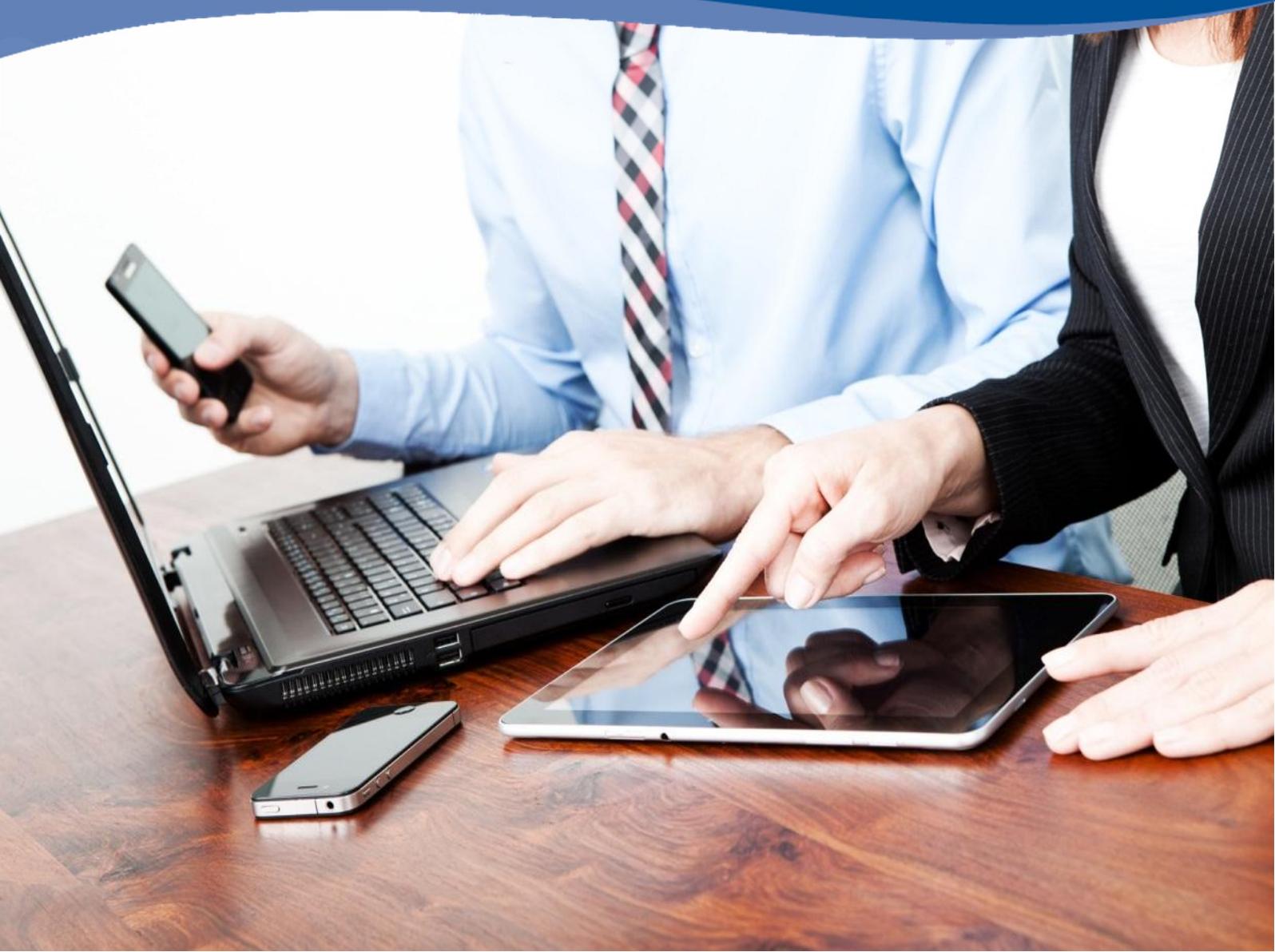


## The Use of Social Media in a B2B Context

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## 1. Introduction

The advent of Web 2.0 has created new ways to communicate, collaborate and share content (Enders et al. 2008). Social media builds on the technological and ideological foundations of Web 2.0 (Kaplan and Haenlein 2010) and encompasses the “activities, practices, and behaviours among communities of people who gather online to share information, knowledge, and opinions using conversational media” (Safko and Brake 2009: 6). Social media, or otherwise ‘user-generated communication’, now represents a prevalent source of information; it has changed the tools and strategies companies use to communicate, highlighting that the information control now lies with the customer (Mangold & Faulds 2009).

Despite the popularity of social media (SM) and in particular social networking sites (SNS), their importance in shaping commercial online interaction (Mislove et al. 2007) and their potential to support brands (Christodoulides 2009), research into SNS is very limited, and focuses largely on the consumer in a B2C domain. To date, there is paucity of systematic research on how SNS are used by companies, particularly B2B companies, and how they contribute to brand objectives.

Anecdotal evidence (e.g. Shih 2009) suggests that SM is important for B2B companies. B2B companies can use SM and specifically SNS such as Facebook and LinkedIn to communicate with their customers and suppliers, build relationships and trust, as well as to identify prospective partners in terms of B2B selling (Shih, 2009). Recently, Michaelidou et al. (2011) examined the usage of SNS by B2B SMEs and identified a number of perceived benefits including attracting new customers, cultivating relationships, increasing awareness, communicating brands, receiving feedback and interacting with suppliers. Further, the adoption of SM by B2B sales forces has been found to improve sales processes and relationship sales performance (Rodriguez et al. 2012).

This study builds on the limited literature on SM in a B2B context and aims to identify the extent of SNS usage, perceived benefits and barriers as well as common metrics used by B2B organisations.

## 2. Literature Review

### 2.1. Social Networks and Social Media

Social networks originate from sociology and in a business context refer to two or more connected business relationships, where the exchange relation lies between businesses (Anderson, Hakansson, & Johanson 1994; Pitt et al. 2006). The notion of the 'network' is based on the establishment of ties between individuals, groups of people, organisational departments or corporations that lead to the creation of social networks (Wasserman & Faust 1994).

In general, social networks are beneficial and valuable for the network participants in that they promote activities and the use of resources (Gamunden, Ritter, & Walter 1997). Within a commercial context, social networks offer significant benefits, including the enhancement of economic value for organisations (Stephen & Toubia 2010). A number of studies have used social networking theory to study the social networks of firms in B2B environments (e.g. Björkman & Kock 1995).

Technological progress and innovation have altered the nature of social networks. In particular, while traditional social networks have involved personal interactions of humans over time (Kimball & Rheingold 2000), interactions are now mediated by computers, which suggests a more impersonal form of communication. These computer-mediated networks or online social networks are more complex and involve a greater degree of heterogeneity. Yet, the benefits associated with social networks are enhanced in an online environment, where the problems of time and geographical location become less significant. Members of an online network can exchange information and provide solutions from and to different locations across the world in a very short period of time (Lea et al. 2006).

Social media (SM) is becoming more important as an internet marketing tool and in view of its importance, Mangold and Faulds commend that irrespective of the type of company, usage of social networking sites (SNS) has become "de facto modus operandi" (p 359) for users to disseminate information about brands. In particular, SNS such as Facebook are some of the most popular and frequently visited web sites in the world (alexa.com), and as such, marketers have intuitively recognized their potential in helping to achieve brand objectives (Van den Bulte & Wuyts 2007).

### 2.2. Benefits, Barriers and Metrics of Social Media Marketing

Anecdotal evidence from market research reports suggests that firms use SNS *inter alia* to build direct relationships with customers, increase traffic to their website, identify new business opportunities, create communities, distribute content, collect feedback from customers and generally to support their brand (Breslauer & Smith 2009; eMarketer 2010).

Although previous research has found that large B2B companies are extensive users of almost all mainstream SM channels, the adoption was further conditional on motives to position themselves as thought leaders, to have a market-driving role in the sector and to build relationships with various stakeholders (Brennan & Croft 2012). Previous literature highlights barriers, both internal and external, in the adoption of new technologies by B2B organisations (Buehrer, Senecal, & Bolman Pullins 2005). Indeed many organisations have been slow to adopt new technologies due to perceived barriers, such as lack of money, time

and training, negative views about usefulness, as well as unfamiliarity with the particular technology (Buehrer et al. 2005; Venkatesh & Davis 2000).

Traditional marketing metrics (for a summary see Ambler 2003) are based on a linear form of communication and do not suit the interactivity of Web2.0 (Hoffman & Novak 1996). Literature suggests that measurement of such networks poses significant problems for marketing managers, who need to evidence the results for their spending. The measurement problem is highlighted in existing studies, with Borders, Johnston, and Rigdon (2001) suggesting that,

*“existing business metrics were designed for a world of concrete boundaries and fixed categories – a world that is slipping away day by day... The same phenomenon will plague the business economy, as networks become more influential while remaining temporary and informal. On the other hand, perhaps this change will finally force researchers to develop metrics that are truly customer-centric, instead of relying on categories of business organisations as a convenient crutch (p 204)”.*

A recent study by Michaelidou et al. (2011) uncovered some of the main metrics used to measure the effectiveness of SM marketing, with the most popular one being the number of users joining a group.

### **3. Methodology**

Data was collected from a sample of 5,000 organisations in the UK, derived from a permission-based mailing list. A questionnaire was devised and included measures that captured the extent of usage of SNS by B2B organisations, barriers and benefits of usage as well as questions about metrics used to evaluate the effectiveness of SNS in supporting brand objectives. The questionnaire was sent to one marketing executive per targeted business. Although 148 fully completed questionnaires were returned (3% response rate), 105 were retained as these represented B2B organisations.

## 4. Analysis and Findings

Several industries were represented in the sample (e.g., aerospace, manufacturing, healthcare, etc.). Organisations also varied in terms of their size with an average number of employees of 194. Most of the companies represented had an annual sales turnover between £1m and £10m (59%). The majority of the marketing executives in the sample held senior positions. In particular, 65 of them were directors or managers.

### 4.1. SNS Users

The findings indicate that almost 71% of the B2B organisations included in the sample use SNS. The majority of those organisations use LinkedIn (67%) as a platform to support their brand objectives. The data shows that those using SNS have a presence in more than one platform (Table 1).

Table 1: Most Popular SNS

		N (%)
1	LinkedIn	70 (67)
2	Twitter	65 (62)
3	Facebook	60 (57)
5	Google+	27 (26)
6	MySpace	2 (2)

One of the most significant reasons for using SNS is to increase awareness (mean= 1.9, sd= 1.3)<sup>1</sup> and communicate brands online (mean= 1.9, sd= 1.2). Receiving feedback (mean= 3.3, sd= 1.8) and interacting with suppliers (mean= 3.9, sd= 1.8) were not perceived as significant reasons for utilising SNS (see Table 2). This might be due to the fact that B2B organisations prefer interacting with suppliers in the offline world.

**Table 2: Perceived Benefits of Using SNS**

		Mean	Std Dev
1	To increase awareness	1.9	1.3
1	To communicate the brand online	1.9	1.2
2	To attract new customers	2.4	1.5
2	To cultivate relationships	2.4	1.4
3	To receive feedback	3.3	1.8
4	To interact with suppliers	3.9	1.8

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<sup>1</sup> Scale ranges from 1: Strongly Agree – 7: Strongly Disagree

Interestingly, B2B companies using SNS tend not to evaluate their effectiveness in supporting their brands (57%). However, half of them (52%) suggested that they intend to evaluate SNS effectiveness in the near future. The most common measures of SNS effectiveness are; the number of users joining group and/or discussion (mean= 5.6, sd= 1.5)<sup>2</sup>, number of positive comments (mean= 5.6, sd= 1.6), number of negative comments (mean= 5.6, sd= 1.7), number of customers attracted via SM (mean= 5.6, sd= 1.7). Interestingly, organisations seem to value comments irrespective of their valence. Table 3 summarises the main metrics used by B2B businesses.

**Table 3: Main Measures of SNS Effectiveness**

		Mean	Std Dev
1	Numbers of users joining group and/or discussion	5.6	1.5
1	Number of positive comments	5.6	1.6
1	Number of negative comments	5.6	1.7
1	Number of customers attracted via SM	5.6	1.7
2	Number of comments	5.5	1.3
3	Number of Likes	5.3	1.7
4	Number of friend requests	4.5	1.8

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<sup>2</sup> Scale ranges 1: Very Unimportant- 7:Very Important

## 4.2. SNS Non Users

On the other hand, almost 29% of the B2B organisations in the sample indicated that they are not using SNS to support their businesses. When considering the barriers regarding SM utilisation, the results are inconclusive. Organisations seem to be unsure with respect to the relevance and importance of SNS in the industries they operate in. Yet, none of the barriers in the questionnaire was perceived as important by the marketing executives in the sample (See Table 4).

**Table 4: Main Barriers to using SNS**

		Mean	Std Dev
1	SNS are not important within the industry the company operates	4.2 <sup>3</sup>	1.9
2	The costs of social media outweigh the potential benefits	3.8	1.6
2	Staff is not familiar with SNS	3.8	1.7
3	SNS require a big investment	3.6	1.6
3	Competitors do not use SNS	3.6	1.7
4	Staff do not have the technical skills to use SNS	3.5	1.6

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<sup>3</sup> Scale ranges 1: Very Unimportant- 7:Very Important

## 5. Conclusions

This study sheds light onto the perceived benefits and barriers of using SM and in particular SNS as well as metrics used by B2B organisations to evaluate the effectiveness of SNS as a marketing tool. In contrast to other technologies (e.g., e-commerce) SNS do not require a large investment, which might explain their rapid adoption from B2B organisations. In a study investigating SM usage in a B2B context in 2011 only 28% of B2B companies were found to be using SNS (Michaelidou et al. 2011). This study illustrates that within a year, adoption of SM increased dramatically to reach 71%. This finding suggests that the overwhelming majority of B2B organisations recognise the importance of SNS in supporting brands (van den Bulte & Wuyts 2007), and as a result are using SNS to primarily increase awareness and communicate their brands online.

Additional perceived benefits stemming from the use of SNS include attracting new customers and cultivating relationships. This finding has implications for the use of SNS in customer relationship management. Following from evidence highlighting the important role of branding in a B2B setting, B2B firms can use SNS to create customer value in the form of interacting with customers as well as building and fostering customer relationships. Being closer to their customers will enable them to create a unique brand identity and differentiate themselves from the competition. Customers can also benefit from the company in that, through the use of SM, they will be able to communicate with the company and provide feedback.

Consistent with one of the most important benefits associated with SNS (i.e. attracting new customers), B2B organisations tend to use the number of customers attracted via SM as a measure of the effectiveness of SM as a marketing tool.

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