



Decision Making Process of SMEs for Using Social Media Marketing in Industrial Revolution 4.0

Adhania Andika Prayudanti ^{a*}, Devi Urianty Miftahul Rohmah ^b

^a Master Program of Agroindustrial Technology, Faculty Of Agricultural Technology, Universitas Brawijaya, Indonesia.

^b Agroindustrial Technology, Faculty of Sains and Technology, Universitas Darussalam Gontor, Indonesia

ARTICLE INFORMATION

ABSTRACT

Article history:

Received date: 8 August 2018

Revised date: 8 September 2018

Accepted date: 22 September 2018

Keywords: digital era; industrial revolution4.0; SMEs; social media marketing

Digital era is a characteristic of Industrial Revolution 4.0 that influence towards all aspect of human life. Social media marketing is considered to be one of the technologies in the digital era that can facilitate SMEs to do business activities especially marketing activities, customer relationship, promotion, and innovation. The importance of social media marketing in digital era that its technology easy to use and need low cost. It can be applied in our smartphone, can effectively communicate with customer for promotion and branding. The aim of this paper is to define whether SMEs urgently need social media marketing in industrial revolution 4.0. This paper will review the aspects that can be motivate and disruptions of SMEs using social media marketing. The advantage of social media marketing is one of the case that can motivate SMEs using social media marketing. Meanwhile the trust and lack of the ability to using social media marketing can be disruption.

2018 FEB UPNVJT. All rights reserved

* Corresponding author.

E-mail address: adhaniaandika@gmail.com

INTRODUCTION

At present, the industrial revolution is experiencing a peak with the emergence of digital technology that will have implications for human life. The industrial revolution will have an impact on the absorption of labor which is increasingly diminishing, because all aspects of activities will be carried out digitally. This industrial revolution is known as the Industrial Revolution 4.0.

The fourth Industrial Revolution era was marked by artificial intelligence, super computers, genetic engineering, nanotechnology, and innovation (Satya, 2018). This industry change must be addressed wisely and fully prepared by SMEs. SMEs must have the ability to apply technologies that will develop in the industrial revolution era 4.0. It will be very easy for millennials who are SMEs actors also to follow this change, because they have indeed lived in the digital age. Whereas for some SMEs actors who lived before the digital era, they will need effort to learn and keep up with technology in the industrial revolution 4.0 era.

Social Media Marketing

The industrial revolution 4.0 that is going on will make internet technology in the digital era become increasingly important in all aspects of business activities and create competitive advantage among business actors (Leeflang et al., 2014). This will make changes in the behavior of SMEs in viewing technology as a mechanism that makes it easier for them to run businesses, especially marketing. Social Media Marketing is considered as an application that is able to contribute to marketing goals, especially aspects related to consumers such as, communication, and customer relationship (Filo et al., 2015; Saxena and Khanna, 2013); brand identity (Leeflang et al., 2014; Filo et al., 2015; Schultz and Peltier, 2013); advertising (Duffet, 2015).

LITERATURE REVIEW

Advantage and Disadvantage of Social Media Marketing

Social media marketing is a new trend and the rapidly growing way of marketing because it can easily reach targeted customers. Through social media SMEs can promote their companies and products. Social media marketing is one of the

application that is often to be used and it can spend a lot of time. Therefore, information about the advantages and disadvantages of social media needs to be known first.

Advantage of social media marketing.

Social media applications have observed as one of the application that can provide the most efficient and influential implications in many aspects people's lives (ie social life, commercial life, business life, education sector, political life) (Alalwan et al., 2016a; Algharabat et al., 2017; Hawkins and Vel, 2013; Zhu and Chen, 2015). Social media services are able to facilitate the sharing of interests, creativity and hobbies of everyone (Zhu and Chen, 2015). By modern business, social media is considered a promising platform for promotion activities to communicate effectively with targeted customers (Kohli et al., 2015).

The main advantage of social media marketing is can reduce costs and increase marketing networking. The cost of social media platforms is usually lower than traditional marketing platforms such as face-to-face sellers or intermediaries or distributors (Nadaraja and Yazdanifard, 2013). Through social media marketing companies easily attract more consumers specially those real contributors and engaging them into discussions which helps to bring more innovation in products according to consumer demands (Ali et al., 2016).

Social media marketing is among the 'best opportunities available' to a brand for connecting with prospective consumers (Nadaraja and Yazdanifard, 2013). People use social media to share their experiences, reviews, information, advice, warnings, tips and/or any kind of issues that are interesting to their "connection" or friends. That information can influence consumer's decision-making. Most of studies showed that people use information on social media as the guideline for their future purchase or planning their future trip. Also, social media is used as an advertising for the marketer to create marketing strategy, which in turn could help them gain more customers (Priyanka, 2013).

The use of social media in companies can provide benefits such as improvement brand value (Hudson, Huang, Roth, & Madden, 2016; Nisar &

Whitehead, 2016); sales growth (Kumar et al, 2013); e-commerce and social trade (Hajli, 2014); customer trust and attachment (Zhang et al., 2017); innovation and new products development (Roberts & Candi, 2014); sharing knowledge (Munar & Jacobsen, 2014); CRM, customer relationship management, (Rosman & Stuhura, 2013).

Disadvantage of social media marketing.

Based on the study of Drahošová and Balco (2016), disadvantages of the use social media marketing include internet addiction, lack of security, information overload, loss of social contacts, which is internet addiction is the main disadvantage. When using social media, marketers must regularly monitor the use of their trademarks and copyrights, either through third-party outlets or the company's own social media platform. Because the capacity of social media can also facilitate third party abuse of trademarks and business copyrights (Steinman & Hawkins, 2010). Using social media marketing to promote brands, products or services also involves issues of trust, privacy and data security. This is important for companies to take appropriate measures to minimize their risk to obligations related to the collection, use and maintenance of personal data (Nadaraja & Yazdanifard, 2013).

METHOD

This paper is a literature research which reviews based on previous research literature related to social media marketing.

RESULTS

Social Media Marketing and Organizational Learning

One part of the research conducted by Prayudanti (2018) is to analyze the relationship between organizational learning and three indicators: knowledge acquisition, information sharing, and organizational networks. Where the three indicators are related to the use of social media marketing. Organizational networks are the most important indicator for organizational learning variables. The reluctance of SMEs to attend exhibitions or training causes a lack of new information, relationships, and knowledge that is beneficial for SMEs. Social media is closely related to information, so the use of social media marketing to find information about new products, consumers,

or even new idea is important. Therefore need more learning related to the use of social media marketing in SMEs.

Social Media Marketing And Competitive Advantage

Research conducted by Singla and Apoorv Durga (2015), propose the research model. This model proposes that the three categories (organization, processes, people and technology), along with 14 variables together describe the factors required by any organization to be able to implement social media. These factors together ensure successful usage of social media within the organizations and in turn provide sustained competitive advantage to organizations. Those variables have an impact on social media usage (intervening variable), which in turn impacts Competitive Advantage.

Based on the research, there are variables (organization and business: strategy and vision; governance; measurement; process, policies, and procedures; scope; management support), (people: expertise; training; culture), and (technology: cloud; security; usability; architecture and infrastructure; mobile readiness) that must be considered in achieving a social media marketing so competitive advantage can be achieved.

Social Media Marketing and Marketing Innovation

Based on Prayudanti (2018), marketing innovation variables were measured through 5 statement items including effective sales, promotional speed, low-cost promotion, development of promotional methods and tools, and renewal of sales techniques. Marketing innovation conducted by SMEs has gone well. SMEs are actively promoting and selling through social media marketing such as Instagram and Facebook. Promotional speed has the highest average value. This shows that SMEs have been very good at promoting quickly.

From the results of the study it can be seen that SMEs have used social media marketing in their marketing innovations. SMEs are aware and can feel the benefits of using social media marketing in their businesses. Thus it can be seen that the use of social media marketing is one form of marketing innovation that is needed in this digital era

Social Media Marketing and Industrial Revolution 4.0

In industrial revolution 4.0, orientation of users of social networks has changes. Therefore social networks have become increasingly popular marketing program for the company. There is a lot of material on methods of promoting goods and services through social media marketing, which quickly changed and improved.

Wang at al. (2016) claim that an enterprise applying Industry 4.0 is better at meeting customer needs in terms of product functionality, quality and service life, which makes the enterprise more competitive.

Based on Shkurupskaya and Litovchenko (2016), in connection with the transition to a new economic paradigm in Industry 4.0 there are fundamental changes in the marketing activities of modern companies, (2 of 6 result in this research):

- Accelerating the spread of commercial communications through the use of new technological possibilities of marketing communications channels;

- The transition to a new type of competition, which is relatively "equalizes" the possibility of leading international industrial corporations and small businesses through the use of "social" communication channels, and to demonstrate how new technological envelope provided goods and services;

Based on this, the use of social media marketing in the industrial revolution 4.0 era is very important, this is because consumers have also turned to social networks as a place to meet their needs.

DISCUSSION

Based on a review from previous research and citation of some literatures, it can be seen that there are several subject that can make SMEs to use social media marketing. But there are some subject that can be an obstacle for SMEs in applying social media marketing. The subject that can motivate SMEs to use social media marketing must be related to the benefits gained from social media marketing, while the problem that can be an obstacle for SMEs to apply social media marketing must be related to the disadvantage of social media marketing.

The benefits derived from social media marketing such as improvement brand value

(Hudson, Huang, Roth, & Madden, 2016; Nisar & Whitehead, 2016) can help SMEs in improving brand innovation; sales growth can increase sales performance of SMEs (Kumar et al, 2013), advertising can help SMEs to gain more customers (Priyanka, 2013). The impact of social media marketing can improve SMEs performance.

Other considerations that can become obstacles to SMEs applying the social media marketing are the problem of trust, and internet addicting. Customer's trust in products which is sell through social media marketing will affect SMEs considering the use of social media marketing. Not a few customers who still prefer to buy through face to face and see the goods directly.

CONCLUSION

In this industrial revolution 4.0 era which also known as digital era, because most of activity especially for industry already use social network as their tool to promote, sell, meet their customers as social media marketing. Based on previous research, SMESs need more learning related to the use of social media marketing, social media marketing can improve competitive advantage of industry, the use of social media marketing for SMEs is one form of marketing innovation that is needed in this digital era, and the use of social media marketing in the industrial revolution 4.0 era is very important because consumers have also turned to social networks as a place to meet their needs.

There are obstacles and benefits that SMEs face to use social media marketing. The main obstacle to SMEs applying the social media marketing is the problem of consumers trust. More research is needed on how to overcome obstacles from using social media marketing to SMEs, especially about consumer trust. However, SMEs urgently need use social media marketing in their business.

REFERENCES

- Alalwan, A., Rana, N., Algharabat, R. and Tarhini, A. (2016a). A Systematic Review of Extant Literature in Social Media in the Marketing Perspective. The 15th IFIP Conference on e-Business, e-Services and e-Society on Social Media: The Good, the Bad, and the Ugly, Swansea, UK.
- Algharabat, R., Alalwan, A.A., Rana, N.P., Dwivedi, Y.K. (2017). Three dimensional

- product presentation quality antecedents and their consequences for online retailers. *The moderating role of virtual product experience*. *J. Retail. Consum. Serv.* 36, 203–217.
- Chang, Y.T., Yu, H., Lu, H.P. (2015). Persuasive Messages, Popularity Cohesion, and Message Diffusion in Social Media Marketing. *Journal Business Res.* 68 (4), 777–782.
- Drahošová, M., Balco, P. (2016). The Analysis of Advantages and Disadvantages of Use of Social Media in European Union. *Procedia Computer Science* 109C (2017) 1005–1009
- Duffett, R.G. (2015). Facebook Advertising's Influence on Intention-to-Purchase and Purchase Amongst Millennials. *Internet Res.* 25 (4), 498–526.
- Filo, K., Lock, D., Karg, A. (2015). Sport and social media research: a review. *Sport Manage. Rev.* 18 (2), 166–181.
- Hawkins, K., Vel, P. (2013). Attitudinal Loyalty, Behavioural Loyalty and Social Media: An Introspection. *Market. Rev.* 13 (2), 125–141.
- Jung, J., Shim, S.W., Jin, H.S., Khang, H., (2016). Factors Affecting Attitudes and Behavioural Intention towards Social Networking Advertising: A Case of Facebook Users in South Korea. *International Journal Adv.* 35 (2), 248–265.
- Kohli, C., Suri, R., Kapoor, A. (2015). Will Social Media Kill Branding? *Business Horizons*, 58 (1), 35–44.
- Kumar, V., Bhaskaran, V., Mirchandani, R., & Shah, M. (2013). Practice Prize Winner Creating A Measurable Social Media Marketing Strategy: Increasing The Value And ROI Of Intangibles And Tangibles For Hokey Pokey. *Marketing Science*, 32(2), 194e212.
- Lee, J., Kim, S., and Ham, C. D. (2016). A Double-Edged Sword? Predicting Consumers' Attitudes Toward and Sharing Intention of Native Advertising on Social Media. *American Behavioral Scientist*, 0002764216660137.
- Leefflang, Peter S.H., Verhoef, Peter C., Dahlström, Peter., and Freundt, Tjark. (2014). Challenges and Solutions for Marketing in A Digital Era. *European Management Journal*, 32, 1–12.
- Lin, C.A., Kim, T. (2016). Predicting User Response to Sponsored Advertising on Social Media via the Technology Acceptance Model. *Computer Human Behaviour.* 64,710–718.
- Prayudanti, A.A. (2018). The Effectiveness of Social Media Marketing to Increase Marketing Innovation in SME's (Case Study in Chip SMEs in Malang). Thesis. Brawijaya University. Indonesia.
- Priyanka, S., (2013). A Study of Online Advertising on Consumer Behaviour. *Int. J. Eng. Manage. Sci.* 3 (4), 461–465.
- Satya, V.E. (2018). Strategi Indonesia Menghadapi Industri 4.0. Bidang Ekonomi dan Kebijakan Publik. *Kajian Singkat terhadap Isu Aktual dan Strategis*, Vol. X, No. 09/I
- Saxena, A., Khanna, U. (2013). Advertising on Social Network Sites: A Structural Equation Modelling Approach. *Vision* 17 (1), 17–25.
- Schultz, D.E., Peltier, J. (2013). Social Media's Slippery Slope: Challenges, Opportunities and Future Research Directions. *Journal Res. Interactive Market.* 7 (2), 86–99.
- Shkurupskaya and Litovchenko (2016). The Development of Marketing Communications under the Influence of the Industry 4.0. *Scientific Proceedings I International Scientific Conference "Industry 4.0"*. Vol 2, 19-22.
- Singla, M. L. and Apoorv Durga (2015). How Social Media Gives You Competitive Advantage. *Indian Journal of Science and Technology*, 8(S4), pp. 90–95.
- Steinman, M.L., Hawkins, M. (2010). When Marketing Through Social Media, Legal Risks Can Go Viral. *Intellectual Property & Technology Law Journal*, 22 (8), 1-9.
- Wang, S. et al. (2016). Towards smart factory for industry 4.0. *Computer Networks. Elsevier*, 10 (1), p. 158–168.
- Zhang, M., Guo, L., Hu, M., & Liu, W. (2017). Influence of Customer Engagement with Company Social Networks on Stickiness: Mediating Effect of Customer Value Creation. *International Journal of Information Management*, 37(3), 229e240.
- Zhu, Yu-Qian, and Chen, Houn-Gee. (2015). Social Media and Human Need Satisfaction: Implications for Social Media Marketing. *Business Horizons* 58, 335—345