

# The Extent Social Media Use by Small and Medium Enterprises in Thailand

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## Abstract

Social media is no longer a trend for marketers, it becomes reality. Social media is a crucial channel for customer support. It has been recognized as the most powerful medium. Social media is introduced as a new tool that provides the benefits of the Internet. Social media will continue to add values by delivering compelling business and enterprise mobile management information solutions. Therefore, businesses are facing the question of how seriously should business people and marketers think about social media effects in business practices? Hence, this paper is an early attempt to provide empirical data on the extent of social media use by small and medium enterprises in Thailand. The research aims to explore the extent usage of the social media in each platform by small and medium enterprises in Thailand. What is the most important social media applications used in each type of small and medium enterprises in Thailand? What are the key objectives of the social media use in Thai small and medium enterprises? Data is analyzed for mean, standard deviation, ranking, percentage, and frequency.

**Keywords :** Social Media, Small and Medium Enterprises, Adoption, Social Network, Social Media Marketing

## Introduction

The world currently is flooded with information. Over the last few years, many websites have been changing from static to dynamic. It has fundamentally shifted from owner-driven websites to user-driven technologies such as webboards, forums, blogs, social networks, and video-sharing platforms. The movement of these platforms is dominating the way people use the Internet. New websites such as Facebook, MySpace, Twitter, and YouTube have redefined how the Internet works, with many websites incorporating the features that allow their users to share and publish opinions, connect, build community, or create contents. The impact of new website also known as Web 2.0 is being felt across the globe. Wherever people are online they are actively engaged with wide variety of social media platforms, from blogs to social networking to video sharing. In the other words, anywhere they can connect to the Internet, they are involved (Smith, 2009, and Lee, 2010).

However, the question is why businesses should focus on social media? Since the world of business is smaller than ever before and competitive business environment, businesses must constantly explore new technologies, innovations, and services in order to respond to evolving markets, technology and economic conditions. Moreover, the growths of the technology, especially the Internet and the revolution of website have created a new interest in the information technology development and business strategy. Therefore, to succeed in the global and digital economy, businesses need to process transaction information, transmit more quality information to management, and create interesting contents. Furthermore, the availability of many information and rapid technology advancement increases customer's expectations at the faster rate;

therefore, in order to satisfy the customer needs and expectations, businesses should be more responsive in a shorter time.

The explosive growth of penetration and usage of the Internet, including website, search engine, instant messaging, social network, and social media, is regarded as a driving force for the extension of electronic commerce (e-commerce). People may think that e-commerce is the evolution of the way to do business, and the e-commerce has moved beyond first-to-market players and real-time information. However, social media technology is a practical extension of the digitalized commerce on how people work and what they will be required to do business today.

For the Web 2.0 and social media have been adopted and used in order to improve communication and relationship with employees, employers, customers and suppliers. Smith (2009) found that blogs grew from 54% to 77% globally in just two years, while the number of people who had written a blog grew from 28% to 45%. Businesses need to deliver messages to their customers. For decades, businesses used television, radio, magazine, billboard, and more to reach large numbers of people in a short amount of time. However, these tools are too general to the target. Furthermore, people are not interested paying attention on advertising on television. Traditional mass media competes from magazine to computer email, and computer email to SMS (MMS) texting (Stevenson, 2010). Therefore, it is very important for businesses to find their niche. Kotler and Keller (2009) say that *"more narrowly defined customer group seeking a distinctive mix of benefits."*

Social media is no longer a trend for marketers, it becomes reality. Social media is an

inevitable channel for customer support. It has been recognized as the most potentially powerful medium. Therefore, social media is introduced as a new tool that provides the benefits of the Internet. Furthermore, it has moved beyond e-mail, addresses and appointments. In the last few years, a dramatic transformation has taken place in this oldest and most effective form of media. It is the same transformation that has happened to industry after industry from computers to cars, televisions to telecommunications. Social media has gone digital. It became the leader in information management for companies of all sizes, enabling the employee to instantly access the information they need to make more informed business decisions. The social media will continue to extend that lead by delivering compelling business and enterprise mobile management information solutions. The relatively easy availability of mobile information gives rise to better business performance regarding rapid communication, fast customer service and real-time data processing.

With the technology, social media, emerging companies ask themselves the same question that was asked at the onset of e-commerce. Why should we invest in social media, and why now? The new tools on the Internet as the social media and social network take companies beyond the benefit of the Internet. Social media generally refers to the use of online electronic tools as a strategy and an outlet for broadcasting, while social network is a tool and a utility for connecting with others. However, social network came first which evolved into social media. Social media, including social network is rapidly becoming involved in daily operations, particularly in large corporations that invest heavily in new innovations. The tool has been improved to provide

faster speed in communication with flexibility and the ability to communicate quickly anytime and anywhere.

Social media as a virtual network place expressing their opinions, exchange opinions, disseminate and control message anywhere anytime. Business people and marketers connect with their customers and interact with them using social media. Many studies found that consumers are likely to trust more user-generated messages, such as peer recommendations, consumer reviews, and testimonies, especially on digital media than messages from traditional mass media (Jacobs, 2009; Raacke and Bonds, 2008). Today, consumers' comments about a product on digital media produce either negative or positive create brand buzz; further, the virtual messages are sent out and affected consumer-purchasing decisions.

The appearance of social media such as MySpace, Facebook, YouTube and Twitter are the opportunity for businesses to segment the market automatically. The extent of the use of social media affect businesses and marketing performance regarding sale, communication, and service. Unlike other technology, social media is not limited to younger or tech-savvy consumers; it is applicable to internet-using adults cover a broad demographic range, which is 75% of people who are using internet (Bernoff, Pfau, and Bowen, 2008).

Consequently, businesses are facing the question how seriously should business people and marketers think about social media effects in business practices? Moreover, people may believe that social media would not provide many benefits to enhance the businesses. As a result, business people might not adopt the new technology into their businesses. However, this paper only focuses

on small and medium enterprises. A small business in Thailand, according to the Bureau of Industrial Promotion Policy and Planning, is defined as any business that has fixed assets of less than 20 million Baht or any company with fewer than 50 employees, while a medium business size is a business with fixed assets of between 20 and 100 million Bath or any company with employees between 50 and 200 (ThaiSME, 1998).

Hence, this paper is an early attempt aims to provide empirical data on the extent of use social media by small and medium enterprises in Thailand. Therefore, this study is to explore the extent of usage of the social media in each platform by small and medium enterprises in Thailand. The study attempts to find out the most important social media applications used in each type of small and medium enterprises in Thailand, and the key objectives of the social media used in Thai small and medium enterprises. The research questions are the followings:

*Research question 1:* What are the key characteristics of the adoption of the social media in small and medium enterprises in Thailand?

*Research question 2:* What is the most important social media applications used in each type of small and medium enterprises in Thailand?

*Research question 3:* What are the key objectives of the social media used in Thai small and medium enterprises?

## Social Media

Social media generally refers to the use of online electronic tools as a strategy and an outlet for broadcasting, while social network is a tool and a utility for connecting with others. However, social network came first which evolved into social media. Social media, including social network is rapidly

becoming involved in daily operations, particularly in large corporations that invest heavily in new innovations. The tool has been improved to provide faster speed in communication with flexibility and the ability to communicate quickly anytime and anywhere. The media has dramatically changed in the last many years from traditional media, including television, radio, magazine, and newspaper to digital media including social media (e.g., blogs, webboard, Facebook, YouTube, and Twitter).

Social network generally is a type of website model where individual members become part of a broader virtual community (Strokes, 2009). Social network is used to expand the number of one's business and social interactions by making connections to individuals online (Strauss and Frost, 2009). For social media includes various methods such as social networking, user-sponsored blogs, multimedia sites, company-sponsored websites, podcasts, and much more. People are more familiar with Facebook, YouTube, and MySpace than social media; however, those are a part of social media scheme. Social media is the media that is published, created and shared by individuals on the Internet (Strokes, 2009; Strauss and Frost, 2009).

In an early stage, people used social media for personal purposes to drive the information on the Internet technology such as blogs, social networks, photo sharing and video sharing. Such social technologies have enabled a revolution in user-generated content, online community and the publishing of consumer opinion; therefore, this movement is dominating the way people use the Internet today and tagged as social media.

The social media is introduced as a new tool that provides the benefits of the Internet. Furthermore, it has moved beyond e-mail, addresses

and appointments. In the last few years, a dramatic transformation has taken place in this oldest and most effective form of media. It is the same transformation that has happened to industry after industry from computers to cars, televisions to telecommunications.

## **Business with Social Media**

To adopt social media by businesses, costs and benefits must be considered in terms of potential returns. The technology offers benefits for a wide range of business processes. Social media overrides many of the functions of today's website because of its ability to allow access at any location for companies and consumers, giving them access to another channel for communication. At least, it can make communication within the firm faster and make the management of the firm's resources more mobile. In SMEs, there is likely insufficient sharing of business information between managers and employees in part because the personnel's daily routine tends to be extremely busy. Some SMEs have exploited IT effectively to improve internal communications, used to transfer of information through shared electronic files and networked computers increases the efficiency of business processes such as documentation, data gathering, and data processing. Additionally, the technology is used for external communications to respond to customers' requests or complaints. As an international company, technology basically has great potential for reducing transaction costs and increasing the speed and reliability of transactions also known as business value chain. It allows companies to interact in real-time between buyers and suppliers and build closer relationships among trading partners in the cost of manner.

The social web, otherwise known as Web 2.0 looks at issues around corporate reputation and brand management. The web 2.0 is to build a solid relationship with its stakeholders as well as to protect its reputation whilst enhancing its brand image and value. The spread of information across the web feeds traditional media channels and reaches larger audiences potentially damaging reputation and thus tarnishing the brand. The article furthers understanding of the overall current web brand management practices for effective on-line corporate communications (Jones, Temperley, and Lima, 2009). Many businesses are realizing the value of using mobile technology and the advantages of incorporating social media into various business purposes.

Social media is a very effective method for business to gather the information since the opinions and comments created are more likely natural. Businesses use social media to generate ideas. The online society is driven by consumer opinions, so ideas can come from anywhere. Listening and asking questions in social media environment become a way to start listening and build relationships. For example, D&G (Dolce and Gabbana) invited famous website builders, bloggers to its fashion show, and let them post and upload photo and video to their Facebook, Twitter, and YouTube in real-time. As a result, it brought attractiveness and feedback from thousands of fashion enthusiasts around the world (Lee, 2010).

Many businesses are spending millions of dollars on mass advertising that consumers tend to block out and ignore. Marketers have re-evaluated their advertising methods and are following holistic marketing concepts that focus on customer relationship marketing and more creative,

understated ads instead of in-your-face billboards and loud television segments. This paper explores social media trends, including social media opportunities and mobile marketing, and the potentially lasting effects that these trends have on advertising (Elizabeth, Nile, Catherine, and Lee, 2010). The new environment of the social web, otherwise known as Web 2.0 becomes an issues around corporate reputation and brand management via a case study of Primark. It explores how companies manage their corporate reputation and branding in the new on-line environment of the social web. The article looks at how Primark positions itself in the context of the web 2.0 in order to build a solid relationship with its stakeholders as well as to protect its reputation whilst enhancing its brand image and value. The spread of information across the web feeds traditional media channels and reaches larger audiences potentially damaging reputation and thus tarnishing the brand. The article furthers understanding of the overall current web brand management practices for effective on-line corporate communications (Brain, John and Anderson, 2009).

It is predictable that social media will continue to advance at a rapidly rate of usage in business perspective. The business executives who has no social media account and think that social media is not the thing for business. They may rethink their opinion since stakeholders are participating in the conversation online. Furthermore, another reason to embrace social media is because it provides a low-cost platform to build business brand and image, communicating who to those within and outside the company. Additionally, social network provides the company the ability to engage with employees, customers and people in public at anywhere and anytime. Last but not least, social

media provides the opportunity to company to learn from instant information and unvarnished feedback of active participant in social media society. Lastly, this is what the social media change to way of doing businesses and it is creating value to everyone. However, social media is not the final solution for businesses today. Businesses must ask themselves how social media can benefit the company and how to effectively integrate new technology to their current business practices.

### Diffusion of Technology

Rogers (1976) defines diffusion of technology as "the process by which an innovation is communicated through certain channels over time among the members of a social system." The theory is used to comprehend people's adopting behavior relating to innovations. The theory plays an important role to increase understanding of innovativeness and innovative decision-making in the adoption context, and how potential adopters perceive the innovation. An adopter forms an attitude toward the innovation, leading to a decision to accept or reject the innovation. According to Rogers (1995), the adopting behavior could be divided into five categories: (a) innovators are very eager to try new ideas and ready to take risk by adopting new innovations; (b) early adopters are potential adopters seeking information before using a new idea; (c) early majority is people who adopt new ideas before the average people; (d) late majority is people who adopt new ideas after the average people; and (e) laggards are people who are resistant to innovations. The diffusion of innovation theory is used to understand people's adopting behavior relating to innovations by emphasizing on the five attributes that affect the

innovation adoption decision: relative advantage, compatibility, complexity, trialability, and observability.

## Research Methodology

The research design is drawn from quantitative research methodology. This quantitative research is used to explore the extent of the use of the social media in small and medium enterprises in Thailand.

The purpose of descriptive statistics is to provide a structured depiction of the characteristics of a data set. In this study, the target population of this study is the small and medium enterprises located in Bangkok, Thailand, listed in the Thai Chamber of Commerce Directory, which consist of 3,590 businesses. Sample sizes of this study referred with the calculating method of Taro Yamane (1973).

$$n = \frac{N}{1 + Ne^2}$$

by  $n$  = sample sizes

$N$  = population

$e^2$  = significant level at 0.05

$$n = \frac{3590}{1 + 3590(0.05)^2}$$

The 360 samples were calculated by using Yamane formula with 95% confidential interval. However, the researcher decided to use the total sample for this study consists of 500 sample small and medium enterprises to increase the finite population.

In terms of content validity or expert validity, the previous research and recommendations from faculty members as academic professionals are incorporated as modifications to the survey instrument to establish the validity of the research.

The questionnaire is tested by experts in the area of the research in order to validate the reliability and validity of the research. The experts review the survey instrument to maximize the construct validity, face validity, and content validity. Along with the responses from the respondents, the feedback is used as a way to improve the questionnaire.

The sampling technique used in this study is the convenience sampling. The participants in this study are voluntary and anonymous. The survey is responded by top management level because they are most likely to be the one who makes the final decisions about technology adoption and implementation in business. To collect the data, two methods are used: (a) personal contact, and (b) self-administered survey. First, the questionnaires with the cover letter, which explained the purposes of the study and requested for cooperation, are provided to the top management level of small and medium enterprises by the researcher visiting the samples' workplaces because of time and cost limitations. By visiting the prospective participants in their offices, the researcher expects to obtain a high return rate of responses. Secondly, a completely self-administered survey is taken. The survey is done at business seminars attended by SME business persons. These seminars are regularly scheduled by the Office of Small and Medium Enterprises Promotion of Thailand. All the survey data were collected and taken place from September 2011 - January 2012. Data is analyzed by mean, standard deviation, ranking, percentage, and frequency.

## Results

A total of 500 usable questionnaires are obtained. The study finds that the adoption rate of

the social media used in business as of the 500 of responses, 323 (64.6%) adopt social media and used in their works, while 177 (35.4%) are non m-commerce adopters (Table 1).

**Table 1** Frequency Distribution of Respondents by Social Media Usage

Social Media Usage	Frequency	Percentage
Yes	323	64.6
No	177	35.4
<b>Total</b>	<b>500</b>	<b>100.0</b>

A distribution in nine different categories regarding types of business can break down as shown in table 2, 25.8% of the businesses sampled are in retailer, 22% of the businesses sampled are in wholesaler, 18.6% of the businesses sampled are in manufacturer, and 12% of the businesses sampled are in food and restaurant.

**Table 2** Breakdown of Sample by Business Classification

Business Type	Frequency	Percentage
Retailer	129	25.8
Wholesaler	110	22.0
Manufacturer	93	18.6
Food and restaurant	60	12.0
Agriculture	26	5.2
Construction	24	4.8
Tourism	23	4.6
Financial	18	3.6
Transportation	17	3.4
<b>Total</b>	<b>500</b>	<b>100.0</b>

The standardized Cronbach's alpha coefficients for the research variables were 0.7683.

The breakdown of the sampled SME businesses by the approximate companies' total revenue is shown in Table 3. 47.2% report their total revenue are less than 1 million: 35.2% report their total revenue to be between 1 and 10 million: 7% report their total revenue to be between 10.01 and 20 million: 6.4% report their total revenue to be between 20.01 and 30 million: 1.2% report their total revenue to be between 30.01 and 40 million, and 3% reports their total revenue are over 40 million.

**Table 3** Approximate Companies' Total Revenue

Approximate Revenues	Percentage
< 1 million	35.2
1 - 10 millions	7.0
10.01 - 20 millions	10.01
20.01 - 30 millions	6.4
30.01 - 40 millions	1.2
> 40 millions	3

Table 4 presents the frequency of social media in their work. 0.3% report that they use social media once a week: 7.1% report their social media usage to be a few times per week: 13.3% report their social media usage to be many times per week: 39.6% report their social media usage to be once a day and 39.6% report their social media usage to be over 5 times per day.

Table 5 presents how long the users have been using social media in their work. 38.1% report that they have been using social media for one to three months: 34.4% report that they have been using social media for three to six months: 17%

**Table 4** Frequency of Social Media in Their Work

Social Media Usage	Frequency	Percentage
Once a week	1	0.3
A few times per week	23	7.1
Many times per week	43	13.3
Once a day	128	39.6
More than 5 times per day	128	39.6
<b>Total</b>	<b>323</b>	<b>100.0</b>

**Table 5** Length of Social Media Usage

Length	Frequency	Percentage
1 - 3 months	123	38.1
3 - 6 months	111	34.4
6 - 12 months	55	17.0
12 - 24months	31	9.6
> 24 months	3	0.9
<b>Total</b>	<b>323</b>	<b>100.0</b>

report that they have been using social media for six months to one year: and 9.6% report that they have been using social media for one to two years, and 0.9 report that they have been using social media for over 2 years.

The breakdown of the social media account used in their work shows that the most of social media users, 71.8% report that Facebook is the primary social media account for their businesses, 17.3% report that YouTube is the primary social media account for their businesses, and 10.8% report that Twitter is the primary social media account for their businesses (Table 6).

Additionally, the data in Table 7 reveals the overall of the most important business applications of social media used in Thai SME businesses.

**Table 6** Types of Social Media Account Used in the Businesses

Types of Social Media Account Used in the Businesses	Percentage
Facebook	71.8
YouTube	17.3
Twitter	10.8

Generally, event application is the most important application used in Thai SME businesses. Microblogging and photo sharing are the second and third most important applications.

**Table 7** Ranking of Most Frequently Used Social Media Applications

Applications	Mean	Standard deviation	Ranking
Events	2.4241	1.78928	1
Microblogging	3.4241	2.15609	2
Photo sharing	3.4644	2.29660	3
Video sharing	3.6563	1.90199	4
Live casting	5.6130	2.20996	5
Social media monitoring	6.1022	1.71912	6
Podcast	6.3808	2.08377	7
Virtual worlds	6.7740	1.91472	8
Social media analytics	7.1053	1.71078	9

**Table 8** Frequency Distribution of Business Objectives of Using Social Media

Objectives	Mean	Standard deviation	Ranking
Business image	3.0310	1.82775	1
Customer service	3.6563	2.34776	2
Marketing online	3.8885	2.68536	3
Productivity	4.2477	2.20261	4
Keep the business cost down	5.0650	2.38241	5
Community involvement	5.5263	2.21691	6
Internal communication	6.0217	2.99940	7
Marketing analysis	6.5820	2.05558	8
Recruiting	8.3467	1.77208	9
Knowledge sharing	8.5759	1.50247	10

The data in table 8 reveals the key objectives of social media used in Thai SME businesses. Generally, business image is the first objective that businesses use social media for their work. Customer service and marketing online are the second and third most important objectives.

## Discussion

The findings illustrate to a general degree (the extent of the usage) of social media usage in Thai SMEs. Unquestionably, social media represents a radical innovation in both technological and commercial sense.

The results of this study show that about 64.6% of the Thai SME businesses have adopted social media. Although, most of them have been

using the social media for less than a year, they access the social media more than five times a day, which is significantly high frequently usage. This suggests the diffusion is in the stage of early majority. According to Rogers (1995), this group can be listed as deliberate, interact frequently with peers, not opinion leaders, but important link in system, willing but no leading, and plentiful (1/3 of total system). Therefore, these characteristics should be taken into consideration in this stage of diffusion, which 38.1% of respondents report shows that they have been using social media in their work for one to 3 months although 39.6% report the use of social media more than 5 times a day through Facebook account (71.8%).

It is also critical to emphasize the strategic advantage of social media marketing. Many companies use social media to provide of communication, promotion, searching, and advertising their businesses. This is a cost-effective model to drive traffic to business via social media scheme. However, social media is a double-edge sword. It opens the door for outside competition to communicate right to the consumers, but that door remains open for those who are willing to compete all around the world. For those businesses that are not looking beyond the traditional trading, there is a much larger marketplace that becomes accessible. There will be unique challenges that business will face in today's economy.

Consequently, a practical implication is that the social media marketers may need to take another look at the segmentation strategies based on consumer cognition and psychology because of the increasing in cyber-marketplace. Furthermore, because of its interactivity, connectivity, and globalization, businesses need to align their corporate

strategy between offline business and online business. Flowing information through the social media channels, highly impactful to customers' decision making is a must. Message and information is delivered to enhance the effectiveness of information motivation such as sales events, promotion, and coupons.

In conclusion, social media is an effective interaction when businesses concern how to participate in social media as a business, and how to encourage consumers to get involved. Social media allows two ways communication, which is a valuable feedback. Therefore, businesses should not only give the information, but listen to their customers as well.

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