

# Are Small Businesses Really Able to Take Advantage of Social Media?

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**Abstract:** In recent years the adoption of ICT by small enterprises has been growing thanks to prices reduction, diffusion of digital services in SaaS modality, cloud computing and ICT consumerization. However little is known about how small enterprises use these technologies and in particular social media. Social media open up a new way of doing business, based on innovative concepts such as sharing, collaboration and co-creation. However, this is a little-known model, with still unknown implications on management and organization. For this reason it is not enough to know how much small enterprises use social media, but it is necessary to understand how small enterprises use them. The aim of the paper is to understand if small enterprises are able to fully exploit social media potentialities. To this end a sample of 48 Italian small firms is analyzed. Data has been collected by websites' analysis, a questionnaire survey and interviews with entrepreneurs and/or ICT/Marketing managers. Results show that, although social media are quite common among small businesses, they are not always able to use these tools in a truly profitable way. Social media are often introduced because they are "fashionable", because companies feel "forced" to use them, as "all competitors do it". The research, however, has highlighted the existence of a wide range of different situations. Together with low innovative businesses, in fact, there are also other small businesses that are very open to the use of social channels and interactive technologies and able to take full advantage of their adoption. Entrepreneur's mentality makes a difference in these companies, and in particular entrepreneurs' ability to conceive new ways of doing business and his willingness to get involved with new initiatives.

**Keywords:** social media, web 2.0, enterprise 2.0, web-oriented technology, micro and small enterprises, innovative technologies.

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## 1. Introduction

In recent years the adoption of ICT by small enterprises has been growing thanks to several factors: prices reduction, diffusion of digital services in Software as a Service (SaaS) modality, new online data storage (Cloud Computing) and ICT consumerization (integration of smartphones/tablets in the information system) (Assinform, 2011). In particular available data show an increasing use of web technologies by small enterprises. Web technologies, in fact, represent a great opportunity for small enterprises, as they can help to overcome the so-called liability of smallness, encourage small firms' growth and development, help to develop new products, acquire new market shares and gain new competitive advantages.

Even in Italy the rate of ICT adoption by small businesses has been steadily growing in recent years. In 2014, 69.2% of companies with at least 10 employees (88.9% of companies with at least 250 employees) had a website (67.3% in 2013). 31.8% of companies (51.9% among those with 250 or more employees) are using social media (24.7% in 2013); the most popular tools among enterprises are social networks (29.3%) and websites (10.3%). Although most small businesses have websites (67.4%), they are not yet able to grasp the opportunities offered by e-commerce; only 11.5% of small businesses can receive orders on-line on their websites, and only 7.3% in 2013 made online sales via the web or other networks (Istat, 2014).

However little is known about how small enterprises use these technologies and in particular social media. In fact use of social media is a very recent phenomenon and there are still few analysis, mainly concerning large firms. Social media open up a new way of doing business, based on innovative concepts such as sharing, collaboration and co-creation (Vasileiadou and Missler-Behr, 2011; Choi et al., 2014). However, this is a little-known model, with still unknown implications on processes, management and organizational structures. Therefore it's difficult to evaluate small enterprises' attitude and the way they use social media. For this reason it is not enough to know how much small enterprises use social media, but it is necessary to understand how small enterprises use them.

With this background in mind, the aim of the paper is to understand if small enterprises are able to fully exploit social media potential or if they conceive social media simply as a fashion or a fad. The problem arises because, although we have some information about the presence of social media in small enterprises, not much is known about how they use these technologies. The fact that small enterprises use social media doesn't mean that they are able to use them in a profitable way, to develop a winning and successful business strategy.

In order to obtain this information a sample of 48 Italian small enterprises using social media has been analyzed. Findings from sample survey are integrated with description and discussion of two small firms cases, drawn from the sample. They represent two very different approaches in the use of social media, characterized by different degree of strategic awareness about their potentiality.

The paper is structured as follows: the next section presents a literature review on social media and their use in small enterprise. Then methodology used for data collection and analysis is presented and main research results are described. At the end, some conclusions from the research are drawn.

## **2. Web 2.0 and social media Threats and opportunities for small enterprises**

The concept of Web 2.0 was born, in 2005, during a brainstorming session of a conference on the web (O'Reilly, 2007). Since then, web 2.0 has evolved from simple information retrieval to interactivity, interoperability, and collaboration platform (Campbell et al., 2011). According to McAfee (2006; 2009) "Enterprise 2.0 is the use of emergent social software platforms within companies, or between companies and their partners or customers". It represents a breakdown with traditional organization models towards an open and cooperative architecture. Its main keywords are: sharing, cooperation and interactivity.

In the last decade Web 2.0 has enabled the development of social media, first as a friendly social networking between individuals in their private life and later as tools used by enterprises to achieve business goals. Social media offer an opportunity for social interactions both for businesses and individuals (Fischer and Reuber, 2011). For Kaplan and Haenlein (2010) social media are "A group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user generated content".

Thanks to social media enterprises can interact with their partners and create interactive bi-directional channels with customers and suppliers. Social media allow the implementation of a virtual community where firms, suppliers and customers can communicate, collaborate, co-produce and improve products/services. Customers become "prosumers" – consumers and producers at the same time (Tapscott and Williams, 2006). According to Levine et al. (2001) "markets are conversations" and with the digital revolution consumers have changed their role, from passive consumers to active prosumers.

Actually there is limited academic research in this area (Jansen et al., 2009) and much of it is focused on users' behavior and not on companies' perspective, and especially small firms ability to use social media is still a little known area. Some authors (Durkin et al., 2013) highlight the existence of a deficit in the literature on social media adoption within a small enterprise context and argue the need to further deepen the research on this topic (Aral et al., 2013).

While is well known that social media can positively impact small firms' performances, so far attention has been mainly focused on tactical aspects – for example the adoption of Twitter/Facebook and other social networks by small enterprises. These studies surely provide valuable insights to operational aspects of social media adoption and use, but "there is a deficit in the research with respect to a more strategic consideration of how social media can add value to the customer-SME relationships" (Durkin et al., 2013, p. 720).

Actually for small enterprises digital technologies, and in particular social media, represent a powerful opportunity, but also a potentially serious threat.

Opportunities come from the ability of small enterprises to adopt technologies until now inaccessible – as only available to large companies – and to use them to compete in international markets (Mazzarol, 2015).

Small enterprises are usually deep-rooted in their local area, but recently they may take advantage of web technologies as they can expand their geographical boundaries. E-commerce allows them to operate even in a global market as customers can be reached everywhere (Consoli, 2012). Small enterprises can use forums, blogs, groups and other social media to build relationships with key influencers (Eid and El-Gohary, 2013). They can use social media to implement projects of open innovation (Chesbrough, 2003), thus compensating their liability of smallness and the lack of internal research labs and structures. They can also exploit crowdsourcing opportunities (Howe, 2006) to find a solution for technical problems and accept ideas from external solvers.

According to Finotto and Micelli (2010) the adoption of web 2.0 technologies is independent from previous experiences with ICT (eg. ERP), and this represents another advantage for small firms, as they have invested in traditional technologies less than large companies. Skills required to manage virtual spaces are independent from know-how required by traditional ICT. According to Iulm Observatory (2011), Italian small enterprises using social media increased from 9.8% (2010) to 43% (2011). These firms have also reduced their gap compared to larger companies, since the latter have had lower increases in the use of web 2.0 technologies.

Moreover Kaplan and Haenlein (2010) and Barnes (2010) highlight that for firms the adoption and use of social media requires a low cost investment. This investment can result in higher levels of efficiency than traditional media. Social media can be very effective tools in helping small enterprises to reach their business goals. These firms have generally an advantage, as small size helps to reach customers and obtain valuable feedback about products/services.

Besides the numerous opportunities offered by social media, some authors also emphasize a number of threats. They mainly emerge from small firms losing business by not embracing the opportunities and becoming uncompetitive in increasingly digital and online markets (Mazzarol, 2015). Actually some small firms still question social media credibility and sustainability (Nakara et al., 2012) and are not able to fully exploit these tools' potential.

Small enterprises should understand social media's strategic importance for business's growth (Walsh and Lipinski, 2009). In order to create add value for customers, investments in social media should be included in a broad e-marketing strategy, and should be coherent with pre and post-sales marketing activities Eid and El-Gohary (2013). As first step small firms should set social media goals in managing customer relationships and marketing activities (Prohaska, 2011).

The ability of social media to help small firms in fostering engagement between organization and consumers has been much emphasized. Actually small firms could successfully use social media technologies to improve their ability to manage relationships with customers. Durkin et al. (2013) emphasize the importance of relationships with external stakeholders, especially with customers, as a main basis of small firms' competitiveness. Web technologies evolution and social media diffusion have offered businesses a new tool, with new and partially unexplored potentialities. These tools can enhance small firms' ability to manage relationships with customers and other stakeholders.

Nakara et al. (2012) observe that small entrepreneurs usually develop their networks randomly, taking advantage of spontaneous and fortuitous contacts. On the contrary a systematic use of social media could help small entrepreneurs to create a network by wisely selecting their contacts. Harrigan and Miles (2014) underline that social media "may be the most appropriate CRM technologies to date, as they are readily available, mostly free, scalable depending on the size of organization, and utilized by the majority of consumers". Authors point out that, even if small firms mainly adopt some intuitive form of CRM, social media technologies can be integrated with existing organizational capabilities in order to yield higher order capabilities and create competitive advantage.

However Durkin et al., (2013) fear that this technological innovation could be harmful precisely to small businesses. The latter, in fact, have so far taken advantage of their ability to treat and manage customer relationships with a very personal approach, in which entrepreneur is often personally involved. Caldwell et al. (2013) also confirm that small firms are worried for the risk of losing personal contact with key customers, as small entrepreneurs generally wish to engage with them on a face- to-face basis. Moreover small entrepreneurs are often reluctant to use web 2.0 tools like social media, as they are afraid of losing control over customers. In fact customers have gained great power thanks to web interactivity, as they can now post in the web their comments about firms' products and services. Indeed small enterprises have to take care to "Word of Mouth" (WoM) (Stokes and Lomax, 2002). WoM on virtual channels represents Internet firm's reputation. A good web reputation can help to acquire new customers. But customer opinions, mainly if they are negative, may have a dangerous viral effect in the web.

Several researches have highlighted the lack of a strategic approach in the decision of small enterprises to adopt and use social media. This decision, in fact, is more often caused by internal reasons rather than by market or customers' driven reason. Behind the decision to adopt and use social media, in fact, there is often the fear of "not being up to date" and the concern to forgo the use of a tool that is perceived as full of opportunities. But its use is often made out of a clear strategic plan and without careful consideration of the impact that it could actually have on customer relationships and the company's competitive position in the market. The main reason of such attitude is small enterprises' marketing approach. It has been described as informal, fortuitous, unstructured, spontaneous and

reactive (Gilmore et al., 2001; Hill, 2001; Reijonen, 2010). Small firms very often lack a well-defined marketing strategy and they simply respond to immediate and specific customers' needs.

As Timmons and Spinelli (2009) suggest, this means that the core challenge for small entrepreneurs is to put customers' needs at the center of their investments decisions and to never lose sight of that imperative (Durkin et al., 2013).

In addition to the difficulties of small businesses to adopt a strategic perspective in the use of social media, other research has revealed some difficulties in dealing with technical aspects. In particular many small firms lack time and resources to update blogs, groups and other social networks (Nakara et al., 2012). Moreover small enterprises have difficulties in effectively using the great amount of information achievable by social media. To be effectively used for marketing purposes, in fact, information should be systematically collected, sorted and organized. However the majority of small businesses lack time and skills needed to perform these activities (Nakara et al., 2012; Harrigan and Miles, 2014).

As regard the Italian context, research relating to social media's use by small firms has mainly measured the presence of these interactive tools. Very little is known about how Italian small firms use social media and if they are really able to take advantage from their use. However small businesses represent the vast majority of the Italian companies (99.4%, with 95.2% micro-enterprises, with less than 10 employees) (Istat, 2014). So their ability to innovate and maintain their competitiveness through an effective use of new web technologies is crucial to the competitiveness of the whole country. For these reason it's important to know how small enterprises use and manage social media and if they are able to obtain real competitive advantage from them.

To respond to these questions an empirical research has been carried out. It is presented in the following pages.

### **3. The research**

#### **3.1 Research methodology**

In this paper a qualitative method, based on inductive multicase research (Miles & Huberman, 1994), has been adopted to understand how small enterprises use social media. The reason of this methodological choice is that the aim of this analysis is neither verify a hypothesis nor falsify, confirm or modify an existing theory but better understand a still unknown phenomenon and explore it in depth. This methodology promotes the understanding of phenomena that are holistic, complex and that evolves over time (Eisenhardt, 1989; Wolcott, 1994), such as that of the present study.

In the selection of cases a purpose sample method has been used. Cases have been selected with the logic of predetermined criterion of importance (Patton, 1990), namely because they meet some essential requirements that are consistent with the object of the research. Thanks to an Italian local entrepreneurial association, a sample of 48 small enterprises, using social media for business activities, has been selected. Multiple case study also allowed us to analyze firms with different characteristics in terms of industry, size, technological level, entrepreneur's profile, and so on.

Firms in the sample operate in various industries – mechanical-electronic (19%), furniture (25%), fashion-artistic (23%), food and wellness (17%) and services-communication (16%) – and belong to different size classes – less than 3 employees (35%); 3 to 10 employees (23%); 11 to 30 employees (25%) and 31 to 50 employees (17%).

Empirical analysis has followed three main steps. First of all small enterprises' websites have been analyzed to understand if links to social media are in the home page. Then a questionnaire has been administered to small enterprises' owner/manager and finally in depth interviews and informal conversations with owners/managers have been conducted. Data was collected in the period 2012-2013.

#### **3.2 Websites' analysis**

It's well known that website is a very important space both for small and large firms. For customers it is important that companies have an easily navigable website, with a rich content and a rich description of firm's activity, mission, history, ownership, governance, markets, quality and environmental policies, social responsibilities, performances,

products/services. Nowadays it's also important for businesses to have in their websites a bar with links to social media. In line with research questions, firms' websites have been analyzed in order to find links to the most famous social media and e-commerce section (Table 1).

**Table 1:** Links to social media (%).

Tools	%	Tools	%
Facebook	79%	Pinterest	6%
Blog	25%	News	4%
Forum	4%	Skype	10%
Chat	2%	Rss	4%
Wiki	0%	E-Comm	8%
Twitter	37%	Google+	2%
LinkedIn	19%	Issuu	2%
Youtube	37%	Picasa	2%
Flicker	6%	Business television news	0%

The most frequently used social media is Facebook. The main reason is that companies must be present in channels most commonly used by customers. Facebook is a social media most used by people (young and old) and therefore companies need to be on this channel. It's interesting to note that in another research (Harrigan and Miles, 2014) the most used social network by small- and medium-sized firms was LinkedIn, while Facebook stood only 4th in the list. This difference can probably be justified in the light of the different composition of the sample in the two researches. Research presented in this paper, in fact, involves small and micro businesses. It does not include medium enterprises (with less than 250 employees), while they are involved in Harrigan and Miles' sample. Actually small and micro firms are often entrepreneurial business, where the owner/entrepreneur often extends to the company the use of tools that he initially used only in his private life.

Nowadays products/services are promoted and advertised by web and virtual channels (two-way direction), rather than traditional channels such as television, which is unidirectional. For companies it is also important to listen, even in real time, customers' opinions about products/service, in order to improve them.

Only few firms (Table 1) have an e-commerce section in their website. However interviews with entrepreneurs have shown that some small enterprises use external platforms to sell their products online. This means that small enterprises begin to understand the importance of online sales to reach domestic and international markets.

**3.3 Questionnaire results**

Based on results from websites' analysis, a questionnaire was formulated in order to understand how small enterprises manage websites and social media. In almost all small enterprises, website has been developed by external agencies. Sites using a Content Management System (CMS) technology are structured in separate sections easily accessible by appropriate credentials (username and password) and modifiable/upgradeable both in contents and in pictures. Several firms manage and update their websites by themselves, although external experts developed the structure. External consultants upgrade and manage websites in 35.4% of firms, while in the remaining 64.6% a person inside the company manage the website: entrepreneur (25%), chief information officer (CIO) (13.5%), entrepreneur's family members (5.8%), employees (5.8%), marketing manager (5.8%), internal web master (3.8%), sales manager (1.9%) (Table 2).

In small firms where entrepreneur's young children or relatives are involved in the business, they often take care of web technologies, thanks to their greater aptitude to digital tools. This is true both for the website and social media.

People who manage company's website does not necessarily also manage social media. In fact in 83% of firms virtual channels are internally managed. This happens even when external web agencies developed the structure of channels 2.0.

**Table 2:** Persons who manage social media

Subject	%	Subject	%
Marketing manager	12%	Family member	8%
Sales manager	8%	Communication manager	4%
Generic Employees	7%	External consultant	17%
CIO	4%	Web master	2%
Entrepreneur	27%	Nobody	11%

It must be noted that websites created by external webmasters are more difficult to manage internally, especially static websites without CMS technology. As regard social media, internal management is simpler and user-friendly, even if an external consultant created them. Some small enterprises have a social channel, but they don't use it and so nobody updates it (11%). In fact social channels have sometimes been create to imitate other firms, or to get a higher ranking thanks to their creation.

Main reasons to adopt social media are: visibility, promotion, advertising, acquisition of new leads (lead generation) (Gahan, 2012) to transform them in future customers (Table 3). In this regard, however, all enterprises admit their inability to know how many contacts are actually transformed into real customers.

**Table 3:** Reasons to use social media

Motivation	%	Motivation	%
Interactive channel	6%	Contacts	8%
Visibility	50%	Foreign	2%
Promotion	54%	Communication	0%
Customers	73%	Low Cost Investments	0%
Merchandising	2%	Increase of ranking	0%
E-Commerce	6%	Curiosity	4%

With regard to future plans, many enterprises are thinking to enhance their presence in social media (67%) and in some cases they express the intention to start with some experiments of e-commerce (29%) or enhance advertising (15%) (Table 4).

**Table 4:** Future actions

Future actions	%
Consolidation of social media	67%
Advertising	15%
E-commerce	29%
Facebook in other languages	2%
Youtube	2%
Integration of various websites	2%
Sales	0%
Do not enter in social channels	0%
Marketing	0%
Customer care	6%

Other data from the research are the following: 40% have post-sales contacts with customers; 60% is not active in sales service; 38% make some statistics on consumer preferences but nobody still uses specialized software of opinion mining to analyze customer reviews. Few firms think to do so in the future. 63% of the respondents use mobile devices for business activities. 85% of firms are not concerned about online reputation. Most of the companies have not yet implemented web 2.0 tools.

Questionnaire results show a widespread interest towards social media potential (development of new products, opening of new sales channels, management of the relationship with customers before and after sales). Building and managing web relationships with customers are not easy activities and require time and resources. Despite their willingness to interact and collaborate, many firms still have a one-way – and not two-way and interactive – communication. Most companies use web channels as an extension of traditional channels, to communicate with customers and promote their products.

It is not always true that companies using social media have long experiences in network technologies. These tools, however, are definitely most used by enterprises with younger entrepreneurs or employees, who frequently use social networks.

Generally small enterprises are supported by external agencies in developing their website and the structure of Facebook community. Anyway many companies are gradually able to manage virtual channels by themselves because they are very user-friendly. Instead the management of static websites, especially traditional non-CMS, is always entrusted to web agencies or external consultants.

Smaller companies, without organizational-bureaucratic constraints, create and manage in-house social media, while larger companies are supported from consultants who manage contents and the virtual community.

Integration of mobile, devices such as tablets and smartphones is also easier in small enterprises (IT consumerization), thanks to the lack of restrictive security's policies in their information systems. On the contrary, in larger companies, the integration is more difficult for the presence of more restrictions in the authorized access to the system.

### 3.4 Analysis of interviews and discussion on results

Interviews with entrepreneurs/managers have been analyzed to better understand how small enterprises use and manage social media and to know benefits they obtained using these tools. In this section, we refer to analyzed case studies. For privacy reasons, we assigned to each company an abbreviation including a number that refers to firm's employees.

Some entrepreneurs consider social media as a fad (Deme1, Clam8, Fpam16, Saab8) and they are not willing to change and adapt internal processes to new web technologies. However several entrepreneurs deeply believe in social media potential. This is especially true in some micro enterprises, whose owners personally manage relationships with business stakeholders (Ptma, Pisc1, Masc, Smma).

Generally entrepreneurs, especially in micro firms, personally manage Facebook pages and other social networks in their free time. Ptma's owner says: *"From the downstairs laboratory, in the evening after work, I go upstairs at home and after dinner I connect to Facebook to reply to my customers"*. But for many entrepreneurs time is a problem. Omna owner, for example, had started to use a business blog, but she later dropped it for lack of time. Writing in a blog is often very challenging and requires a lot of time, often subtracted to entrepreneur's free time. She says: *"My daughter helped me to start a blog. At the beginning I spent a lot of time, but I had no more time for my family and for housework. Now I've left the blog"*.

The analysis shows that not only young entrepreneurs use intensely social channels. Some exceptions are, for example, Ptma's and Masc's owners, who are adults and not digital natives. Coma1's owner – a 45-year-old woman – discovered Facebook some years ago. Since then, she decided to use the business old website only to show its contacts. Now she uses social channels to exhibit her products.

Most some entrepreneurs prefer to gradually introduce web technologies and social media in their business. Some firms (Acam27) are starting to use Facebook to promote only one product line, and not their entire catalogue.

Small enterprises hardly have a project integrating website and social channels. For example Lpam20 has three brands and three websites that are not connected with one another. In several cases, Facebook pages are not linkable (reachable) from the website. Main reasons are:

- Facebook page has been created just to increase the ranking (the position in search engines) (Alsc5, Bmam42);
- firms don't have time to update Facebook pages (Omna, Saab8, Vaam1);

- websites were created by external web agencies and the Facebook page is managed by the company (Fpam16, Gcam11, Coma1, Masc). Sometimes small entrepreneurs think that setting a link to Facebook pages in the website causes high additional costs. So in many cases the business virtual community is not accessible from the website. So the owner of Coma1: "A consultant created my website. Now I use it only to show my contacts. Now I have created a Facebook page and I post my collection of jewels. I don't care to link it to the website. I should re-contact and pay the consultant again for that".

Medium and large enterprises usually have an internal or external Community Manager that manages virtual communities. On the contrary in small firms it is very rare to find a community manager. In our sample virtual communities are managed by: firms' owner (8 cases), some family members (3 cases), a generic employee (5 companies) or employees working in marketing/ communications/commercial area (3 companies). Sometimes external non-professionals are involved in this role (Vaam1: "A girl manages the Facebook page; she is good and she costs a little"). For firms belonging to fashion and tourism industry virtual communities are often strategic and therefore it's important to involve expert consultants (Ccma20, Mhsc7).

The ease / difficulty to introduce and use social media is not influenced by firm's past experience with legacy technologies. In fact it seems possible to use web 2.0 tools without having past experience in complex information systems. This helps small firms to use social media. Moreover social media don't require high investments (Smma, Pisc1, Ptma), as interactive channels can be exploited in open source modality. However the presence of a "pivot" (facilitator) with some technological expertise can stimulate the use of social channels (9 case studies).

Small enterprises can obtain great benefits from social media. In most cases, small enterprises without a commercial network use social media to interact directly with their customers (Smma, Ptma, Vaam1, Masc). Smma's owner declares: "I can't have a commercial agent because it's too expensive for me. This is why I continually use social channels to acquire new customers and stay in touch with the old ones ". Often the result is a remarkable increase in sales and customers base. After Pisc1's owner began to show his products on Facebook, requests for his personalized pins increased a lot, as before they were very little known.

Some small businesses show a greater ability to take advantage of social media, and they use them not only to contact customers, but also to create a broader network, involving other supply chain partners. Dram50has has extended the concept of community, including not only customers and dealers, but also outside professional architects. The company wants to stimulate architects to use its design solutions. Its marketing manager says: "We must reach final customers not only directly but also by other professionals of the supply chain. They can suggest people to use our products".

Small enterprises can also acquire many benefits creating an e-commerce section in the website, in particular in they want to internationalize their markets (Tcab1, Dvab1, Ccma20, Brma8). Dvba1 and Tcab1's owners have implemented e-commerce sections using web platforms of other operators in order to reduce the cost of foreign intermediaries. Brma8 has implemented a proprietary e-commerce platform to reach foreign countries. Alsc5 is specialized in e-commerce business. It invests heavily on search engines and price comparison websites and receives opinions from its online customers.

Masc began selling online by eBay and other proprietary platforms. Later it has added an e-shop section in its website. Other companies are aware of e-commerce power but are not licensed to sell to final customers. To overcome this obstacle some firm partnered with owners of sales platforms (Saab8 and Tcab7). Other firms have gradually carried out e-commerce experiments (Cmme16, Cume7) and sell online only some products. Other firms (eg Cmma1) serves a local market and are not interested in internationalization, so it prefers e-mail to communicate with its customers.

Also B2B companies can obtain great benefits thank to social media. In our sample, B2B firms with a good commercial network (5 business cases) use social media to promote and launch new products, in order to reach global customers. They also invest in ads on Google AdWords in order to make sure that the company website I easily identified by search engines using specific keywords.

#### **4. Small enterprises and social media: two very different approaches**

Findings from sample survey are integrated with description and discussion of two small firms cases, drawn from the sample. Cases presented in this section are interesting as they represent two very different approaches in the use of social media, characterized by different degrees of technological innovation and strategic awareness about social



media potentiality. Their analysis is useful to note the existence of different approaches in how small enterprises are using social media. They also confirm that it is necessary to know how small businesses use social media, in order to understand whether their technological tools are really useful for their business and are really able to contribute to their competitiveness.

#### 4.1 Nouveaux bijoux: A traditional company

*Nouveaux bijoux*<sup>1</sup> is a very small enterprise where the owner and only one employee are working. The owner is a very creative woman. She designs and manufactures jewellery in gold and other metals. Her customers are retailers or end customers; 90% of customers are in Italy and 10% abroad. The entrepreneur often participates in exhibitions and other events that allow her to introduce her products and expand her customer base. She collaborates with art galleries, shops and designers and exhibits her jewels together with other objects, produced by other companies: pottery, clothes, furnishing, and so on.

In the company there is only one computer Macintosh used for trade relations, Internet, e-mail and Facebook. Initially, the company was equipped with a website, created by an outside professional and used as a showcase for company's products. But the site has not been updated since then and it is now used only to expose corporate contacts (address, phone, e-mail). Recently a Facebook company profile has been created. Facebook pages are constantly updated with catalogues and pictures of new jewels. For this purpose, her assistant helps the entrepreneur. He is younger and thus more skillful at using social networks and managing relationships with the virtual community. Entrepreneur's future plans also include opening an e-shop. But at the moment the project has been postponed. In fact it would require hiring another person to take charge of the management of e-commerce, but for the company it would be too costly.

The enterprise described in this section is characterized by a very limited presence of ICT and social media, and by a very low ability to conceive ICT and social media in a strategic perspective. The technological tools available, in fact, are under-utilized and the company manages relationships with the market in a very traditional way, favoring personal contacts and without using social media to interact with it. The presence of social media, therefore, seems at the moment unable to bring real benefits to the firm. The use of Facebook seems to be the result of a fashion, or even a fad. It is conceived as a tool "that all companies should use", even if the entrepreneur is currently unable to use it to improve her relationship with customers and to implement an effective marketing strategy.

#### 4.2 Le monde en un clic : a web 2.0-oriented business

The founder of this company – Le monde en un clic – is well known in the photography world and for several years he has held senior positions at the Kodak Spa. The company promotes two brands: the first is intended for professional photo labs and amateurs, while the second is targeted at end users. With the first brand the company offers software and hardware solutions (e.g. printers and plotters) for layout and photo printing customized on different items such as gadgets, cups and pillows. The second is a web 2.0-oriented brand. It consists of an online service through which clients/users can design by themselves a customized cover for their smartphone. After having received the design by a customer, the company prints it on a cover of rigid plastic, with the dimensions defined by the user, using a dye sublimation process. The final product is then delivered, by post, to the user's home. The whole delivery process takes 3-4 days. It is inserted in an electronic tracking system and each customer can thus check, at every moment, the delivery flow. Payments can be made by cash, PayPal or credit card. Customers are also invited to share their covers with their friends on Facebook, in order to trigger a process of word of mouth, which aims to increase company's public visibility and reputation and to increase the number of contacts and customers. In this way, customers are actively involved in company's production process: when the company gives them the option to draw their own customized cover, in fact, they become prosumers, producers and consumers at the same time. In this company, an external web marketing agency has been charged with developing and maintaining the website and with managing e-commerce activities.

In 2011, the project launch year, the company's platform, unique in Italy, got an immediate success. The following year it increased its revenues by 225% and in 2013 the growth was about 40%. The company's success has immediately attracted a number of competitors. In 2013, and especially in 2014, new Italian and international players entered the market, with a particularly aggressive pricing policy.

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<sup>1</sup> For privacy purposes, fantasy names are used in this paper.

Last year the company launched a contest via social networks. It invited graphic designers and architects to submit their works to print them on its covers. The contest obtained a great success with the participation of over 100 artists. The competition was disclosed on several websites specialized in graphic design. Many works were posted on company's Facebook pages, thereby increasing discussion and interest in design.

The company's web marketing consultant constantly promotes the project through affiliations on other social networks. Moreover he is in contact with a number of bloggers, press officers, associations and other companies. He has recently contacted some major national blogs who write about trend and fashion. Many of them consider the project very interesting and now they are planning to work together and to launch new ideas.

In 2015 a new version of the web-based platform has been presented. The radical novelty is that now customers not only can create their customized covers. Customers now can sell their covers, putting them in a specific area of the website. So the technological infrastructure no longer appears as a platform of pure e-commerce, but it is rather a marketplace of covers. The company is engaged in production of covers but creative and authorial activities are now reserved to portal's users / clients.

The case "Le monde en un clic" is particularly interesting because it shows that even in a micro enterprise, with only 5 employees, it is possible to introduce marketing and management innovations, exploiting the potential of 2.0 technologies. In particular, the company seems to have fully learned the concepts of collaborative customization and open innovation. In fact, the company is able and willing to make products / services with features and specifications set by customers, in line with their preferences and needs. Moreover, the company is open to innovative contributions from outside. It is indeed aware that internal company resources may not be sufficient to develop adequate innovation abilities, as it is required by the current competitive scenario. The company also takes advantage of crowdsourcing, because the end product is based on contributions and creative ideas that anyone (crowd) brings in, designing personal images that will be printed on their cover. In this way, production becomes social, because production process is no more an internal function, but it is carried out with the participation of customers and designers / artists / graphs, which are outside the organization.

## **5. Conclusions**

The results from this research show that, although social media is quite common among small businesses, the latter are not always able to use these tools in a truly profitable way.

Small firms are starting to realize the importance of social media and virtual channels to achieve business goals and are gradually learning to take advantage from the use of such technologies. However social media are often introduced because they are considered "fashionable", because companies feel "forced" to use them as "all other companies do it." Very often entrepreneurs transfer in the company the use of technological tools that until then they have used only in their private life. In such cases, however, the social media are not able to change the company's competitive position and add value for the customer. Their use is in fact largely underestimated, precisely because social media are not involved in a comprehensive strategic plan that includes process management and marketing strategies.

The first case presented in the paper well describes this kind of situation. The company in fact shows a very limited ability to exploit the full potential of existing interactive technological tool, which at the moment contribute very little to the development of the business and to the enhancement of its competitive ability. The main reason has to be attributed to the entrepreneur's limited technological skills and to its limited awareness of the potential of 2.0 technologies. However, the business small size and its limited financial resources also play an important role. This situation in fact prevents the hiring of people with adequate technological skills, which are necessary to manage social media and change the business model in order to exploit the potential of these tools.

The research, however, has highlighted the existence of a wide range of different situations within the world of small business. Alongside low innovative businesses, in fact, there are also other small businesses that are very open to the use of social media and interactive technologies, and able to take full advantage of their adoption, like the one described in the second case presented in the paper. Enterprises of this type organize their activities leaving wide space to information and knowledge exchange with customers, suppliers and other companies and make extensive use of social channels and virtual channels. In these companies the equipment of digital technologies may be richer

and more innovative, but the main difference comes from the strategic awareness that accompanies their use in the company. While in the first case the introduction of social media is the consequence of motivations push, in this second group of companies it comes from mainly pull reasons. The decision to adopt social network in fact is inspired by the willingness of the entrepreneur to create a new business model, characterized by interactivity, openness to clients, collaboration and visibility. To make a difference in companies of this type is the mentality of the entrepreneur, his ability to conceive new ways of doing business and its willingness to get involved with new initiatives, taking advantage of new technologies.

This variety of situations confirms that, when the analysis is focused on the relationship between small firms and social media, it is not enough to know *how much* small enterprises use social media, but it is necessary to understand *how* small enterprises use them. This also mean that qualitative analyses should be encouraged, in order to get further information about obstacles that hinder small businesses' ability to fully take advantage of these technological tools.

Data obtained from this analysis give a contribution in such a direction. They can also be used as a basis for further quantitative investigations, involving a larger sample of companies and using specific statistical tools. Analysis of this type may give more generalizable results, useful to validate some findings from qualitative analysis about the adoption and use of social media in small enterprises.

To conclude we can say that in this research there are some limits. Results come from a small sample of companies (48 cases). So this research can be considered as a first step, useful to identify some research hypotheses that should be subsequently verified by further investigations involving a higher number of companies. Interviews should be addressed to enterprises segmented by size, in order to focus the analysis on homogeneous segments of companies. In this way it would be easier to know dynamics related to companies belonging to the same size class and make comparisons between them. Indeed we are aware that issues and dynamics that arise within a small enterprise are different from those of more structured organizations.

Another limitation of this research is that we have only interviewed one person in each company. To get a complete description of the state of the single firm, we should know views and opinions of more enterprise representatives and stakeholders, especially customers and suppliers.

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