

# **UTILIZATION OF SOCIAL MEDIA AND ITS IMPACT ON MARKETING PERFORMANCE: A CASE STUDY OF SMEs IN INDONESIA**

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## **ABSTRACT**

The role of social media has changed both producer and consumer behaviour worldwide. It connects businesses and customers to communicate with each other seamlessly. Social media can bring many advantages for SMEs, but many SMEs still have not realized it. Several SMEs have higher marketing performance through social media channels, while most SMEs struggle to implement social media benefits because of their limitation in technological knowledge. This study explores why and how SMEs use social media and its impact on marketing performance by using an explanatory pilot study as a research method. The qualitative data analysis were examined through thematic analysis. The findings of this study provide nuance to explain the role of social media for SMEs in six main themes: (1) Branding, advertising, and promoting; (2) Enhancing community interaction and content sharing; (3) Building trust and relationships; (4) Reaching potential customers; (5) Digital marketing trends, and (6) Low-cost promotion and content customization. Another notable contribution of this study is the importance of social media adoption to improve SMEs' marketing performance through creative advertisement using lower marketing costs.

**Keywords:** Social media; social platform; SMEs; marketing performance; Indonesia.

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## 1. INTRODUCTION

### ***1.1. Research Background***

Social media refers to websites, computer or mobile applications, and platforms created to connect and allow its users to share information or content easily in real-time. In today's business, social media can be considered the most strategic tool to increase company value proposition, image, revenue, and competitive benefit (Aral & Weill, 2013). Therefore, it is undeniable that most companies, including small, medium, and large enterprises, are forced to utilize social media as their marketing programs and sales promotions. In addition, the role of social media can be used for building trust and relationships, enhancing interactions and transactions with current and potential customers.

The marketing performance of the small and medium enterprises (SMEs) in Indonesia is still low. SMEs in Indonesia faced various constraints, such as limited capital, human resource, and marketing. One of the most significant issues in the development of SMEs is the technology aspect. Technology can be seen as an opportunity and challenge for SMEs. Therefore, the application of technology should be implemented to improve SMEs performance, especially for marketing. The application of technology allows SMEs to reach the potential customer that cannot be captured before (Ghobakhloo et al., 2012).

According to O'Reilly (2005), connections between enterprises and the public are supported using video/image sharing platforms, such as Instagram and YouTube, online networks as Facebook and Twitter, and other social bookmarking websites, such as Pinterest and Snapchat. Earlier studies has shown that social media is a recommended tool for enterprises to attract customers and become more reputable (Agnihotri et al., 2016; He et al., 2014). Although social media offers many benefits in doing business, many SMEs are not fully aware that social media could help them boost their marketing performance. However, several SMEs have been identified to be very successful in selling their products through social media channels. At the same time, other SMEs still struggle to capitalize on social media benefits because of a lack of knowledge and self-taught technique. Thus, the objective of this study is to explore why and how SMEs uses social media and its impact on marketing performance.

### ***1.2. SMEs in Indonesia***

Small and medium enterprises (SMEs) have an essential role in the business sector (Han et al., 2018). In Indonesia, the number of micros, small, and medium enterprises (MSMEs) in 2017 reached almost 98% or around 62.9 million units of the total company, employed up to 97.02% of the workforce. Also, they contributed to 60% of Indonesia's gross domestic product (GDP) at the current price in 2017 (Ministry of Cooperatives and SMEs Republic of Indonesia, 2018). This means that SMEs have an important role in the Indonesian economy (Iqbal, 2015). Gamage (2003) explained that SMEs criteria are defined based on the number of employees, capital investment, annual turnover, and business characteristics.

According to Indonesian Law No. 20 (2008), the criteria for SMEs in Indonesia are specified based on net worth capital (exclude land and buildings) and annual sales. Small enterprise has a net worth capital of more than IDR 50 to IDR 500 million (around USD 3.300 to USD 33.000)

(excluding land and buildings) and annual sales of more than IDR 300 million to IDR 2.5 billion (around USD 20.000 to USD 166.000). Medium enterprise has a net worth capital of more than IDR 500 million to IDR 10 billion (around USD 33.000 to USD 666.000) and annual sales more than IDR 2.5 billion to IDR 50 billion (around USD 166.000 to USD 3.333.000). SMEs in Indonesia are classified into nine economic sectors such as (1) agriculture, animal husbandry, forestry and fisheries; (2) trade, hotels, and restaurant; (3) transportation and communication; (4) manufacturing industry, (5) services; (6) finance, leasing, and corporate services; (7) building; (8) mining and quarrying; and (9) clean water (MSME's credit report, 2018).

### **1.3. SMEs and Social Media**

The development of technology and information in the globalization era pushes small and medium enterprises (SMEs) to adopt social media in their business. Entrepreneurs think they will lose many opportunities if they do not adopt social media (Drury, 2008). Meske and Stieglitz (2013) explained that the adoption of social media in SMEs is a way to communicate with customers and support internal communication with employees. According to Ahmad et al. (2018), the adoption of social media among SMEs has several impacts: creating better brand awareness, better relationships with customers, increasing sales, improving information sharing, superior to competitors, and creating effective communication tools between institutions and customer. In addition, social media presence becomes an excellent opportunity for SMEs because capital is not required when adopting social media platforms to promote products in the broader geographic area (Srirejeki, 2016). The transition of conventional SMEs to digital SMEs in Indonesia can increase Indonesia's annual economic growth by 2% (Deloitte Access Economics, 2015)

Based on Deloitte Access Economics (2015) survey, 64% of the SMEs already have online capabilities to adopt social media. The participants emphasize that the benefits of digital technology for SMEs are: (1) access to customers (50.20%), (2) increased sales (35.50%), (3) access to foreign markets (33.70%), (4) more effortless transaction to supplier and customers, and (5) lower promotional costs. In addition, based on a survey report by We Are Social and Hootsuite in Digital Report (2019), Indonesia's entire internet and social media users have reached 150 million or 56% of the total population. The most influential users of these social media platforms are YouTube (88%), WhatsApp (83%), Facebook (81%), and Instagram (80%). In addition, the most popular social media for SMEs to support their daily business operations are WhatsApp (87.8%), Facebook (75.6%), Instagram (58.5%), Website or Blog (39%), and YouTube (7.3%) (Priambada, 2017).

## **2. LITERATURE REVIEW**

### **2.1. Social Media Marketing**

Social media marketing is the marketing activity that equips social media platforms to build relationships with customers, introduce products or services, improve brand, increase sales, and provide other business detail information. Social media is an essential tool for marketing activity

because it allows businesses to listen and learn from their customers in a way they have never been able to before (Jones et al., 2015). In addition, it allows the firm to capture the customers without being constrained by time and location. Social media marketing can be viewed as a new field and a new business practice that involves marketing activity via online social media using either one way or two-way communication or both. Thus, the positive impact of social media marketing can support effective and intensive communication and uniform perception between marketers and customers.

Marketing activities via social media have several benefits. First, social media enables a firm to improve innovation. Second, information obtained from social media enables the firm to forecast the future sales of the products more accurately (Kim & Ko, 2012). Third, social media increase awareness and build the loyalty of consumers (Hanaysha, 2017). Finally, social media can also support the growth of the business. On the other hand, it is possible that social media marketing may lead to misrepresentation and misinformation about both product and firm, that could spread around the world in real-time and influence public perception negatively (Dwivedi et al., 2018).

## **2.2. *Social Presence Theory***

Social presence theory is a social interaction between two parties through media. Social presence is vital due to its impact on social interaction. Studies have shown that social presence is related to various positive communication outcomes, such as persuasion and attraction (Oh et al., 2018). In addition, social presence can bring advantages to the firm, such as higher exposure, lower marketing costs, increased customer base, and developed brand image, which leads to greater purchase intention.

In line with social presence theory, to build an interpersonal connection between the firm and the prospective consumers, social media require trustworthy and accurate information because trust is essential when working in a virtual environment (Germain & McGuire, 2014). Information quality is the accuracy, validity, and availability of information about a particular product or service. Therefore, a firm should improve the quality of information to build a consumer's trust. Furthermore, an effective way to increase social presence is by increasing interpersonal interaction and participation (Croes et al., 2016). Nowadays, social presence can be developed from social media. Based on Aritz et al. (2018), the technological collaboration tool can facilitate the social interaction between two parties. Therefore, the prospective consumer still can feel the marketer's presence via social media. Thus, the development of social media will bring a competitive advantage to the company.

## **2.3. *Word of Mouth***

Word of mouth (WOM) is defined as a technique that generates natural communication and information exchange about product, promotion, or firm between consumer and a friend, colleague, or other acquaintance. WOM is two-way communication that allows consumers to have the same understanding of information. WOM publicity also has a significant impact on the customer decision (Haryani et al., 2015). Therefore, WOM is one of the most effective tools in marketing communication. Nowadays, WOM can be applied in e-commerce or other online business by using the extension model, namely electronic word of mouth (e-WOM). Technological development makes e-WOM more effective than traditional WOM.

There are several reasons why e-WOM is more effective than traditional WOM. First, information exchange can be spread immediately and continuously updated. Second prospective buyers can find the recommendation actively via the internet faster and easier. Third, e-WOM can be easily accessed, and the user's data history is always saved on the internet. Fourth, consumers can give any comment more honestly because they can hide their identity. Fifth, e-WOM can push a more significant snowball effect than traditional WOM. Finally, consumers will depend on consumer reviews of products or services available online (Gligorijevic & Luck, 2012). Therefore, social media can be used to support e-WOM marketing. Based on Pescher et al. (2014), marketers can actively send their promotional campaigns to create WOM. To develop viral marketing, WOM is a first step that should be implemented, supported by massive promotional campaigns. In the second step, marketers should optimize peer to peer communication to encourage promotional activity in the broader social network..

#### **2.4. Viral Marketing**

Viral marketing is a marketing tool with network effects of pushing customers to spread the information product among their social networks (Serrano & Iglesias, 2016). Viral marketing is based on disseminating a phenomenon that influences many parties to feel a sense of belonging to a new group or product (Dwivedi et al., 2021). Kaplan and Haenlin (2010) identify two elements of viral marketing. First, growth in delivery message. It means everyone who received the message will spread it to more than one person. The second element is a social media application. Social media enable the firm to deliver the marketing message to many people. The dissemination process via the internet is fast, like spreading a virus (Sela et al., 2018). In addition, the viral process will directly impact the financial aspect through sales. The content of viral marketing is easy to perceive by a prospective customer, so the content creator has to make a simple but easy-to-understand and touch their heart (Ho & Dempsey, 2010). The content must be recognized and attached to the people. The creator can make some campaign, humour, or meme to spread the product's information. Therefore, viral marketing is cheaper than other marketing techniques such as promotion, advertisement through mass media (Fadil, 2015). Viral marketing also can reach a large number of prospective consumers.

### **3. RESEARCH METHODS**

This study uses exploratory pilot research. It was chosen because it is in line with the research objective, and it is a critical step in assessing the appropriateness and value of progressing to effective research (Hallingberg et al., 2018). This study utilizes a qualitative approach using personal in-depth semi-structured interviews. This method was chosen to support seeking an in-depth understanding and gaining insights into social phenomena about how and why social media play an important role and impact SMEs' marketing performance. As previous researchers have demonstrated, this method effectively elaborates on the underlying reasons behind the complicatedness and complexity behaviours (Strauss & Corbin, 1990).

Indonesia is chosen as the country context in this study due to its position as the largest country in South-East Asia and the rapid pace of technological adoption in the last ten years. Most SMEs in Indonesia have realized the importance of a marketing strategy, including social media

marketing, but few have the capability and resources to manage it properly (Wibawa & Nareswari, 2019).

Nine selected SMEs was obtained after the screening process from the SMEs database given by Entrepreneurship and Small Medium Enterprises Laboratory (ESME Lab), Institut Teknologi Sepuluh Nopember, Surabaya, Indonesia. The participants purposively collected considering SMEs social media activity consisting of Instagram, YouTube, Facebook, Twitter, and WhatsApp. Today, the company uses various types of social media to enhance marketing activity such as Instagram for Business, Facebook Fan Page, YouTube, Website/Blog, and WhatsApp for Business. Therefore, only SMEs that routinely and actively use all the social media mentioned were selected as participants (Table 1).

**Table 1: SMEs profile**

<b>Name of SMEs</b>	<b>Classification of SMEs</b>	<b>Subsector of SMEs</b>	<b>Year of Establishment</b>	<b>Year of Social Media Initiated</b>	<b>Active Social Media Channel</b>
Company A	Small	Food and beverage	2009	2009	Instagram, Facebook, Youtube, website, WhatsApp
Company B	Medium	Creative industry	2008	2013	Instagram, Facebook, Youtube, website, WhatsApp
Company C	Small	Food and beverage	2001	2007	Instagram, Facebook, Youtube, website, WhatsApp
Company D	Small	Food and beverage	2014	2014	Instagram, Facebook, Youtube, website, WhatsApp
Company E	Small	Food and beverage	2010	2014	Instagram, Facebook, Youtube, website, WhatsApp
Company F	Small	Fashion	2013	2013	Instagram, Facebook, Youtube, website, WhatsApp
Company G	Small	Food and beverage	2015	2015	Instagram, Facebook, Youtube, website, WhatsApp
Company	Medium	Food and	2017	2017	Instagram,

Name of SMEs	Classification of SMEs	Subsector of SMEs	Year of Establishment	Year of Social Media Initiated	Active Social Media Channel
H		beverage			Facebook, Youtube, website, WhatsApp, Instagram, Facebook, Youtube, website, WhatsApp
Company I	Medium	Photography	2016	2016	Facebook, Youtube, website, WhatsApp

Prior to the interview, each SME represented by their business owner/manager is asked to read the list of questions and make sure they all agree with the research terms and conditions, including answering as accurately as possible. While financial data may be difficult to crosscheck, perceptual responses on marketing performance are allowed (Woodcock et al., 1994). Two or three days before the interview, the participants were provided with a list of questions to prepare the answer. The face to face interviews lasted about one to two hours and was recorded with the participants' permission. After the interview, a transcript will be prepared immediately and thoroughly evaluated by all authors. Furthermore, thematic analysis is equipped to recap, identify, examine, and generate patterns formed from the data (Braun & Clarke, 2006). Refers to Ahmad et al. (2018), the following coding process was done by four steps: (1) assigning word by word, (2) finding keywords, (3) grouping and highlighting quotes, and (4) determining the final theme based on the codes and quotes.

## 4. RESEARCH FINDINGS AND DISCUSSIONS

### 4.1. Themes and Categories of Social Media Utilization

This study explores how SMEs in Indonesia utilize and adopt social media marketing to increase marketing performance. The defined theme was formulated based on the interview of nine selected SMEs business owners/managers (Table 2).

**Table 2:** Themes and Categories

Themes	Categories
Promotional media, promoting products/services, organizing activities (Company A); Improving brand position, brand awareness, brand visibility (Company B); publishing information, branding (D); disseminating information about new product, brand awareness (Company E); promotional media, advertising (Company F); Promotional media, customer interaction (Company G); promotional media, improving brand position (Company H); improving brand position, advertising, promotional media (Company I).	Branding, advertising, and promoting
Discussion with public, sharing content (Company A); sharing stories, sharing content, live interaction (Company B); faster information	Enhancing community

Themes	Categories
access (Company C); customer engagement (Company D); improving interaction (Company E); sharing content (Company F); customer feedback, sharing content, live interaction (Company G); improving interaction, information sharing (Company H); customer engagement, sharing content (Company I)	interaction and content sharing
Customer trusts, reputation, good relationships (Company A); understanding customer insights (Company B); Reputation, connectivity (Company C); Reputation (Company D); Connectivity, sharing interaction (Company E); Connectivity, good relationships (Company F); Social interactions, customer trusts (Company G); Company image, reputation (Company H); Customer attention, reputation, trust, image (Company I)	Building trust and relationships
Reaching new customers, expanding new market (Company A); market expansion, reaching wide range of potential customers (Company B); Reaching new customers (Company C); expanding new market, broader area of customer demand (Company D); Reaching wide range of potential customers (Company E); Expanding new market, reaching new customers (Company F); reaching new customers, reaching new area (Company G); market penetration, market expansion (Company H); Easily reach new potential market, expanding new market, market expansion (Company I)	Reaching potential customers
Modern SMEs, digital trend (Company A); modern SMEs, digital era (Company B); long-term digital trends, open-minded SMEs (Company C), Modern SMEs, digital trends, technological era (Company D); technological era, SMEs 4.0 (Company E) SMEs 4.0, technological era (Company F); digital marketing, technological era, modern SMEs (Company G); Digital marketing, technological era, SMEs 4.0 (Company H); technological era, modern SMEs (Company I);	Digital marketing trends
Low-cost promotion, free to develop content (Company A); no need to pay extra cost (Company B); easy to utilize, low cost, anywhere anytime (Company C); low-cost promotion, customization (Company D); low-cost promotion (Company E); cheap price, free to develop content (Company F); cheap price, easy access, unlimited post (Company G); Unlimited post, low cost (Company H); Low-cost promotion budget, customization (Company I)	Low-cost promotion and content customization

The findings reveal that the most dominant social media platform used by SMEs in Indonesia is Instagram, followed by Facebook, Twitter, and YouTube. This is aligned with the number of Instagram users in Indonesia that reach no less than 45 million monthly active users (Adi & Hidayat, 2018) and successfully become social media's largest market in the Asia Pacific.

#### **4.2. Branding, Advertising, Promoting**

The findings reveal that the attitudes of business owners/managers of SMEs in using social media centred on their mindset and perception of the social media benefits. Most SMEs agree that social

media has been routinely used to assist and promote their products/services, introduce companies, communicate and interact with customers, and easily share news or information about companies or products/services. Furthermore, all marketing tasks and campaigns can be set up faster at a lower cost because social media admins can post, share, and chat with customers anytime and anywhere without significant barriers.

Another notable finding from this theme is that SMEs brand awareness improved greatly to viral marketing techniques. In addition, customers can forward SME advertising, messages, and something interesting directly to their followers quickly and in real-time, and significantly impact the increase of social media traffic. Singh and Sonnenburg (2012) similarly reviews that social media was revealed as an essential marketing platform for advertising, branding, and promotional methods, allowing firms to decide their concept with minimal cost. Advertisement content too plays a major role. If the content is interesting, it can build consumer awareness, and vice versa, so content in branding, advertising and promoting is the key to increasing consumer attention.

### ***4.3. Enhancing Community Interaction and Content Sharing***

The findings of this study suggest that social media can enhance community interaction and sharing content. Through social media, SMEs have better communication to support the traffic of information sharing and perform two-way conversations with the audience. Using social media platforms makes it easy for social media admin to interact with a lot of potential customers without being constrained by time and place. Marketing managers can easily know and understand the impact of recent posts or promotions only by utilizing the social media dashboard page. It contains information about data recap regarding the numbers of the audience who reacted to the post. For instance, the Instagram business account provides insights into overall account performance with four key metrics: impressions, reach, new followers, and new posts. Therefore, social media admin can make more intentional choices through posts that enable the customers/community to respond and convey important information to their inner circle. A recent study by Ahmad et al. (2018) stated that new connections between consumer and company or between consumer and consumer could be established when they exchange their thoughts and stories with other consumers in the comment column or threads.

Social sharing often happens by content sharing from a social media site. SMEs could gain a better position in the branding aspect if the content is exciting and accessible. The social media favourites, such as Facebook insights, Twitter analytics, or Instagram dashboard, can measure how effective sharing content from social media posts that have been previously displayed is. The conducted interview indicates that content sharing using email subscriptions is not preferred in Indonesia. Some potential problems of using email for Indonesian SMEs include slower responses by admin, email display being less attractive, limitation of email marketing skills and techniques, spam, and difficulty measuring action effectiveness. Indonesians tend to ignore promotional emails they receive and use other social media platforms to find information related to products or companies. In conclusion, SMEs can choose which social media account will benefit from enhancing community interaction based on the type of social media user in Indonesia.

### ***4.4. Building Trust and Relationships***

Nowadays, SMEs in the modern era are expected to have powerful social media to educate consumers to build trust and long-term relationships. Companies' profiles, bio, and details about product/service are vital as a first impression when the connection between consumers and companies is established. Companies can easily listen to what the audience is saying about the company and learn what customer insights, trusts, and expectations about the product offered. This situation may serve as a basis for improving the current product by understanding valuable customer feedback. In addition, the SMEs should not over promise and under deliver their product. For example, a toothpaste company offers a marketing slogan "whiten teeth at home in one day", which is almost certainly impossible. The impact of its campaign can affect consumer decisions not to buy the product but also lose faith in the company image based on consumers' minds.

Social media provides new opportunities for SMEs to build trust and create relationships. Companies can start to find out who likes or dislikes their products, marketing campaign, or social media posts. Knowing negative aspects in consumers' minds allows SMEs to convert current customers to become loyal customers. For instance, after many passengers posted complaints on Facebook and went viral, Qantas Airlines improved their service in musical instruments luggage by changing their policy in just a few moments (Tonedeaf, 2013). This action shows that Qantas Airlines cares about customers' voices and proves the company's flexibility as long as it does not violate existing regulations. The connectivity then arises, some customers would be happy if their complaints are followed up by direct action from the company. This study observation reveals that SMEs should empathize, offer a solution, execute the solution, and directly follow up to handle complaints and build a long-term relationship. Social media can also display SMEs information that consumer needs. Park and Kang (2003) claimed that communication was a key driver of active online communities and that consumers who shared experiences and information were more likely to trust online businesses.

#### **4.5. *Reaching Potential Customers***

The greater SMEs social media account reach may improve the brand awareness on potential customers' minds. Reach, in social media means the number of users that viewed what users post on any given day. Expanding reach in social media means companies hope to gain more consumers and new markets from active users. Not only reaching, but it is also possible to do social media analysis that aims to find out user impressions and engagement rate. Impressions mean the total number of times the content has been seen, while engagement rates visualize how social media users engage with the content published during the selected period. This finding related to social media reach aligns with previous research by Felix et al. (2017), which argues that social media potentially creates important value for current and potential customers by using reach strategy. As a company starts engaging with a new audience, the content should not focus only on the sales or promotion of the product. The best way to reach an audience in social media is to focus on the potential customer segments and people or stakeholders around the company's inner circle. Reaching potential customers can be initiated by interacting with employees, the family of employees, suppliers, or the community around the company.

Most social media, such as Instagram, Facebook, WhatsApp, and Twitter, provides service for users to share a photo or video content and interact with their audience in creative ways. For

example, Instagram for Business, as the most popular social media equipped by SMEs in Indonesia, offer several advertising types: photo, video, carousel, stories, and canvas. Social media managers can choose the right way based on companies' customer segments to create a wider area of customer demand or increase market penetration by classifying based on geographical area/radius per kilometres, sex, age, and likes. Kaplan and Haenlein (2010) indicate that people in the future will spend more of their time on online activity. Indeed, today social media is one of the best ways to increase marketing performance for SMEs.

#### **4.6. Digital Marketing Trends**

As everyone in the world changes digitally, digital marketing triggered business owners and managers to some significant behaviour changes. They believe that the use of social media in business can support digital marketing aspects, which increases the company's credibility and becomes part of the company's modernisation. SMEs managers believe digital marketing as one of the most effective ways to reach a prospective customer using very effective and efficient techniques. Modern SMEs, or SMEs 4.0, are identical to those who apply technological aspects to their business continuity, including digital marketing. There are several reasons why digital marketing is essential. First, customers can easily and quickly reach products and services and have an opinion about them by comparing similar products, and therefore, speed up the purchasing process. Second, digital marketing is a powerful marketing vehicle for building a successful brand (Yamin, 2017). Third, digital marketing campaigns can build a relationship and trust with customers because it allows SMEs to get consistent touch with prospective buyers. Fourth, digital marketing provides freedom for the firm to make a change for the content whenever a need arises without taking too much time.

Digital marketing is also related to open-mindedness in business. Open-mindedness in a business environment refers to openness to new ideas and development. It also means the intention to consider and appraise the existing routines in the firm (Calantone et al., 2002). As a result, the company also actively improves new knowledge and ideas (Soto-Acosta et al., 2018). In business, especially for SMEs, open-mindedness should be implemented in the long term and sustainably, in line with technological development. It also impacts the effectiveness, efficiency, and productivity of the firm. Therefore, by using digital marketing, SMEs will have a more chance to get new ideas and improvements from society.

#### **4.7. Low-Cost Promotion and Content Customization**

Social media marketing is a low-cost solution for businesses to target prospected customers. While traditional promotion typically costs a lot, social media marketing allows businesses to save money and communicate with their customers intensively (Durmaz & Efendioglu, 2016). According to the research finding, one of the main reasons for social media marketing use by SMEs is the cost, because it is free and instant to make an account and share any information. However, the most critical question is whether social media marketing can work effectively at a low cost. The answer is that not all social media marketing can work at a low cost. For example, the use of social media marketing will not become effective if the content is not interesting for the prospective customer. Furthermore, social media marketing does not always reach many people, especially for the new SMEs that are currently established. If SMEs want to reach many people faster, SMEs need to pay extra to the social media developers, such as Facebook ads and

Instagram ads. However, compared to traditional marketing campaigns (television, radio, or print media), social media marketing offers unlimited reach anytime and anywhere at a low cost.

Another finding showed that using social media gives SMEs freedom to make content. One of the social media marketing results will come from investing time in creating and publishing content so that social media content is vital to attract prospective buyers. In fact, not all SMEs can make engaging content. As a result, there are many new job vacancies in Indonesia and other countries associated with social media marketing activity. Several positions are available: content creator, copywriter, professional photographer, and web developer for product or company. Consequently, SMEs need to pay extra costs to make social media marketing works effectively.

## **5. CONCLUSIONS AND RECOMMENDATIONS**

The decisions of SMEs to utilize social media were also affected by the switching behaviour in Indonesian consumers, especially among the millennials, who prefer to use social media rather than traditional media such as TV, radio, or conventional print media. This situation leads SMEs to utilize social media as one of their marketing channels. An empirical finding shows that social media for SMEs have an essential role which is divided into six categories: (1) Branding, advertising, and promoting; (2) Enhancing community interaction and content sharing; (3) Building trust and relationships; (4) Reaching potential customers; (5) Digital marketing trends, and (6) Low-cost promotion and content customization. However, that role can be achieved to improve SMEs marketing performance with special conditions if social media marketing has been implied effectively and consistently. Of course, the use of social media does not necessarily guarantee a significant impact on company sales or brand value. However, at least social media can help SMEs increase marketing activities through a creative campaign, which can be done for free or at a low budget.

Most SMEs have limited resources, especially in marketing. For SMEs, utilization of social media has been a blessing. By using free social media platforms such as Instagram, Facebook, Twitter, and YouTube, SMEs can easily connect to their audiences or reach their specific target market in more personal ways. However, SMEs must keep their efforts manageable and make sure their social media accounts are active. Business owners or managers must consider social media marketing as their powerful tools to reach potential customers and branding and build company reputation on digital media. The findings of this study recommend that SMEs hire a professional social media team, responded by creating content that makes the company look more professional and reliable viewed from the social media page. This study also suggests that SMEs start defining and considering a target market's profile, such as age, gender, location, and interests, before applying a more detailed marketing strategy using social media advertising or optimization. Specifically for YouTube, the SMEs must have exciting and interactive videos. Video content must have high-quality images and sounds, an interesting story, and highlights the product benefit. While Instagram, Facebook, and Twitter can publish a post with multiple media such as images, videos, stories, according to SMEs preference to achieve their social media marketing goals.

This study has some limitations that can be considered for future research improvement. Firstly, this study only involved nine SMEs; it would be more interesting to observe more information,

especially from some other SMEs sectors (e.g.: healthcare, IT-based firm, construction, agriculture, service, education, tourism, etc.). Secondly, method bias may occur because every SME is only represented by one key participant, the business owner/manager of selected SMEs. Future research may use quantitative techniques where the level of validity and reliability can be clearly measured by appropriate statistical analysis. Lastly, it would be great to examine similar research in different countries or geographical areas to understand any similarities and differences between SMEs' social media adoption and its impact on marketing performance.

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