emerging sources of online information that are created, initiated, circulated, and used by consumers with the intent of educating each other about products and services (Blackshaw & Nazzaro, 2006). Consumer-generated media content is therefore rapidly gaining popularity as part of the decision making process for purchases whereby consumer fans are inadvertently engaged in the promotion of a company’s brand, products and services (Britt, 2011). By using social media, consumers, have a profound influence on the economy and the businesses that operate within it. Online platforms such as social network sites allow users to establish interpersonal networks mainly because they provide them with communication tools (e.g., text, video, photos), and users are more capable of interacting and communicating with others (Qualman, 2009). Their potential to connect and interact with an extremely large cohort has obviously caught the attention of businesses and organisations around the globe as a means of communicating with, and learning about, their customers. Today’s best businesses and marketers are learning to profitably navigate this new landscape (Qualman, 2009).

2.0 Literature Review

2.1 Social Networking Sites

Social networking sites (SNSs) have been widely recognized as an important category of social media (Donath & Boyd, 2004; Harris & Rae, 2009; Lin & Lu 2011; Ulusu, 2010). SNSs are considered as the next great wave in technology, business, and social life (Donath & Boyd, 2004). Through these websites, users have opportunities to express themselves, exchange information and knowledge, establish social network ties, and even develop and maintain social relationships (Ellison, Steinfeld, & Lampe, 2007). Online social networks (OSNs) offer organisations direct access to a plethora of information about their networks of connections and provide the means by which to create two-way, business-to-consumer (B2C), information channels. Instead of traditional impersonal and one-direction advertising, organisations can establish a personal and two-way communication medium, by accepting members and having friends on these platforms (Hopkins, 2012).

Online social networking (OSNs) refers to: [. . .] web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system (Boyd and Ellison, 2007). Online social networks (OSNs) are internet sites that host and support a network of user profiles and relationships, where content can be exchanged, created and consumed between related registered users (Trusov et al., 2010). Their definition is based upon the sociological term concerned with the transfer of information between nodes to others (Kleinberg, 2008). Participating users join a network, publish their profile and any content, and create links to any other users with whom they associate. The resulting social network provides a basis for maintaining social relationships, for finding users with similar interests, and for locating content and knowledge that has been contributed or endorsed by other users (Mislove et al., 2007). The type of information shared on OSNs can influence the behaviour of users by making them aware of new options, and alternatives, or providing them with more information on existing options (Mayer, 2009). Advertisers see OSNs as a “representation of social interactions that can be used to study the propagation of ideas, social bond dynamics and viral marketing” (Huberman et al., 2009). Online social networking sites started as early as 1997 with “sixdegrees.com” (Cassidy, 2006), and they grew on. Notable among them are six degrees, Live Journal, Friendster, Linkedin, Hi5, MySpace, Orkut, Facebook, Yahoo!360, Twitter, etc. The recent
widespread advancement of digital media has seen these sites rapidly become vital platforms for interacting, communicating and sharing (Hart et al., 2008) to the point where they have become an everyday component in users’ lives (Choi, 2006).

Currently, Facebook is the world's most successful social networking website; it functions as a social entertainer for users, and further it is used as a marketing platform for companies (Lin & Lu, 2011). Facebook statistics show that as at October 2012, it active user has reached around 1 billion users.(Fowler,2012). The site’s users spend an average of six hours and 35 minutes per month on Facebook’s desktop site, posting 3.2 billion likes and comments every day(All Facebook, 2012). According to a research by eMarketer, ad revenues at the social networking giant will continue to rise in 2012.Revenues will reach $4.23 billion, up 34.1% over 2011, and eMarketer predicts revenue increases in the double digits to continue through 2014, when Facebook’s worldwide ad revenues will reach $6.81 billion. Facebook is no longer considered just a social network; it is considered a gold mine. It has become so popular as a marketing tool, that books and articles in prestigious magazines such as PC World, The Entrepreneur and TIME have articles like “Facebook Ads: Success Secrets from a Facebook Insider”, “How to market your Business with Facebook” and “Boosting Business with a Facebook Fan Page – Starting a Facebook” which are all helping companies maximize profit through using Facebook. Large and small businesses alike are using Facebook as part of their marketing strategy (Indrupati and Henari, (2012).)

A new phenomenon on Facebook, resulting from the social media revolution, is the emergence of numerous virtual brand communities such as brand fan pages. This form of online brand community is an effective tool for building relationships with consumers. If a participating organisation’s social media campaign is successful, its audience is likely to “spread viral videos, create additional brand-related content, tweet about the brand and post about their experiences on Facebook” (Hoffman and Fodor, 2010). A growing number of businesses are therefore interested in adopting Facebook and making it an indispensable part of hanging out their shingles. Companies have taken advantage of this platform as an important channel to communicate with customers as they have opportunities to build relationships with their consumers (Ulusu, 2010).

Some corporations have captured the strength of Facebook’s function of Fan Page because it can enhance brand attractiveness and attract consumers’ attention. Interaction through these pages is a way to tighten the relationships between fans and corporations, while also serving as a valued asset to transmit brand value (Qualman, 2009). The businesses can become friends with users, or users can indicate that they are a “fan” or “like” their business or brand, which creates a direct business-to-consumer information flow to a confirmed interested party.(Hopkin,2012). That line of communication can then be utilised for hypertargeting, the ability to deliver advertising content to specific interest-based segments in a network based upon details such as their interests and demographics (Urstadt, 2008), distributing information about new releases, offers or events to that user, appearing directly in their wall feed. These online communities can also be used to “share new ideas and debate issues” (Shepherd, 2011), where “instead of impersonal and one-direction advertising, companies can manage personal and two-way communication” by accepting members and having friends (Syed-Ahmed and Murphy, 2010).

Facebook was found to offer the business both direct and indirect value. Direct value, based upon the value of transactions, quantified by the increase in turnover experienced through connecting with new customers, and organizational growth; and the indirect value of word-of-mouth, positive recommendations and the relative influence that Facebook community members exert on each other, which enable valuable new insights to be made into their business ecosystem (Blanchard, 2011).
2.2 Small Business and Online Marketing

Developments in information technology have ceaselessly had profound marketing implications for small businesses. For small businesses, Martin and Matlay (2003), Fillis and Wagner (2005) and Bengtsson et al. (2007) found that Internet technologies can be used strategically to develop stronger links with customers. The Internet can allow firms to relate more effectively to customers (see Probaker, 2000; Phippen, 2004; Rowley, 2004). The size of small businesses enables them to be more adaptable and responsive to changing conditions than larger organizations and to further benefit from the speed and flexibility that the electronic environment offers (Arbore and Ordanini, 2006; Stockdale and Standing, 2004). Internet adoption for many small businesses is manifested in websites, which are viewed as providing the most value within an inherently marketing-driven context (Jones et al., 2003; Marcolin et al., 2005; Martin and Matlay, 2003; Pflughoef et al., 2003; Quinton and Harridge-March, 2003; Raymond, 2001; Rowley, 2004; Selltito et al., 2003; Sparkes and Thomas, 2001; Standing et al., 1998). The marketing function has been identified as a key driver of website adoption, with websites viewed as essential marketing tools (Datta et al., 2005; Evans and Mathur, 2005; Jones et al., 2003; Kierzowski et al., 1996; Marcolin et al., 2005; Martin and Matlay, 2003; Pflughoef et al., 2003; Phippen, 2004; Quinton and Harridge-March, 2003; Rowley, 2004; Selltito et al., 2003; Teo and Tan, 2002; Varadarajan and Yadav, 2002). A marketing orientation allows small business to use their websites to maintain a competitive advantage facilitating customer, market and technological intelligence among other benefits (Jones et al., 2003). Martin and Matlay (2003) have reported that small business websites were used strategically to develop stronger and more effective links with customers, with relevant online value propositions being key. Many small businesses initially adopt the Internet for business use as a tool for email and surfing the World Wide Web. However, website adoption takes this Internet adoption to a higher level, by requiring the small business to register a URL and develop a website which can be accessed by visitors, globally. This website adoption, in turn, will be at different levels at any particular point in time in terms of its sophistication and relevance to target customers.

There can be great opportunities for small businesses adopting Facebook as an additional sales channel or tool for leveraging new information about their market. A Facebook page is inexpensive and quick to set up, free to use, and there are no specialist web skills required in developing one, the structure is built by simply inserting text, content, links and pictures, etc. into the templates provided. Like some large organizations, many small businesses and new ventures have also set-up their company profiles and group profiles on Facebook or some such similar web sites. Small businesses are using it to find new customers, build online communities of fans, and dig into gold mines of demographic information (Pattison, 2009). These business pages will update their group’s members – “fans” or those who “liked” their page – on the company’s (or their group’s) activities, events and promotions by figuring in the individual’s newsfeed.

Industry figures indicate that Malaysians spend an average of 20 hours on the Internet each week, and there are 18 million Internet users in Malaysia today. According to a survey conducted by international firm TNS, Malaysian consumers were now spending more time on social networking sites and a Malaysian has an average of 233 friends in their social network. According to Nielsen Company reported that 94% of Malaysian online consumers are using social networks as a guide to shopping. It was also found that Malaysians spent MYR 1.8 billion on online purchases back in 2010. Malaysian consumers are changing their shopping habits and are becoming more price-conscious, especially during a downturn, they're spending more time online researching purchases and finding good deals.
A recent SME survey by the Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM, 2012), only 28% out of 965 survey Malaysian small-medium enterprises respondents has e-commerce as part of their core business strategy. On top of that, the ACCCIM survey has shown that 36% of the small-medium enterprises have a public profile on social networking websites. To stay competitive, Malaysian SMEs are going to have to invest more in developing their online business presence.

2.3 Social Networking Sites attributes and relationship cultivation

Social media provide a variety of ways for users to become involved with organizations. Through interactions with stakeholders on Facebook and other social media applications, organizations seek to develop relationships with important publics. Kent and Taylor (1998) introduced the subject of online relationship development to public relations, and many have advocated for organizations to implement strategic virtual communication strategies to cultivate relationships with key stakeholders. Kelleher (2006) encouraged practitioners to use the Internet and social networking sites to advocate for their organizations and causes; however, the practitioners should be transparent in their online communication activities. For full disclosure, organizations must make sure to provide a detailed description of the organization and its history, use hyperlinks to connect to the organization’s web site, provide logos and visual cues to establish the connection, and list the individuals who are responsible for maintaining the social networking site profile (Berman, Abraham, Battino, Shipnuck, & Neus, 2007). In an empirical study Wolfinbarger and Gilly (2003) identified the dimensions of web site design (usability, information availability, product selection, and appropriate personalization), fulfillment/reliability, customer service, and privacy/security (Wolfinbarger and Gilly, 2003). These factors provide a competitive edge to retailers who are sensitive to goal-focused shoppers on their web sites. Demangeot and Broderick (2010) provide corroborating evidence that web site design, in the form of usability and information availability, are key factors for online retailers. Customer service, in the form of post-sales service, emerges in a study by Liang and Lai (2002) and web site privacy and security emerge in numerous studies as having impact on online patronage outcomes (Hahn and Kim, 2009; Kaul et al., 2010; Zhou and Tian, 2010).

Taylor, Kent, and White (2001) stress that web sites should be useful for the stakeholders. The usefulness of social networking site profiles often focuses on the information that is being distributed (Crespo, 2007). The most common forms of message dissemination include posting links to external news items about the organization or its causes; posting photographs, video, or audio files from the organization and its supporters; and using the message board or discussion wall to post-anouncements and answer questions (Carrera et al., 2008). Including press releases and campaign summaries on their social networking sites should also be encouraged to maximize the impact of their presence on social networking sites.

Finally, interactivity plays an important role in developing relationships online with stakeholders. Jo and Kim (2003) found that interactivity was essential if organizations were to develop relationships with their stakeholders.

Given the discussion of these three strategies and their relevance to social networking sites, the research question was created:

**RQ.** How are local Malaysian Cosmetic SMEs incorporating relationship development strategies in marketing their products in their Facebook profiles?
3. Methodology

To determine how local cosmetics SMEs organizations in Malaysia were using Facebook, a content analysis of 15 purposively selected organizations’ profiles was conducted. The organization was referred from their commercial advertisement in Mingguan Wanita, a local weekly women magazine, with a weekly circulation of 160,000 copies, in which their account in facebook were indicated through their advertisement. Various researchers have identified content analysis as relevant to Website enquiry that assesses tools and applications (Ghose and Dou, 1998; Perry and Bodkin, 2000).

Prior to coding, the research team reviewed trade publications and scholarly literature on how organizations used the Internet and social networking sites to advance their organizations. The researchers created a list of items expected to be present.

The profiles were evaluated for the presence of items representing organizational disclosure, information dissemination, and involvement. For disclosure, the research team determined whether the following items were present: a description of the organization’s background, contact and location, an organizational history, the mission statement, the organization’s web site, the logo, and a listing of the administrators of the profile. Information dissemination was evaluated by determining whether links to news items, photographs, video and audio files, posted announcements, and links to press releases and campaign/sales promotions were posted. Providing methods to contact the organization was an example of the items used to measure involvement along with the use of message boards, provision of an organizational calendar of events, and the presence of an e-commerce store.

Additionally, information about the organization’s profile, such as the number of friends, the number of files (photographs, video, audio), and how often the discussion boards are used, were collected.

4. Results

The sample in this study are fifteen locally based cosmetic companies that produces or retail local cosmetics. Distributors of international cosmetics or multinational companies with local distributors were not chosen. The sampled organizations have support that varies from a high of 33,074 likes to a low of four of their facebook profile.

The research question sought is to determine how the local cosmetics SMEs on Facebook implemented disclosure, information dissemination, and involvement into their social networking site profiles. The Facebook page of the organizations was limited to simply general information about the company, their product range, and a link to their company web site. All of the organizations provide logos and the brand of either the company or the product.. Only 87% of the organizations linked back to their Web site from their Facebook profile and provide organization description, inclusive of company address and contact number. 67% listed the administrators of their Facebook profiles and provided generic emails (e.g organization emails). Only one (6%) of organizations provided a history of the organization and four (27%) of the SMEs provided the mission statement of the organization.

47% of the SMEs use Facebook to distribute organizational news. The most often used message dissemination strategy was to use the discussion boards on Facebook (93%). 93% of the SMEs posted photographs and product descriptions and advertisement on their profiles. Most of the photos are about the products, company activities and also on beauty and health tips. Administrators of the organization’s
profile regularly contribute suggestions and beauty advice, and generally join in the conversation, as well as answering product and customer service questions that might also be posted via Facebook. In order to engage with customers, administrators also posted “open-end questions” on current events or beauty concerns to gauge comments from the customers.

47% of the organizations provided links to external news stories. Though 47% of the organizations posted news announcements on their Facebook profiles, very few took advantage of the multimedia capabilities of the Internet. About one third (33%) uploaded video files to their profiles, mostly concerning on product commercials and excerpts from morning talk shows (e.g., Selamat Pagi Malaysia, Nasi Lemak Kopi O, Wanita Hari Ini) where the entrepreneurs were invited to promote their products on televisyen and none uploaded any kinds of audio files. Organizations rigourously used the message board to publicize their public relations efforts—about 80% provided summaries of their promotional campaigns, social activities with customers and company activities and 47% posted organizational press releases to their profiles.

Organizations provided more photographs than any other strategy, but they also had multiple discussion board topics, posted announcements, and videos files. Examining the discussion boards, it is important to note that of the organizations that use this strategy, more than half (60%) did not use the discussion board within the past month. Only 40% of the organization are active user, posting updates regularly two or three days weekly. It was found that 93% of the SMEs was very responsive to their customers enquiries and comments. The message board was also used by the organizations to discuss general health and beauty tips. About 20% of the organizations uses supporting facebook applications to tessiminate more beauty and health tips and in-depth description of their products. Other information provided in the notes were about how to become an agent or distributors and methods for payments. 20% of the SMEs also uses the interface with Google Map to show the location of their organization premises. Only one(6%) of the organization uses the instagram application for their photos.

The organizations in the sample did not provide many methods for their customers to become more involved in the organization. The most common strategy used to involve the consumers was providing e-mail addresses to organizational representatives (87%). Of the 10 organizations that provided an e-mail address, 30% provided the address of a named organizational representative while the remaining 70% provided a generic e-mail address, such as facebookaccount@facebook.com.

5. Discussion

By analyzing the content of nonprofit local cosmetics SMEs Facebook profiles, this study found that these SMEs have not incorporated the vast majority of the Facebook applications available to them into their social networking presence. Examining the 15 local cosmetic companies profiles for incorporation of disclosure, information dissemination, and involvement revealed that information dissemination and involvement were the most often used strategy. The components of disclosure, overall were largely ignored by the organizations by disclosing minimal information about their organizations. Only company addresses, contact numbers, websites address were disclosed with a very brief description about the nature of their business.

These findings parallel earlier studies on how public relations practitioners viewed the Internet and its impact on relationship building. Hill and White (2000) found that even though practitioners recognized the value of the Internet for helping improve an organization’s competitiveness and image, they were skeptical about its ability to advance the organization. The
current results seem to reflect this belief. SMEs recognized the rapid expansion of the social networking phenomenon, and they wanted to be on Facebook. However, they were not taking advantage of all the options the site had to offer to their relationship cultivation efforts.

Results indicate that the SMEs are not very transparent in disclosure by providing only basic information about their organization and what they sought to accomplish. However, they have taken advantage of the interactive nature of social networking, though not utilizing most of the application provided by Facebook. They provide information in forms of external links to news stories, photographs, videos and discussion board posts, and they only attempted to get interested parties involved by providing them with a contact e-mail address and organization websites to obtain more information.

Since social networking on Facebook is a new phenomenon for organizations, few handbooks exist to guide SMEs on how to use the sites. Instead, they are learning through active participation on the site—an overwhelming task for organizations without a solid understanding of the site. Several applications have been created by Facebook and outside programmers that are designed to help organizations with their marketing and relationship cultivation efforts. SMes should utilized other applications such as notes, events, utilities applications, lifestyle applications etc. These applications, give organizations the opportunity to send informational messages to their customers. Organizations must strive to make their sites more interactive. Most SMEs lack the resources or time to provide constant attention to a Facebook page. Creating a profile and then abandoning it will create only minimal exposure for the organization, and it could turn off potential customers if they witness inactivity on the site.

Social networking sites can be an effective way to reach stakeholder groups if organizations understand how their stakeholders use the sites. Results from this study show that local cosmetics SMEs are beginning to experiment with different Facebook offerings. As social networking sites become more ingrained in daily life, they will soon see a more diverse audience in terms of age, culture and socio-economic status. Then, the SMES will need to begin using more social networking applications social networking to meet the growing needs and expectations of their stakeholders.

6. Conclusion

SMEs have been exploring the interactive elements of social networking and experiencing benefits for their organizations. This study found that although local cosmetic SMEs are informative and interactive with their Facebook profiles, they are not using the sites to their full potential to market and inform others and get them involved with their activities. Though the findings indicate that the local cosmetics SMEs need to do more to enhance their disclosure strategies, it should be noted that only 15 local cosmetics SMEs were examined. Additionally, this study only examined Facebook. It did not examine other popular social networking sites, such as Twitter, MySpace, Bebo, Hi5, or Friendster.

Finally, the most important limitation that this study faced was in assessing the effectiveness of Facebook as a relationship building tool as little research has been published on social networking sites. Therefore, the concepts measured in this study were largely generated from trade publications and practitioner-oriented blogs rather than theoretical constructs though they represent strategies discussed in previous research (Kent & Taylor, 1998).

These limitations do not undermine the importance of the research, but they give ideas for future research. Longitudinal studies could offer insights into how organizations change their social networking strategies.
over time, and case studies should be conducted to help offer insights for other organizations based on efforts that have both

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