

FACTORS INFLUENCING THE ADOPTION OF A SOCIAL MEDIA AS A MARKETING TOOL BY SMES IN CIUDAD JUAREZ, MEXICO

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Abstract

The use of "social technologies" to communicate products to customers is still a field of novelty and a corresponding grey field in academic research cannot be over emphasized. On the one hand, academic research on digital tools by the "ecommerce approach" has gained considerable level of currency. On the other hand, research on the adoption of social media in marketing communication has focused less on the "social media space" though a few have researched on determinants of social media tools. Our research in the first place seeks to contribute to fill this gap. We are of the view that social media have some perceived benefits and so lead to their adoption. Consequently, the objective of this research is to assess whether perceived benefits associated with using social media influence their AD as a marketing communication tool. We hypothesize that the perceived benefits of using social media lead to their adoption. We apply the perceived benefits and adoption construct to 79 Mexican SMEs in various services such as medical, professional, event, construction, hotels, restaurants and bars as well as beauty & health. Our findings show that perceives benefits of using moderately predicts their adoption. SMEs are thus implored to consider the use of social media as a marketing communication tool. The research is placed in the larger framework of technology acceptance research

Keywords: Social media, perceived benefits, perceived strategic value, adoption

1. INTRODUCTION

The use of social media such as Facebook, Google+, LinkedIn, Pinterest, Twitter etc. presents a digital virtual environment where people have the opportunity to communicate in new ways with others, inform themselves about the most recent news and topics of interest, and share their opinions and ideas, as well as, a new place to find information about companies, products and the opportunity of actual shopping. The interaction on social media may allow for an engagement between brands and customers, where customers may even end up playing ambassadorial roles for brands (Bond *et al.*, 2010). Given the perceived benefits (PB), the potential gains for using social media to communicate products to customers are quite

enormous, especially for small and medium size enterprises (SMEs) in the context of this research

The use of "social technologies" to communicate products to customers is still a field of novelty (McKinsey, 2012) and a corresponding grey field in academic research cannot be over emphasized. On the one hand, academic research on digital tools by the "ecommerce approach" has gained considerable level of currency. For instance some authors combined two streams of thought namely; perceived strategic value (PSV) and adoption (AD) relative to electronic commerce (Grandon, and Pearson, 2004). Others have also operationalized and analyzed the PSV value and AD of electronic commerce (Saffu *et al.*, 2007; Saffu *et al.*, 2008). On the other hand, research on the adoption of social media in marketing communication has focused less on the "social media space" (Bond *et al.*, 2010) though a few such as Lorenzo et al have researched on determinants of social media tools (Lorenzo-Romero, 2014). Our research in the first place

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seeks to contribute to fill this gap. We are of the view that social media have some PB and so lead to their AD. Along this argument, we offer an alternative to the factors (strategic decision support, information management, organizational support and decision aids) which make PSV as proposed by Grandon and Pearson (2004) and others authors (Saffu *et al.*, 2007; Saffu *et al.*, 2008) and argue that, the PSV attributed to the AD of social media is borne out of their PB. Consequently, the objective of this research is to assess whether PB associated with using social media influence their AD as a marketing communication tool.

2. STUDY CONTEXT: SOCIAL MEDIA IN MEXICO

The adoption of internet and consequent patronage of social media has been increasing over the last years in many developing countries; such as Mexico. The average hours that users spend online are 25.5 hours per month (ComScore, 2010) to a study conducted by iab Mexico in 2011, 87% of Mexicans are registered in a social media website and is considered one of the main sources of information (Lab Mexico, 2011). According to the study it was also found that Facebook and Twitter are the two most important social media sites. This same study proves that social media users in Mexico have interactions with brands and companies through these platforms. 57% of users stated that they saw somebody talking about a brand or service, 83% were aware of advertising in social media websites, 40% were fans on some pages and 27% posted about a brand or service. When users were asked the reasons why they decided to 'follow' or 'like' a brand, 79% said it was about the updated brand, 51% reasoned for special promotions, 50% for relevant information, 44% visited in order see other users' opinions and 31% to communicate with the brand. Finally, 75% of the users stated that when using social media sites, sometimes they stop and see advertising, while 8% stated that they always notice advertising in social media sites (Lab Mexico, 2011). Deductively, social media goes beyond friends, sharing pictures and events; It has been used by businesses to advertise and communicate to users about their products and businesses. The possibility to advertise on the social media website such as Facebook, with a high number of users and very low barrier of entry

show the strategic value gained from their use. In the next section, we discuss PB and AD.

3. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

The constructs PB and AD used in this research are based on the theoretical Technology Acceptance Model (TAM) as proposed by Davis *et al.* (1989), which emphasizes as a model which explains the acceptance and rejection of the use of information technology See also (Legris *et al.*, 2003). Saffu *et al.* (2007, 2008) in their work reiterate that the TAM model speak about perceive use (PU) and perceived ease of use (PEOU) as important determinants of "computer acceptance behavior", hence the use or non-use of computers may be based on perception. The TAM is derivative of the theory of reasoned action (TRA), which was developed by Fishbein and Ajzen (1975), which postulates the actual behavior of a person is shaped by thoughts which are in turn shaped by factors such as attitudes and subjective norms. In the PSV construct as described by Grover (1993) and Beatty *et al.* (2001) and we modify and provide the following indicators; (i) Advertising role, (ii) awareness creation, (iii) customer service relationship, (iv) better understanding of customers, (v) increasing in number of customers, (vi) communication, (vii) sales and promotion role, increase in sales, (viii) strengthening word of mouth about company, (ix) marketing costs reduction. More so we are of the view that PSV can be determined by PB. In this way PB become independent of AD as, the constituents of PSV are accounted for by PB because the PSV of a product or service is borne out of the associated PB.

In the AD construct we maintain but limit the influences of factors influencing the adoption of social media to three constructs namely: organizational readiness (OR) (Chwelos *et al.* 2001; Grandon and Pearson, 2004; Iacovou *et al.* 1995; Saffu *et al.*, 2007; Saffu *et al.*, 2008), external pressure (EP) (Chang and Cheung, 2001; Davis *et al.*, 1989; Grandon and Pearson, 2004; Saffu *et al.*, 2007; Saffu *et al.*, 2008) and ease of use (EOU) (Davis *et al.*, 1989; Saffu *et al.*, 2007; Saffu *et al.*, 2008). This is so done because the perceived usefulness (PU) (Davis *et al.*, 1989) has very similar characters as the PB. Therefore maintaining PU to the AD construct will only be replicating the variables. We apply the constructs PB and AD in the Ciudad Juarez city of Mexico.

where 87% of Mexicans registered on a social media website utilize it for information acquisition. We hypothesize that PB has a positive influence on AD.



Fig. 1: PB and AD of social media Model

4. METHODOLOGY

SMEs are the target group of this research and they are defined according to Inter-American Investment Corporation. They are defined as enterprises with (i) not more than \$10million asset value; (ii) not more than \$20 million revenues and; (iii) not more than 400 employees. The specific SME sectors were businesses from the services industry in Ciudad Juarez. The research was conducted from October 2012 to March 2013. The total number of companies interviewed was 100 screened out of complete questionnaires of 119 respondents. However since the research was intended to see the how PB influence the AD of social media, we further scrutinize to eliminate all respondents who did not use social media. Our final valid respondent group was 79. Respondents came from a broad service provision spectrum which included medical, professional, event, construction services, hotel, restaurants and bars as well as beauty and health. The questionnaires were structured with a five-point Likert scale beginning with 1=strongly disagree to 5=strongly agree. For the PB construct we used a 9-item indicator by using and modifying the indicators used by Grover (1993) and Beatty *et al.* (2001). For the AD constructs we adapted and modified the constructs as validated by Grandon and Pearson (2004).

For preliminary analyses, we checked the reliability of the scales used in the measurement. Cronbach's Alpha was used to test reliability. Nunally and other authors propose a minimum coefficient of the Alpha threshold of .7 for scale reliability (DeVellis, 2012; Nunally, 1978). Pallant prefers above .8 as the preferable value (Pallant, 2013). In this research we keep to Nunally's minimum threshold of .7 since that is also acceptable and used in many researches. The PB construct demonstrated good internal consistency reporting a Cronbach's alpha coefficient of .84. Components of the AD

construct (OR; EP; EOU) however did not show internal consistency throughout. OR reported a Cronbach's alpha coefficient of .45, EP reported a value of .71 when one indicator is deleted. EOU also reported a value of .81. The OR construct was thus eliminated due to its small value pertaining to internal consistency. We maintained EP and EOU. All analyses done with this research was completed using the Statistical Package for Social Sciences (SPSS 20.0).

Table 1: Target Group Categories

Type of Companies	Number interviewed
Medical Services	5
Professional Services	22
Event Services	13
Construction Services	10
Hotels	6
Restaurants & Bars	11
Beauty & Health	12
Total	79

5. RESULTS

The table below shows the responses of the research as to the use of social media. Respondents revealed whether they used any of the social media enlisted in the table. Results show that among all the social media, Facebook was the most commonly used among all the networks with a 100% respondent rate. Twitter followed with 47%. Google+ followed with 14%. The use of other social media apart from the mentioned three was 10% or less among the respondents of the research.

5.1 Results for PB and AD

In the perceived benefit constructs, all indicators show mean values above 4 on the Likert Scale used. The results show that respondents have strong and positive perception about benefits associated with the use of social media. With respect to the AD construct, indicators show similar responses of mean values above 4. The

responses show the level of adoption pertaining to the use of social media. However all three

Table 2: Responses to the Use of Social Media

Social Media	Yes	Percent	No	Percent
Blogs	7	9%	72	91%
Facebook	79	100%	0	
Flickr	2	2%	77	98%
Google+	11	14%	68	86%
LinkedIn	8	10%	71	90%
My space	4	5%	75	95%
Pinterest	3	4%	76	96%
Twitter	37	47%	42	53%

indicators from the EP component of the AD construct show responses of mean values within the ranges of 3 and 4. This responses show that pressure from all business, competitors and suppliers plays little role in the AD of social media as a marketing communication tool. The components of EOU reported mean values higher than 4, which translates that respondents have adopted to the use of social media because they are virtually easy to use.

Table 3: Descriptive responses to PB and AD

Constructs and indicators	α	\bar{x}	SD
<i>Perceived Benefits</i>	.84		
Advertising role and		4.51	0.80
Awareness creation,		4.84	0.47
Customer service relationship		4.51	0.80
Better understanding of customers		4.41	0.91
Increase in number of customers		4.66	0.60
Communication, sales and promotion role		4.78	0.52
Strengthening word of mouth about company		4.65	0.62
Increase in sales		4.52	0.73
Marketing costs reduction		4.08	1.1
Adoption Constructs			
<i>External Pressure</i>	.71		
From all businesses		3.58	1.24

Constructs and indicators	α	\bar{x}	SD
From all competitors		3.30	1.24
From suppliers		3.06	1.34
<i>Ease of use</i>	.81		
Easy to use		4.57	0.65
Easy learning		4.54	0.66
Ease to become conversant		4.13	1.03
Clear concept and purpose		4.62	0.58

Indicators measured on a five-point Likert scale, here '1 = strongly disagree' and '5 = strongly agree'

5.2 Correlation Analysis

The relationship between PB and AD was analyzed using Spearman's rho correlation coefficient. Prior analysis was to done to check that the variables for correlation did not violate the assumption of normality. The choice of Spearman's rho correlation coefficient followed the assumptions that (i) the variables PB and AD were two ordinal data and (ii) the assumption of normality was not met. Correlation analysis reported that there is a positive and significant relationship between PB and AD, $r = .36$, $n = 79$, $p < .001$. We also deconstructed the AD construct to its components (EP and EOU) and correlated with PB. The analysis reported that there is a positive and significant relationship between PB and EP, $r = .43$, $n = 79$, $p < .001$. Correlating PB and EOU, there exist but no positive significant relationship, $r = .15$, $n = 79$, $p > .001$,

Table 4: Correlation Analysis

		PB
Spearman's rho	AD	.362**

** 0.01 level (2-tailed)

5.3 Regression Analysis

Per the objective of this research, we ascertain whether PB predicts the AD of social media. The regression analysis is tested using the linear regression model. The regression showed that PB predicted the AD of social media ($\beta = .36$, $p < .001$).

Table 5: Regression Analysis: PB and AD

	Beta	t	Sig.	R ²	F
				0.36	11.32
PB	.36	3.37	0.001		

Dependent Variable = EP

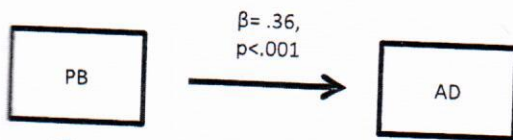


Fig. 2: PB and AD of social media with regression

6. DISCUSSION AND CONCLUSION

Social media has gained popularity in recent years but scientific research to analyse this phenomenon is not as extensive as with other technologies tools such as e-commerce, but the similarities in these products of technology (e-commerce and social media) pertaining to PB and AD are outstanding. The objective of this research was to assess whether PB associated with using social media influence their AD as a marketing communication tool. The results prove a positive and significant relationship between PB and AD. This is very evident as many SMEs in Ciudad Jaurez have actually seen the benefits that accrue to the AD of social media as a marketing communication tool. The number of social networks that are visited alone indicates the perceived benefits given to social media; hence its adoption. Moreover respondents indicated that they were able to measure the return on investment (ROI). More than 50% of the respondents showed that they were able to gain return of investment after adopting the use of social media as a marketing communication tool.

In this research we analyzed the relationship between PB and AD in Mexico. The relationship between social media and its impact on SME strategy is still a burgeoning field which thus calls for further research to form a critical mass in social media research. Whilst the use of technology has become a major feature in many developing countries, social media also presents many opportunities for which can be used to boost SME business performance. SMEs are thus called upon to consider the use of social media as a marketing communication tool.

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