

Effect of Different Social Media Interaction Factors on Promoting SMEs in Kurdistan

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Abstract Social media has been considered to have major changes to the strategies and tools used by business organizations to communicate with potential customers. Merely because it connects millions of user together in an easy and simple way. Although, there are many types of social media which are used to endorse business, Facebook has been noticeably used for this purpose by many corporations because it needs limited financial resources and little experience in the IT field. In Kurdistan, many businesses started to use Facebook to be the main tool for marketing and E-Commerce. Therefore, this paper inspects the role of Facebook pages in promoting Small and Medium Enterprises (SMEs) in Kurdistan. The paper compares 200 organisations that have business page with 200 organisations that do not have one. Thus, it explores if Facebook has achieved its role as target-oriented advertising campaigns or not. Moreover, these pages have been examined to conclude the factors that make some of these business accounts to have better business profit than others. Depending on these factors, a software is designed to help organisations develop their page and know the percentage of success of their pages as a marketing tool.

Keywords Marketing Tools, Social media, Facebook, E-Commerce.

I. INTRODUCTION

In the past three years, large business companies started to use social media as a marketing tool and business development. Yet, for SMEs, the use of social media in business is still at its early stages. Nevertheless, the relation between resources generated from the social media sites and business performance is mostly unexploited. In addition, there are limited studies on the strategic use of social media in marketing for small businesses [3]. Additionally, social media can be employed to identify new business opportunities and new product ideas, to deepen relationships with customers and to enhance collaboration not only inside but also between companies and other parties [1]. In business, social media has opened many new opportunities for the business-to-business sector. This is because the structure and the way of communication, interaction, learning and cooperation that make it easier for these businesses to exchange their benefit[4]. McKinsey [5], has found that using social media in business can bring significant benefits to companies. He stated that the social media improved the business to increase the number of successful innovations by 20%, reduce the time to market by 10%, increase in revenue by 15%, and increase the speed to access external knowledge and

experts by 30%. For example in Malaysia most of large business corporations use social media as a marketing tool. However, only 20% of SMEs use social media for this purpose [2].

Based on the above discussion, this paper is to explore the impact and factors in using social media (in this case Facebook) to promote SMEs business in Kurdistan. For this purpose, an application is developed to help business establishments to determine the impact of their Facebook's business account in promoting their business. Also, provide them with suggestions to take the advantage of using Facebook as marketing tool to boost their business revenue.

II. LITERATURE REVIEW

There is not many academic research related to the use of social media in business. Although, there are many business opportunities for SMEs in Kurdistan, yet, there is no research or study regarding the use of social media to promote these businesses. The existing worldwide researches were covering business on web and the existing social media in general and not just Facebook. That is why the literature review will cover the studies that covers using social media as type of prompting and marking business on the web.

Shahizan et al [2], proposed a strategy for using social media as a marketing tool for small business. It based on the Attention, Interest, Desire, and Action (AIDA) model. Although, the AIDA model is applied commonly for online marketing strategy, but its applicability for social media remains unknown. To gather data, they used focus group discussion that involved twenty-two small business entrepreneurs. The finding shows that the model can indeed be applied in strategizing the use of social media for marketing purposes. The proposed strategy serves as a guideline for small business entrepreneurs to use social media for marketing. Mangold and Faulds [6] declared that social media tools combine both of the traditional Integrated Marketing Communications tools (IMC) (business organizations communicate with the users) with word of mouth marketing (users communicate with each other) in which marketing managers cannot control the content of some information. On another context, interaction in social media is much more attractive form in which information can be presented in various forms such as the sharing of experiences, jokes, videos, and

comments from friends. Forums for sharing information and experiences can shape consumer perceptions of the product or service offered by business organizations. The information can be delivered quickly and thus impact product performance and branding [9]. Meanwhile, Mircea and Daniela [7] reviewed the impact of social media on business, depended on the examination of the relevant literature in the field. John and Weifang [8], stated that many firms have begun using the online user innovation communities (OUICs) for open innovation initiatives. By using data set involved 1676 firm from Dell and Starbucks they found that OUIC-enabled ideation capability actually does not influence firm value, whereas OUIC enabled implementation capability increases firm value.

III. RESEARCH METHODOLOGY

Both qualitative and quantitative approach have been used in this research to gain statistical result for our study. A practical of two stages started. The research was conducted for the assessment period between 1/1/2014 to 15/6/2015. Many types of SMEs have been considered in this research such as: house gadget, beauty salon, cosmetic, boutique, wedding accessories, kid clothes and accessories, advertising and printing, photography service, bakery, batik clothing, and carpenters. Figure 1 shows the practical stages carried out in information collection, modelling and analysing for the effect of Facebook in Kurdistan ecommerce development.

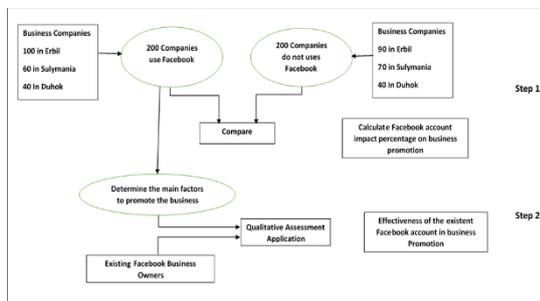


Figure 1 practical stages of the research

In the first practical stage, nearly 600 Facebook account were investigated to select 200 of them. The selection criteria included factors such as company existence, having more than 50 likes, contact number inclusion and being active and interactive with users and the local are (city) of these accounts. Eventually, there were 100 companies in Hawler, 60 in Suliamania, and 40 in Dohok chosen based on the given criteria. In the same time, 200 companies were selected which don't use Facebook account 90 companies in Hawler, 70 in Suliamania, and 40 in Dohok.

Phone calls, visiting work place and interviews were made to acquire more information. A detailed assessment has been done between these companies to enrich the research and to decide if using their Facebook business account in marketing increased the business earnings or not. A specific questionnaire was designed and distributed on these 400 companies. The owner form had 20 questions in 3 languages (Arabic, English, Kurdish) to insure national and international companies inclusion.

One the other hand, another form was distributed among potential customers to determine the factors which helps attracting them to certain pages.

In the second practical stage, the selected 200 business Facebook pages were analysed to determine the main factors for owners to effectively engage with potential customer for better business promotion. Their pages were observed to conclude the factors that really affect in their sales and increase the customer interaction. These factors such as interacting with people's comment, provide location map, full business contact details, web site link, uploading video and pictures of their products. After exploring the business pages and analysis the questionnaire, a software in java was developed as shows in Figure 2.



Figure 2. Select language window

The software ask the business owners to answer the questions to calculate the potential success percentage in promoting their business based on the factors determined earlier. Figure 3 shows the application interface for the designated questions in Kurdish language.



Figure 3. The application interface for the questions in Kurdish language

IV. RESULT AND DISCUSSION

This study was initiated between 1/1/2014 to 1/6/2015, where the researchers joined nearly 700 Facebook pages and groups which were business accounts. These pages had to be visited daily to find if the number of customers and followers are

increasing or decreasing. It was very important to be aware of every post and changes that been made to the pages. Every account was inspected to discover the factors that make some of them effective more than other accounts. After investigating all these accounts, we found out the following are the most important factors that will make the Facebook page more attractive to customers and have more visitor as a result more customer and profit. We can conclude outcome as following:

Having full business details: It was found out that some establishment created Facebook accounts with their officially registered business establishment names, while others used the owner name instead. This limited the popularity of using the page because customers usually search Facebook for business name rather than the owner name. Mainly, there were 65% of the business pages which does not use the name of the business establishment as the Facebook account. The main impact of listing the page information instead of owner name, have made the customers trust the page and contact them for more details. Information such as address, phone number and website were very helpful to attract more customers. Owners of the business page can add their official web link to lead the customers for more shopping options and various method of payment which is not available with Facebook. Eventually, through the business details analysis, it was found that the most enlisted information was the business contact number (70%), while just (7%) announced their official website on their page.

Virtual material: most of the pages advertise their product in Facebook by putting pictures and short videos of their products. It was noticed that 70% of successful pages have lots of pictures of their products supported with short demo video. Successful facebook page means the business people gain customers via his facebook page. Nonetheless, some of these pictures did not reflect the actual product but were taken from the internet. There were various explanations behind this behavior. As an example, 40% of hair dresser saloons used internet based pictures due to cultural reasons, while others had different reasons such as giving a message that the establishment can produce these types of products too. As a result, using and updating product picture or using them as profile or page cover photo will help attract customers to the commercial page more quickly.

Offers and advertising cost in the pages: nearly 90% of the Facebook accounts of SMEs do not announce their product price. The main owners claim is that these information are confidential. Meanwhile, others (40%) show their awareness of the importance of enlisting the product price while not doing so. There main reason was that some of their competitors might sell the same product at a lower price if their price is public. While, others mentioned that the prices are changeable and in some case the prices might not be update periodically on their pages.

On the other hand, the study found that declaring special offers on Facebook pages can increase the selling products up to 60%. In addition, it was found that the number of customers who visit the enterprise increases whenever a discount was announced. However, it was also found that 35% of business pages do not use this special offer facility.

Customer Interaction (Like and comment): while inspecting some of the business pages it was notice that some of

them do not interact with customer's questions. Most of customer comments were questions about the prices, the material used in the product, the delivery dates and comment of their experience with business itself. It was found that pages having more interactions with customers with comments and likes are the most attractive. These pages tends to attract more customers by asking them to like their page when an efficient interaction and useful information is provided. This method is very important for these businesses as pages with more likes will more likely appear in Google or Facebook search results when customer searches for specific product. Figure 4 shows the percentage of the above aspects that may affect the SME to have more successful Facebook business page.

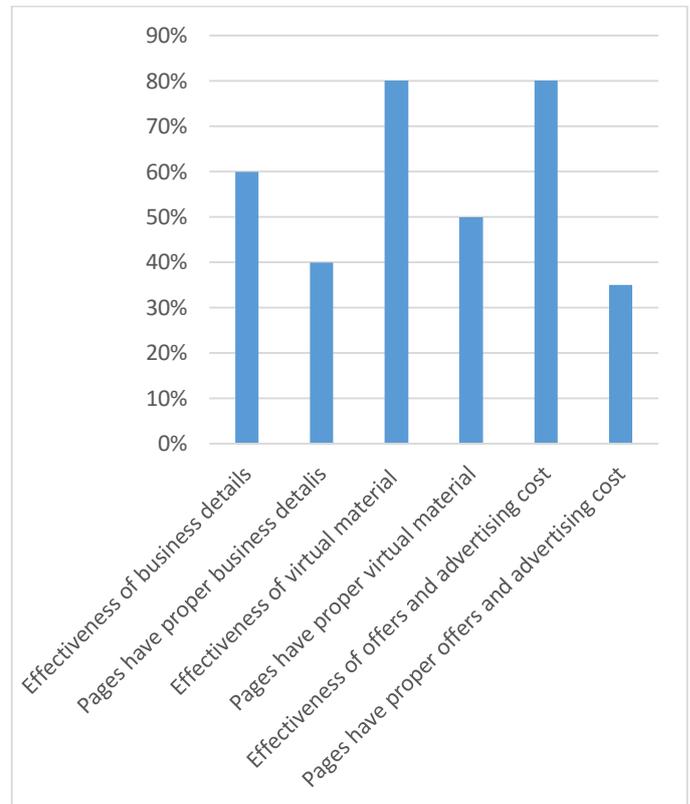


Figure 4 The Effectiveness aspects in Facebook business page

V. CONCLUSION

This study was conducted for 18 months to inspect the effectiveness of using Facebook by MSE. The results were obtained from interviews, questionnaire distributed among 200 Facebook business page owners and the user who tested the software. After analysis these information and category them we concluded our result. In this study, it was found that most of small and medium enterprises in Kurdistan (about 70%) use social media for marketing and advertising because it is cost effective and fast approach to promote their product online. It is an influential way to reach many people as long as they have an efficient interaction with customers. To take the most advantage of Facebook in this issue and to increase the consumers, business page owner should take under consideration some crucial factors, which can help their business growth. Embrace all

details about the business in business details pane is very important for consumers to trust and know the business better. These details should include contact numbers, website, office hours and map to direct the consumer to the enterprise's place. Posting product pictures and videos can achieve a fastest way to sell the products online. Putting under consideration, if the product comes with different colours and sizes the business should post them all. Moreover, it was found that interacting with costumers comments and provide them with efficient feedback will boost the process of selling the products. Finally, if the company has any offers or discount, it should post them immediately to attract more customers. It is also a good idea to mention their Facebook page on their business card since customers usually forget what they hear more than what they see.

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