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Effect of Social Media Marketing Strategies on Competitive Advantage Among the SMEs in China

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Abstract

The competitive advantage is potent in facilitating the outsmarting of the competitors. Nonetheless, the competitive advantage of SMEs in China has been very poor. It is estimated that more than 41 percent of SMEs fail within four years after commencing operations. This study examined the effect of social media strategies on competitive advantage among SMEs in China. The study adopted the cross-sectional research design. This design was deemed significant since various SMEs in Beijing were used. The study used the purposive sampling technique to get the sample. This sampling design depends on the decision of the researcher. The researcher chose a sample that convenient to him or her for making the representation for analysis. The study found that social media marketing strategies is positively and significantly related to the competitive advantage. The study concluded that the application of social media marketing strategies in the current World is important for building the relationship between sellers and customers. The use of social media such as Facebook, Twitter and Instagram facilitate the interaction between sellers and consumers. The study further concluded that social media has become the most influential and important virtual space where the platform is not only used for social networking but is also a great way of digitally advertising your brand and your products. The application of social media in the current World is important for building the relationship between sellers and customers. Some of the social media been applied at large include Facebook, Twitter, Instagram and blogs. The study concluded that the use of social media enables the business to discover what society needs and increases brand awareness of the products and services. The study recommended that SMEs in China should use social media to market their products and services. The use of social media such as Facebook, Twitter and Instagram facilitate the interaction between sellers and consumers. The study further recommended that businesses should continue using social media platforms to increase the performance of companies and gain a competitive advantage in the long run.

Keyword: *Social Media Marketing Strategies, Competitive Advantage, SMEs, China*

1.0 INTRODUCTION

Competitive advantage refers to attributes that allow an organization to outperform its competitors in the market (Srinivasan, Bajaj & Bhanot, 2016). The competitive advantage is potent in facilitating the outsmarting of the competitors can be attributed to numerous factors such as cost leadership, differentiation and strategic alliances (Ainin, Parveen, Moghavvemi, Jaafar & Shuib, 2021). Cost leadership is improving the efficiency of the factors of production so that goods and services are produced by using the lowest costs possible. The advantages of cost leadership are that it enables the organization to sell products at a cheaper price because the cost of production of those goods has been made to below. This aspect of reducing the prices of goods and services within an organization enables the company to gain a competitive advantage (Bai & Yan, 2020). The differentiation of a product is making it to be unique. The uniqueness of the products enables it to be fast recognized in the market. The loyal customer to the products or services will be able to easily identify the products in the mix of many others (Bilgin, 2018).

Competitive advantage enables a company to earn a return on investment constantly above the average in the industry (Chatterjee & Kar, 2020). Competitive advantage refers to factors that allow a company to produce goods or services better or more cheaply than its rivals (Niculescu, Dumitriu, Purdescu & Popescu, 2019). These factors enable the productive entity to generate more sales or superior margins compared to its market rivals. Competitive advantages are attributed to various factors, including cost structure, marketing strategies, quality of product offerings, distribution network and customer service (Chen & Lin, 2019). SMEs have the potential of creating instant large-scale job opportunities of 10-20 times more than large factories by harnessing unutilized local resources (Mahnobis, 2018). A competitive advantage enables the company to increase its financial performance, market share and sales (Ha, Kankanhalli, Kishan & Huang, 2016). The competitive advantage in the current society is highly influenced by the marketing strategies adopted. The main challenge for business strategy is to find a way of achieving a sustainable competitive advantage over the other competing products and firms in a market (Tam, 2016).

Competitive advantage entails increasing the SMEs' performance, enhancing customer loyalty and working on prices to lower them as possible (Dahnil, Marzuki, Langgat & Fabeil, 2021). The SMEs' competitive advantage allows the productive entity to generate more sales or higher margins than its market rivals. SMEs' important role cannot be overemphasized, but they contribute immensely to economic development and wealth creation through employment and the creation of market linkages. Competitive advantages are attributed to various factors, including cost structure, marketing strategies, quality of product offerings, distribution network and customer service. A competitive advantage makes an entity's goods or services superior to all of a customer's other choices. A competitive advantage enables SMEs to increase their financial performance, market share and sales (Khan, Xuehe, Atlas & Khan, 2019).

Gaining the SMEs' competitive advantage is important not only to the SMEs but also to the entire economy. SME is defined as any business that employs below fifty people (Zahoor & Qureshi, 2017). SMEs' contribution to Chinas' GDP increased from 13.8 percent in 1993 to 20 percent in 2017 and provided about 78 percent of the total jobs created in the 2015/2016 financial year (World Bank, 2017). Therefore, this sector's promotion is an efficient and effective strategy to reposition the country and place it on a higher growth trajectory (Chatterjee & Kar, 2020). The World is changed significantly toward technology and thus the social media marketing is deemed to be significant in determining the competitive advantage (Michaelidou,

Siamagka & Christodoulides, 2018). Social media marketing enables companies to achieve a better understanding and consideration of customer needs hence effective relationships (Ashley & Tuten, 2015). These social media strategies include activities and practices organizations undertake to promote their products or services through social media (Hobson, 2017). Most companies in the World are diverting from the traditional model of product promotion and adjusting to digital platforms such as social media. Some of the social media been applied at large include Facebook, Twitter, Instagram, blogs among others (Chatterjee & Kar, 2020).

Facebook is an interactive online communication platform used by subscribers to pass out information (López García, Lizcano, Ramos & Matos, 2019). Facebook enables the business to discover what society needs and increases brand awareness of the products and services. Facebook is seen as a developing platform that businesses can use towards interacting with customers, thus gaining a competitive advantage. Through Facebook, small businesses can take the opportunity of sharing information about the goods and services they offer and targeted customers will get to see and comment about it (Chen & Lin, 2019). However, many small businesses lack the opportunities of using Facebook in business operations to expand the competitive advantage due to the illiteracy level and accessibility of the internet (Seukindo, 2017).

Media marketing strategies entail the use of the social media platforms such as Twitter, Facebook, Instagram, blogs, YouTube and LinkedIn to market the products (Zahoor & Qureshi, 2017). Sustainable marketing strategies enable the organization to have a competitive advantage (Tanveer & Lodhi, 2016). Social media provides companies innovative ways to market their products and services to their customers. They are used to generate publicity for social marketing campaigns. Nonetheless, the competitive advantage of SMEs in China has been very poor (Wang, & Kim, 2017). It is estimated that more than 41 percent of SMEs fail within four years after commencing operations. Further, Khan, Xuehe, Atlas and Khan (2019) noted that over 30% of the SMEs in the informal sector collapse between 6 and 8 months of their establishments because of poor financial management and lack of customers. Consumers are not much informed about the products or services been offered by SMEs, thus prefer to transact with large enterprises. Based on this background, conducting the study was justifiable.

1.1 Research Objective

The study sought to examine the impact of social media marketing strategies on competitive advantage among SMEs in China.

2.0 LITERATURE REVIEW

2.1 Empirical Review

Razali, Saraih, Shaari, Rani and Abashah (2018) conducted a study to examine the influences of social marketing strategies on competitive advantages and market accessibility on SMEs in Malaysia. The study adopted the descriptive research design. The results of the study indicated that social marketing strategies have both positive effects on competitive advantages and market accessibility. The study concluded that social marketing strategies are positively and significantly related to the competitive advantage. Srinivasan, Bajaj and Bhanot (2016) found there is a solid positive relationship between social marketing and performance of the SMEs. Manzoor (2018) conducted a study to examine the influence of social media marketing strategies on competitive advantage among SMEs. The study was conducted in India. The study used purposive sampling to collect the data. The findings of the study showed that social media tools,

such as Facebook and Instagram provide new ways to reach customers. With an increasing number of people being connected to social media, businesses of all types are targeting social media as a new platform to reach their customers and strengthen customer relationships. The study concluded that the use of Facebook and Instagram is positively related to the competitive advantage.

Srinivasan, Bajaj and Bhanot (2016) examined the effect of social media strategies on client acquisition and retention among SMEs in Pakistan. The study utilized the descriptive research design. Primary data from the SMEs was used in the study. The study found that social media participation influence brand trust, which thus, affects customer acquisition and retention. It was likewise found that there is a solid positive connection between sales and the amount of time spent on social media. The web-based social networking promoting techniques affected customer acquisition and retention positively. Another study conducted by Chatterjee and Kar (2020) showed that social media marketing strategies are positively related to financial performance. The study indicated that social media plays a fundamental role in linking people or connecting as well as enhancing relationships. The availability of social media facilitates the opportunity of establishing an avenue that can be used to meet the requirements of the customers by listening and giving feedback to the customers.

Bai and Yan (2020) sought to examine the influence of social media in determining the performance of organizations. The findings of the exploration indicated that the application of social media has become a necessity in the current World. Social media is notably used for interaction and accessing news and information for decision-making. The application of social media cuts across the entire World and can be ideal to be used for marketing purposes. The study concluded that social media is positively and significantly related to the performance of organizations. The organization needs to emphasize much on utilizing social media to increase performance.

Another study conducted by Michaelidou, Siamagka and Christodoulides (2018) showed that the application of social media in the current World is important for building the relationship between sellers and customers. The use of social media such as Facebook, Twitter and Instagram facilitate the interaction between sellers and consumers. As a result, social media facilitates the increase of the visibility of the products and services that a company is offering in the market. The increase in visibility increases the sales and thus the financial performance of a company is enhanced.

A study by Tajvidi and Karami (2017) showed that social media has become the most influential and important virtual space where the platform is not only used for social networking but is also a great way of digitally advertising your brand and your products. Social media's power is commendable as you get to reach a large number of people within seconds of posting an ad, helping you reduce your costs, and making the advertisements reach out to your potential audience through these social media advertisements. The study further noted that with the huge number of online users, which is almost 59% of the world's population, marketers must not miss out on their chance of marketing on these digital forums where they can reach all the maximum number of potential buyers compared with print or television media marketing. The study concluded that the use of social media has become potent for enhancing the performance of organizations.

2.2 Theoretical Framework

The study was based on social exchange theory. Social Exchange Theory was developed by sociologists Blau (1964); Homans, (1961) and Thibaut and (Kelley 1959) who focused on the rational assessment of self-interest in human social relationships (Coyle & Diehl, 2018). The theory states that the market exchanges happen efficiently and more successfully when both customer and company expect to gain value by participating in the exchange. The theory mostly emphasized how participation in an activity will give a benefit to everyone participating in a certain activity without one benefiting at the expense of another one (Ghafari, Yakhchi, Beheshti & Orgun, 2018). Social networking platform allows groups and individuals to stay connected through the exchange of messages. The theory shows the most effective way of increasing trust and performance is through enhancing the interactions. The interaction between customers and sellers can be enhanced through the development of interactive platforms such as social media. Moreover, the theory faced criticism. One of the setbacks of the social exchange theory is that it neglects the contexts of the culture in society (Cropanzano, Anthony, Daniels & Hall, 2017). Also, the theory sidelined to illustrates clearly unselfishness and the actions of those individuals who interact to exploit and manipulate others. Cropanzano and Mitchell (2005) revealed that the theory lacks sufficient and reliable theoretical precision, and thus has limited utility (Chernyak & Rabenu, 2018). Despite criticism, social exchange theory was very crucial and companies can invest in these relationships to improve their image and establish a favorable market exchange and gain a competitive advantage. Therefore, social exchange theory was very relevant to the current study and was used to illustrate the role of social media in determining competitive advantage.

3.0 RESEARCH METHODOOGY

The study adopted the cross-sectional research design. This design was deemed significant since various SMEs in Beijing were used. The study used the purposive sampling technique to get the sample. This sampling design depends on the decision of the researcher. The researcher chose a sample that convenient to him or her for making the representation for analysis

4.0 RESEARCH FINDINGS AND DISCUSSION

The discussion of the results of the study contained correlation analysis and regression analysis. Each of the subsections was discussed independently.

4.1 Correlation Analysis

It is crucial for a study to examine the association between variables. The importance of this correlation analysis is to show whether there exists an association between the independent variable (s) and the dependent variable. The independent variables are commonly referred to as the predictor variables while the dependent variable is referred to as response. The results presented in Table 1 illustrate the findings of the correlation analysis.

Table 1: Analysis

Variable		Competitive Advantage
Social media	Pearson Correlation	.0184*
	Sig. (2-tailed)	0.000

As shown in Table 1, social media is positively and significantly associated with a competitive advantage. The correlation analysis shows that the use of social media will lead to the enhancement of the competitive advantage positively. The results agree with those of Razali, Saraih, Shaari, Rani and Abashah (2018) who indicated that social marketing strategies are positively and significantly related to the competitive advantage. Srinivasan, Bajaj and Bhanot (2016) found there is a solid positive relationship between social marketing and performance of the SMEs. Bai and Yan (2020) concluded that social media is positively and significantly related to the performance of organizations. The organization needs to emphasize much on utilizing social media to increase performance. Another study conducted by Michaelidou, Siamagka and Christodoulides (2018) showed that the application of social media in the current World is important for building the relationship between sellers and customers. The use of social media such as Facebook, Twitter and Instagram facilitate the interaction between sellers and consumers. As a result, social media facilitates the increase of the visibility of the products and services that a company is offering in the market. The increase in visibility increases the sales and thus the financial performance of a company is enhanced. In addition, Tajvidi and Karami (2017) showed that social media has become the most influential and important virtual space where the platform is not only used for social networking but is also a great way of digitally advertising your brand and your products.

4.2 Regression Analysis

The significance of conducting the regression analysis is to show the relationship between variables. It is known that the relationship between variables can either be positive or negative or even there might be no relationship. The regression analysis is divided into sections and the first section is the model finesse, the analysis of variance and lastly the regression coefficients. The study will start with the analysis of the model fitness as illustrated in Table 2

Table 2: Model Fitness

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.1191a	0.2106	0.1869	0.1388

The outcome presented in Table 2 shows that social media can explain 21.06 variation of the competitive advantage in an organization. Thus, the use of social media is significant in determining the competitive advantage. These results of the study can be compared with the results of Srinivasan, Bajaj and Bhanot (2016) who found there is a solid positive relationship between social marketing and the performance of SMEs. Manzoor (2018) showed that social media tools, such as Facebook and Instagram provide new ways to reach customers. Moreover, Razali, Saraih, Shaari, Rani and Abashah (2018) indicated that social marketing strategies have both positive effects on competitive advantages and market accessibility. Another study conducted by Michaelidou, Siamagka and Christodoulides (2018) showed that the application of social media in the current World is important for building the relationship between sellers and customers. The use of social media such as Facebook, Twitter and Instagram facilitate the interaction between sellers and consumers. As a result, social media facilitates the increase of the visibility of the products and services that a company is offering in the market. Tajvidi and Karami (2017) showed that social media has become the most influential and important virtual

space where the platform is not only used for social networking but is also a great way of digitally advertising your brand and your products.

The analysis of variance was also key in the study to determine whether the use of social media is satisfactory in determining the competitive advantage. Thus, the analysis of variance is presented in Table 3

Table 3: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.2731	1	1.2731	2.1757	.000b
	Residual	4.0960	7	0.58511		
	Total	5.3691	8			

The results presented in Table 3 indicate that the overall model was statistically significant. The results implied that the use of social media is positively and significantly related to competitive advantage. Thus, it can be wrapped up that use of the media is satisfactory in determine the competitive advantage. A study conducted by Michaelidou, Siamagka and Christodoulides (2018) showed that the application of social media in the current World is important for building the relationship between sellers and customers. The use of social media such as Facebook, Twitter and Instagram facilitate the interaction between sellers and consumers. As a result, social media facilitates the increase of the visibility of the products and services that a company is offering in the market.

Table 4: Linear Regression Coefficients

Model		Unstandardized Coefficients	Std. Error	Standardized Coefficients	t	Sig.
		B		Beta		
1	(Constant)	0.2855	0.0327		8.7301	0.018
	Social media	0.9031	0.2054	0.7585	4.3968	0.001

The results presented in Table 4 indicated that the use of social media is positively and significantly related to the competitive advantage. The results indicated that a unit increase in the use of social media will lead to an increase in the competitive advantage by 0.9031 units while others factors are held constant. The results concur with the findings of Yan (2020) who noted that social media is positively and significantly related to the performance of organizations. Another study conducted by Michaelidou, Siamagka and Christodoulides (2018) showed that the application of social media in the current World is important for building the relationship between sellers and customers. The use of social media such as Facebook, Twitter and Instagram facilitate the interaction between sellers and consumers. In addition, Tajvidi and Karami (2017) showed that social media has become the most influential and important virtual space where the platform is not only used for social networking but is also a great way of digitally advertising

your brand and your products. Moreover, Razali, Saraih, Shaari, Rani and Abashah (2018) who indicated that social marketing strategies are positively and significantly related to the competitive advantage. Manzoor (2018) showed that social media tools, such as Facebook and Instagram provide new ways to reach customers. Moreover, Razali, Saraih, Shaari, Rani and Abashah (2018) indicated that social marketing strategies have both positive effects on competitive advantages and market accessibility. Another study conducted by Michaelidou, Siamagka and Christodoulides (2018) showed that the application of social media in the current World is important for building the relationship between sellers and customers.

5.0 CONCLUSION

The study concluded that the use of social media is positively and significantly related to the competitive advantage. The application of social media in the current World is important for building the relationship between sellers and customers. The use of social media such as Facebook, Twitter and Instagram facilitate the interaction between sellers and consumers. The study further concluded that social media has become the most influential and important virtual space where the platform is not only used for social networking but is also a great way of digitally advertising your brand and your products. The application of social media in the current World is important for building the relationship between sellers and customers. Most companies in the World are diverting from the traditional model of product promotion and adjusting to digital platforms such as social media. Some of the social media been applied at large include Facebook, Twitter, Instagram and blogs. The study concluded that the use of social media enables the business to discover what society needs and increases brand awareness of the products and services.

6.0 RECOMMENDATION

The study recommended that SMEs in China should use social media to market their products and services. The use of social media has shown a positive impact on performance. The importance of SMEs relying on the use of social media is that it is used globally. Social media cuts across the entire World and can be ideal to be used for marketing purposes. The institutions need to employ more than one social media platform such as Facebook, Twitter, Instagram, blogs among others. The use of social media such as Facebook, Twitter and Instagram facilitate the interaction between sellers and consumers. The study found that the use of social media enables the business to discover what society needs and increases brand awareness of the products and services. It is further recommended that businesses should continue using social media platforms to increase the performance of companies and gain a competitive advantage in the long run.

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