

# The Impact of Social Media Functionality and Strategy Alignment to Small and Medium Enterprises (SMEs) Performance: A Case Study in Garment SME in East Java

Mahendrawathi ER<sup>a,\*</sup>, Nanda Kurnia Wardati<sup>b</sup>

<sup>a</sup> Lecturer, Information Systems Department, Institut Teknologi Sepuluh Nopember, Surabaya, Indonesia

<sup>b</sup> Lecturer, Electrical Engineering Department, Universitas Muhammadiyah Jember, Jember, Indonesia

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## ABSTRACT

Recently, Social media has become a concern for businesses, including Small and Medium Enterprises (SMEs). SMEs began to adopt social media to support their performance. To benefit from the application of social media, SMEs must implement the right strategy. This study aims to analyze the factors that influence the use of social media in SMEs. Furthermore, alignment between social media functionalities and strategies and their effect on SME's performance are investigated. A case study is conducted in Gymi, a garment SMEs in East Java, Indonesia. The data collection includes interviews with the owner of SMEs, observations, and document analysis. Data analysis is performed by pattern matching, which matches the patterns from the literature with data from the case study. The results of this study show that cost-effectiveness, interactivity, and compatibility are factors that influence the use of social media in Gymi. The social media used by Gymi are Instagram, Facebook, YouTube, WhatsApp, and LINE. However, the main social media used to support Gymi's functions is Instagram. Gymi has a relatively good social media strategy as it has defined a specific goal, target audience, and channel selection for social media (Instagram). It also has specific resources and policies to handle social media. Gymi monitors and evaluates their social media content activities. These strategies are aligned with the Instagram feature used to support Gymi's function, particularly marketing, sales, customer service, and to some extent, internal operation. The alignment contributes to Gymi's performance measured by the increase in reputation (number of Instagram followers) and sales.

*Keywords:* Social Media, Functionality, Social Media Strategy, Small Medium Enterprise, SME's Functions, SME'S Performance

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\*Corresponding Author. E-mail: mahendra\_w@is.its.ac.id

## I . Introduction

Small and Medium Enterprises (SMEs) play a significant role in the economy of many countries in the world. SMEs contribute to job creation and facilitate regional development and innovation so that it has a positive impact on the economic status of the country (Shemi and Procter, 2018). SMEs face new challenges in the current competitive scenario, which is characterized by increasing variation and uncertainty in market demand and the intense competition brought about by the globalization process. SMEs have limitations in terms of finance, human resources, and organizational resources, which make them vulnerable in the market. On the other hand, several ways can be used to improve SMEs such as expanding networks in new markets, pursue access to external resources, and introduce product innovation. This capacity appears to be supported by the adoption of information and communication technology, which may impact SMEs' performance (Bocconcelli et al., 2017).

In the past two decades, internet innovation has played an essential role in business performance (Tajvidi and Karami, 2017). The dramatic growth of the internet is driven by the emergence of two important phenomena, namely social media and on-line search engines. In a business context, social media is a new communication channel between companies and customers that allows them to interact directly (Alansari et al., 2018). Social media is an effective virtual world for accessing reliable and updated information (Tajvidi and Karami, 2017). Social media enables open communication that can help companies to understand customer needs and motivate them to respond proactively and efficiently to their needs (Tajudeen et al., 2018). The growth and variety of social media uses have encouraged SMEs to market

products, brands, or services more efficiently and widely (Crammond et al., 2018).

The number of social media users continues to increase every year. Various types of platforms on social media also continue to grow. Social media is a part of daily life to communicate and share information. This has changed consumer behavior and is a concern that must be responded to by the companies. Strategies and tools for companies to interact with customers have changed dramatically with the advent of social media. Different social media platforms have become a natural part of companies to carry out marketing strategies, especially in small and medium-sized companies (Virtanen et al., 2017).

In general, social media offers many benefits and opportunities for companies because it helps in attracting new customers and maintaining relationships with existing customers. In addition, social media can also be used to enhance collaboration with customers that can accelerate innovation (Shaltoni, 2017). According to industry social media reports, 86% of marketers believe that social media channels are an important component of their marketing initiatives. Social media allows companies to engage directly with end customers at a relatively low cost and a higher level of efficiency than is achieved with traditional communication tools. The company has used social media for various marketing purposes, including branding, research, customer relationship management, service, and sales promotion. Of these multiple objectives, most companies use social media for branding. In addition, marketing through social media can positively influence a company's reputation (Nel, 2017). By using social media, customers have access to various shared information sources from other customers in terms of experience and recommendations (Tajvidi and Karami, 2017).

Based on the explanation above, the existence of

social media is recognized by various communities, especially for SMEs. Social media can be used freely and easily to provide opportunities for SME entrepreneurs to connect with customers quickly and cheaply (Fischer and Reuber, 2011). However, using social media may not always bring a long-term competitive advantage for the SMEs. In addition, with the many types of social media currently available, companies with limited resources must recognize the most appropriate social media (Effing and Spil, 2016). Many of the previous research also conduct a general analysis between social media and SMEs' performance. Ainin et al. (2015) investigate the factors that influence the use of Facebook and its impact on the performance of SMEs in Malaysia. Odoom et al. (2016) investigated the motivating factors and benefits of using social media among SMEs in Ghana. Schaupp and Bélanger (2014) found that the use of social media has an impact on internal operations, marketing, customer service, and sales of SMEs.

All of these focuses on a certain social media impact on performance at a general level. Social media is a tool that should be used to support SMEs in conducting their functions or tasks to achieve better performance. None of the previous studies investigate in more detail how social media is used by SMEs to improve the specific functions that eventually contribute to better performances. Furthermore, social media implementation is also something that needs to be managed and not merely coincidence. To do that, SMEs need to implement a social media strategy (DiStaso and McCorkindale, 2013). Therefore, there is a need to understand the relationship between specific social media usage and social media strategy.

To date, there has been no research that specifically discusses the relationship between social media strategy and functionality with SME's performance. Without these insights, SMEs may implement social

media merely due to trend and, therefore, cannot utilize the right feature to support its business functions. The use of social media may not bring the desired performance improvement and long-term competitive advantage for the SME. It is important to understand how alignment between social media strategy and functionality impacts the SME's operation and, eventually, SME's performance. This study aims to fill this gap by answering the following research questions:

1. How do the factors of social media implementation influence SME's choice of specific social media?
2. How does the alignment between social media strategy and functionality impact the way the SME conduct their business functions?
3. How does the alignment between social media strategy and functionality contribute to SME's performance?

The main proposition of this study is SME that has a clear motivation; apply a clear strategy to the use of selected social media will gain a more visible impact on their performance.

Qualitative research with a single case study is conducted to answer the research questions. The SME chosen as the case study is a garment company located in East Java. A garment SME was selected because, according to data from the Central Statistics Agency (Badan Pusat Statistik, BPS) of East Java Province, the apparel industry contributed an average of 89.44% to the growth of value-added sectors in 2011-2015. The final result expected from this research is an analysis of the alignment of strategies and utilization of social media functionality, and their impact on the performance of garment SME in East Java. These results can be the basis for developing and implement-

ing social media strategy that can improve the performance and competitiveness of SMEs.

## II. Literature Review

This chapter explains the literature that provides the foundation for this research.

### 2.1. Small and Medium Enterprises (SMEs)

According to the World Bank, SMEs can be grouped into three types, namely: 1. Micro Business (10 employees); 2. Small Business (number of employees 30 people); and 3. Medium-sized Enterprises (up to 300 employees). In Indonesia, SMEs are grouped based on company assets and annual turnover: 1. Micro Business with maximum assets of IDR 50 million and a maximum annual turnover of IDR 300 million; 2. Small Enterprises with total assets between IDR 50 million - 500 million and annual turnover between IDR 300 million - 2.5 billion; and 3. Medium Enterprises with total assets between IDR 500 million - 10 billion and annual turnover between IDR 2.5 billion - Rp 50 billion (Bank Indonesia, 2015). The performance and development of SMEs throughout the world attract economic development, entrepreneurs, governments, capital companies, financial institutions, and non-governmental organizations.

### 2.2. Social Media Classification and Strategy

Social media is defined as a group of internet-based applications that build on ideological foundations and web 2.0 technologies, which allow the creation and exchange of content produced by users (Kaplan and Haenlein, 2010). Saffo (2010) defines social media as an extension of traditional media that uses

a more sophisticated set of tools, techniques, and technology to connect, build relationships, and social interactions. Edosomwan et al. (2011) agree that the concept of conversation, social interaction, and engagement is not something new, but has evolved to incorporate enhanced digital technology.

The adoption of social media in a company also requires a social media strategy to be successful. Effing and Spil (2016), in their research, conducted a literature study on social media strategies. The findings from the literature review obtained seven lists of key elements that could become important values for the company's social media strategy, including the target audience, channel choice, goals, resources, policies, monitoring, and content activities. The target audience means that the company must determine the target group that can be handled using social media channels. Channel choice refers to the selection of social media channels largely determines the effectiveness and suitability of communication through certain social media channels. Goals refer to the social media that companies use must align with the company's business goals. Social media must have a clear purpose to be effective. Resources mean that the success of social media strategies depends on the resources and the quality and authenticity of the message displayed. Valuable resources must be allocated for success on social media. Policies refer to policies in the use of social media needed to maintain a company's reputation that can be damaged by employees if they do not have clear boundaries on how social media should be used. Monitoring refers to companies having to monitor and listen carefully about what is happening on social media channels. Content activities refer to the planned activities to clarify the time frame and sequence of campaigns, projects, uses, and monitoring that will be carried out.

### 2.3. Social Media Implementation in SMEs

Many researchers noted that social media is suitable for SMEs because of the low cost, low barriers to participation, and low IT skills needed to use it (Ainin et al., 2015; Derham et al., 2011). Companies can use social media for sales, advertising, and marketing at a lower cost with functions such as sharing, tagging, sending messages, commenting, and informing (Ainin et al., 2015). Previous studies discuss the factors of social media use in SMEs, type of social media used, social media strategies, and their effects on SME's performance.

Ainin et al. (2015) investigate various factors that influence social media usage among SMEs and their impact on SMEs' financial and non-financial performance in Malaysia. Facebook was chosen as the social media under study because it is the most widely used among Malaysian companies. The results showed that cost-effectiveness, interactivity, and compatibility were significant factors influencing the use of Facebook in SMEs. The study also found that the use of Facebook has a very strong positive impact on company performance in terms of sales transactions, sales volume, sales demand, number of customers, marketing, obtaining potential customer information, and obtaining information about company competitors.

Similar research was conducted by Odoom et al. (2016), who offered a broader understanding of the motivating factors and benefits of using social media among SMEs in Ghana. The study also examined variations in relationships hypothesized based on the type of product offered, as well as the performance results of the particular type of social media used. The study was conducted on 210 SMEs that have Facebook and or Twitter accounts. In general, research finds that interactivity, compatibility, and

cost-effectiveness are factors that are closely related to the use of social media, which results in several benefits for SMEs. Research findings reveal that SMEs that offer products are more likely to use social media based on cost-effective motives. In contrast, SMEs that offer services are more likely to consider interactivity as the main motivation. In addition, this study found that SMEs that use both Facebook and Twitter together obtained better performance than SMEs that use each social media separately.

Research conducted by Schaupp and Bélanger (2014) revealed that the use of social media has value on SMEs. These include values for customer service, sales, marketing, and internal operations. Based on the test results, the biggest value is obtained in internal operations. Other small businesses might start using social media for sales purposes, but the results suggest they should also consider expanding their use for marketing, customer service, and internal operations.

According to DiStaso and McCorkindale (2013), using social media alone is not enough. Companies must use social media strategically to obtain benefits. The development of social media strategies contributes to the effectiveness of social media in various ways. First, social media strategies help to set clear goals and performance expectations, which strengthen the commitment to goals and better decision making (Habibi et al., 2015; McCann and Barlow, 2015). Second, social media strategies help coordinate organizational actions and mobilize resources around identified marketing objectives. Finally, social media strategies are important for establishing and institutionalizing policies and procedures that govern channel choice decisions, content development, and customer interactions (Felix et al., 2017). Therefore, social media strategies are anticipated to contribute to social media performance.

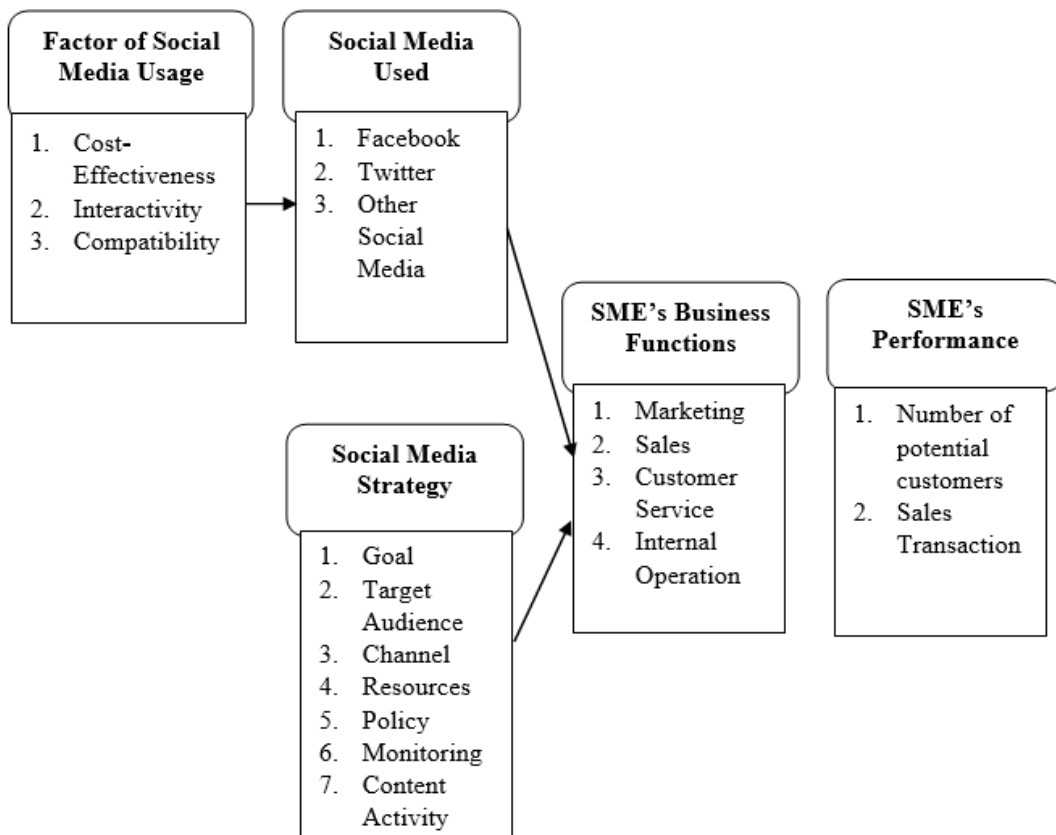
Research conducted by Tafesse and Wien (2018)

aims to investigate how companies implement social media systematically to drive strategic marketing actions. Although some previous research has explored the implementation of social media, these efforts do not seem to have conceptual and measurement accuracy. There are five hypotheses in the study, two of which are the development of social media strategies leading to higher social media performance and higher social media performance leading to higher marketing performance. The results showed that social media strategy has a significant positive impact on social media performance, and social media performance is positively related to marketing performance.

## 2.4. Initial Conceptual Model

Several previous studies (Ainin et al., 2015; Odoom et al., 2016) noted three main factors, namely cost-effectiveness, interactivity, and compatibility, as factors that influence social media use in SMEs. The social media that became the focus of investigation in previous studies are Facebook and Twitter because these are the media social widely used during the time of the investigation.

While a lot of research has investigated the impact of social media on SME's performance, not much research focuses on SMEs' social media strategy. Research by Effing and Spil (2016) proposed seven



<Figure 1> Initial Conceptual Model of the Study

elements of social media strategy, including goals, target audience, channel, resources, policy, monitoring, and content activity. However, this model has not been used in the context of social media implementation in SMEs.

The final aspect obtained from the literature is the impact of the use of social media on SME operations and performance. Previous research by Schaupp and Bélanger (2014) examined the value dimension in the context of social media and small business. The dimensions value of social media for small businesses were found in customer service, sales, marketing, and internal operations. The results show empirical evidence of the use of social media and its value for small businesses.

The literature provided the conceptual framework to conduct the study, as shown in <Figure 1>. Firstly, factors influencing social media usage (cost-effectiveness, interactivity, and compatibility) are adopted in this study to investigate the case company's motivation to use social media. The previous study mainly focused on Facebook and Twitter. However, our initial study showed that SMEs in Indonesia also used other social media such as Instagram and YouTube. Therefore, this study will focus on SMEs that used Facebook, Twitter, or any other social media. The next construct of this study is the SMEs' social media strategy in terms of seven elements proposed by Effing and Spil (2016), including goal, target audience, channel, resources, policy, monitoring, and content activity. The final constructs to be investigated in this study is the function in SMEs that are affected by social media. Based on the study by Schaupp and Bélanger (2014), the functions most affected by social media are sales, marketing, customer service, and internal operations.

### III. Methodology

This research was conducted using qualitative methods with case studies. The qualitative method was chosen to gain more insights into the object of research related to the problem under study. Qualitative research is focused on the processes that occur in research. Qualitative research allowed researchers to understand social phenomena occurring in the research process. Qualitative researchers are expected to be able to make a visual model of various aspects of the main phenomenon under study. This model will help them build a holistic picture (Cresswell, 2009). Therefore, an initial literature study on the research topic was carried out in this study to develop an initial conceptual model of the study. The conceptual framework can explain a problem or idea that can be further studied in this research.

Data collection in this research is done by interviews, observation, and documents study. The object of this research is an SME, so the data collection through interview is carried out to business owners and social media users. The informant was chosen because he has overall knowledge about the conditions of the established SME, has the right to make a final decision in the SME business, including the use of social media at SME, and has quite extensive knowledge about the social media used by SME. Interviews with the informants are conducted using interview guidelines containing semi-structured questions. The initial interview was conducted with business owners concerning the general description of SME. The follow-up interviews are conducted with business owners and social media users related to the SME business process, IT and social media used by SME, and how the management of social media has an impact on the SME's business functions and performance. The observation was carried out by

observing SME's activities on social media (Instagram) to compare and strengthen the interview data. A document review is done by studying the SME's sales report to see how the impact of social media on SME's performance.

Analysis of qualitative data in this study is done with pattern matching. At this stage, the data that has been obtained are analyzed according to the relationship between the factors of social media, social media used by SME, social media strategies, SME's business functions, and performance. The main principle of the qualitative analysis method is to process and analyze the collected data into systematic, organized, structured, and meaningful data.

Data analysis procedure in this study refers to Cresswell (2015), which includes: organizing data; read and make memos; describe, classify, and interpret data; present and visualize data. Organizing data has been carried out by grouping the results of recorded interviews, photo documentation, and several other documents in the form of soft copies into several sections. The next step is reading and making memos (memoing) of the interview results.

The memos are then described, classified, and interpreted. The results of the interview data description make it easier for researchers to take important points from each of the interviewees' answers to be classified with the formulation of existing research problems. After all the research questions have been answered, the next step that must be taken is to interpret the data. This is done by connecting the results obtained from the study with the previous research literature. Thus, the results of qualitative data analysis are obtained by patterns matching by comparing prediction patterns that are built based on theoretical studies with actual patterns identified in the research findings. The final step is to present and visualize the findings of the research.

## IV. Findings

Gymi is a medium-sized business in Surabaya engaged in the manufacturing and retail of clothing. Gyimi produces fashion clothing for university students and young employees. Most of the clothing is women's clothing. Gyimi utilizes social media technology since the establishment of its business in 2014. Gyimi uses several social media such as YouTube, Facebook, and Instagram. Besides having offline stores in two cities, namely Surabaya and Malang, Gyimi also expanded its market through Indonesian marketplaces such as Shopee. Gyimi also sells at bazaars and exhibitions in several cities. In one month, Gyimi can sell as many as 3000-4000 pieces of clothing that are shipped throughout Indonesia. Gyimi turnover each month ranges from 300-500 million Indonesia Rupiah (IDR) or an average of 5 billion IDR each year. Therefore, Gyimi can be categorized as a medium business.

Gymi production system is Make to Stock. Gyimi does not have a tailor, and the sewing process is outsourced to subcontractors. In 2018, Gyimi began to expand its wings to produce not only clothing but also bags. Gyimi also plans to expand its business by opening Gyimi for Men and Gyimi Hijab (special clothing for Muslim women). Gyimi has 12 employees, including CEOs, in running their business processes. Some employees still have multiple responsibilities and roles with their respective functionalities.

In the beginning, Gyimi did not have a clear business plan. They began as a reseller for various products such as mobile phone cases, headscarves, and clothing. At that time, Gyimi did not have an offline store. During Gyimi's journey as a reseller, Gyimi realized that the best-selling product on the market was women's clothing. Finally, in 2014 Gyimi decided to manufacture their clothing line, particularly wom-



en's clothing, and collaborate (as a regular customer) with various tailors. Gymi's product marketing is done through social media, namely Facebook and Instagram. Gymi posted photos of their products on social media, then serves sales through social media chatting application, namely WhatsApp and LINE. Until now, Gymi continues to experience growth and has its brand of products known to the public, as well as having offline stores in two major cities in East Java. Social media is an important part of the historical development of Gymi. Therefore, Gymi was chosen as an object in this study.

The results of the study explain some important findings obtained from research conducted based on the initial conceptual model of the literature study. Research findings regarding the factors of social media use, social media used, social media strategies, SME's business functions and performance are described in the following section.

#### 4.1. Factors of Social Media Use

The factors of social media use in this research are based on Ainin et al. (2015) work, which includes compatibility, cost-effectiveness, and interactivity.

##### 4.1.1. Cost Effectiveness

Based on the interviews, observations, and document reviews, it can be seen that cost-effectiveness is a factor influencing the use of social media in Gymi. According to the SME's owner, who was coded as YD, *"There are marketing communication and other customer service activities conducted through social media to reduce costs. First, branding is done through the company page on Instagram. Second, marketing to attract new people and convince them to buy. Because people usually like to interact directly with the company,*

*customer service activities are facilitated through comments and likes or direct messages on Instagram. So branding, marketing, selling, or customer service are all done on Instagram, which is cheaper and reach more people."*

This statement was also supported by the second informant, who was coded NK, *"Gymi is not just an online-based shop, but also offline. To compare the cost of selling through social media with sales at a store or during an event, we can take the cost of infrastructure. For example, the price of renting a place for a shop within one year is approximately 100 million IDR. Every time we joined the bazaar, we must rent a booth. Each booth costs 5 million IDR, with a minimum rent of 2 booths, which means it requires 10 million IDR for a single bazaar. Suppose the turnover of each bazaar is 30 million IDR. If the rental fee is deducted from the booth, the remaining turnover is 20 million. If Gymi wants a turnover of 100 million every month, then we must take part in the bazaar at least five times to get 100 million. The cost of renting a booth alone is 50 million. The fee is half the price of the rental price for the store. However, operating an online shop via Instagram cost us nothing."*

The results reveal several important points. Social media is used by Gymi to reach more and wider customers but at a low cost. This can minimize costs compared to traditional sales and marketing. Social media can be used as a tool for branding, marketing, and customer service. Branding through pages or content created by Gymi to introduce products to many people, marketing is done to get new customers, and customer service through comments or sending messages on Gymi's social media. This can be done simultaneously using social media. Gymi sales through social media and traditional channels are very different in terms of cost-effectiveness. Based on the above points, it can be concluded that cost-effectiveness

is a factor influencing the use of social media in Gymi.

#### 4.1.2. Interactivity

Findings from interviews, observations, and document studies also pointed out that interactivity is a factor that influences the use of social media in Gymi SMEs. According to YD, *“The social media used by Gymi offers interactive communication with customers. Gymi diligently researches Instagram and polling. For example, when we want to produce clothes, we will ask the customer opinion through social media about the clothing model that will be produced. That is one of Gymi’s ways to conduct market research to customers. Gymi also conducts market research to competitors, market leaders, trends using hashtags, and identify trends that emerge, such as colors and models. Some products are tested through polling on social media, whether it will sell or not. But for the production of trial products, we usually only produced a minimal amount because polling on social media is not always the same as the original sale.”*

The above explanation shows that social media is used by Gymi to carry out active interactions with customers. Gymi also conducts market research with competitors and market leaders using social media. Active communication between Gymi and customers is done using Instagram by utilizing several features in it, such as Instastory, comment column, direct messages, and reading trend with hashtags. Based on the above points, it can be concluded that interactivity is a factor influencing the use of social media in Gymi.

#### 4.1.3. Compatibility

Compatibility is also a factor that influences the

use of social media in Gymi. According to NK, *“The social media used by Gymi is compatible with Gymi’s business processes and operations because so far, Gymi has been in business by using social media.”*

Based on the informants’ statements, factors that influence the use of IT in Gymi are due to needs caused by the emergence of several problems in Gymi’s activities. IT infrastructure owned by Gymi can support the management of Gymi’s social media. This includes the internet to access social media, mobile phones as a tool for using social media, and computers and applications as tools for creating Gymi’s social media content. The social media used by Gymi are following Gymi’s business processes because Gymi’s main business processes are carried out using social media. Gymi does not yet have company values that are standardized in using social media. However, Gymi has its own rules for using social media, such as how to communicate well with customers on social media. Based on the points above, it can be concluded that compatibility is a factor influencing the use of social media in Gymi.

## 4.2. Social Media Used

The next construct investigated is the social media used by the case company. Previous research suggested Facebook, Twitter, Instagram, and YouTube are social typically used by SMEs. However, in reality, not all SMEs apply and actively used all of these social media. On one side, some SMEs apply more than one type of social media, but only one type of social media is actively used. But on the other hand, there are also SMEs that only implement one type of social media and actively used it. This section discusses how the functionality of the features possessed by social media can support SME’s businesses and how strategies are used to use social media.

Results from the study found that Gymi used Facebook. According to YD, *“Gymi has several social media including Instagram, Facebook, and YouTube. Gymi’s most actively used Instagram for marketing campaigns and branding. YouTube is used for video portfolios only while Facebook is still used for advertising. So Gymi is more active and more focused on Instagram.”*

This statement is also supported by NK, *“Why do we not actively used Facebook? Because Facebook’s users are typically older people, whereas Instagram is widely used by the young generation. So Gymi adjusts the target customer. But Gymi still uses Facebook, not to sell, but for Instagram ads. Because to create Instagram ads, we must go through Facebook first. Through Facebook, we can create Instagram ads, install sponsors that can set the target market that the company wants.”*

The findings suggest that Gymi has a Facebook account as a pre-requisite in creating Instagram ads. Facebook is not actively used for other functions because its users do not match Gymi’s target customers. Based on the above points, it can be concluded that Gymi used Facebook for creating ads but not for other functions.

Based on the information from the informants, Gymi does not use Twitter to support their business. According to YD, *“Instagram is the most actively used social media because it is the most suitable social media with Gymi’s profile and customer. Instagram is used for branding, campaigning, selling, and marketing. Features that are sought on Instagram include posting, direct to link swipe, Instagram shopping, and advertising. It is expected that the use of these features can increase follower growth, increase engagement, which will increase sales and ultimately increase profit. The Instagram functionalities that have the most important role for Gymi are relationship, reputation, identity, and conversations. We try to establish relationships*

*with customers, vendors, and social media influencers. Reputation can be seen in people’s engagement, comments, and followers. Then the identity can be seen from what we sell. Conversation because there are comments and direct messages. Gymi also uses Instagram to measure Gymi’s customer base.”*

This statement is also supported by NK, *“Instagram is Gymi’s home, where Gymi interacts, communicates with customers even though sometimes we use other media such as WhatsApp and LINE. Instagram plays an important role in establishing Gymi’s reputation, represents Gymi’s relationship with customers. Gymi’s biggest digital assets are on Instagram. Instagram is mainly used to reach customers and secondly to research our competitors.”*

The key findings are that Instagram is used for branding. Gymi also interacts a lot with customers and with other users via Instagram. The majority of Instagram users are young people, so it is in line with Gymi’s target customers. The most important functionalities in using Instagram social media are relationships, reputation, identity, and conversations. Gymi develops relationships with customers, vendors, and program makers. They also develop a reputation by seeing followers, comments from posts, engagement with people, to build trust in the company. Identity can be seen from Gymi’s social media catalog so that target customers can find out the types of products sold by Gymi. Conversations with customers or other social media users can be made through comments and direct messages so that Gymi can serve questions through social media directly. Most of Gymi’s customer-related activities are done using Instagram, including marketing plans, building relationships with customers, attracting new customers, conducting research to create products according to customer desires, and finding information about competitors’ marketing strategies.

It can be concluded that Instagram is actively used by Gymi and support their various functions.

According to YD, *“YouTube is used for video portfolios only.”* This statement is also supported by NK, *“In YouTube, we must regularly upload videos. Gymi has uploaded several videos on Gymi’s YouTube channel, but only for a short time, and there are no employees who can manage them.”* Based on this statement, it can be concluded that social media YouTube is used for marketing only and not to support other functions.

### 4.3. Social Media Strategies

Social media strategy can be interpreted as a planning process directed at the goal of creating user-created content, which is driven by a group of internet applications to create a unique and valuable competitive position (Effing and Spil, 2016). In this section, we will discuss the results of Gymi’s social media strategy.

#### 4.3.1. Goal

The first element of social media strategy is the goal. According to YD, *“There is a specific purpose for Gymi’s social media practice, which is for branding. Brand activation for customers on social media is achieved when followers know that Gymi is always updated and active. Advertising is done to introduce what Gymi offers to the existing customer and grab new customers. Branding also contains testimonials of people who have bought Gymi products. Gymi trustworthiness is seen from the interaction of likes and comments. The application of social media is aligned with Gymi’s marketing plan. Strongly supports around 80-90% on social media. Social media is one of Gymi’s work targets in the form of turnover, amount, or quantity. We have a target of minimal engagement at least 1% of the number of*

*followers. There is an overall strategy set for Gymi’s social media such as endorsement, paid promoting, collaboration with influencers/brands, event promos, content marketing, charity, paid advertising, and giveaway.”*

The results suggest that Gymi has a clear purpose for its social media activity. The main goals of using social media in Gymi is for branding that Gymi is a brand that is always active, and advertising to introduce and get new customers. YouTube is used to create a portfolio. Facebook is used for Instagram ads and Facebook ads services. Instagram’s success is measured by increasing the number of followers, the number of engagements, and the number of buyers. The target increases for every cost incurred in marketing products on social media, as well as other strategies such as endorsements, paid promotions, and giveaway. Based on the above points, it can be concluded that having clear and measurable objectives for the application of social media in Gymi is included in social media strategies.

#### 4.3.2. Target Audience

Regarding the target audience, YD explains, *“Gymi has a specific target for social media practices. The target customers are 90% women and 10% men. Being at the age of 18-30 years with a student job or new entry worker, the ability to buy between 100-150 thousand rupiahs, and like clothes that are easy to use. The way to target customers is to create appropriate marketing content, endorse followers who are similar to the target customer, and their character is appropriate. Gymi has known the target audience’s expectations, seen from customer engagement. Gymi already has a Service Level Agreement to serve or answer customer comments, and orders that must be completed on the same day. So, for today, there was no chat yesterday. Unless in certain cases during the busy period, then*

*some chats will be replied the following day.”*

Based on this explanation, it can be seen that Gymi also has a clear target audience. Gymi uses the ads feature on Instagram to select the desired target audience based on age, gender, interest, and location of other users on social media (users) who get these advertisements. Gymi has several strategies to target audiences on Instagram, namely by creating appropriate marketing content, providing fast services in replying to messages, and endorsing figures that have characters that are similar to the intended target customer. Based on the above points, it can be concluded that having a clear and precise target audience towards the application of social media in Gymi is included in social media strategies.

#### 4.3.3. Channel

Gymi's main marketing channel is Instagram. However, sales are mostly conducted through WhatsApp, LINE, Shopee, and offline stores. According to YD, *“Gymi implemented several social media, including Instagram, Facebook, and YouTube. The majority of Instagram (99%), Facebook, and YouTube are used but not yet disciplined in creating content. The choice of Gymi's social media channels has been clearly defined. Instagram was chosen because it is the most popular and most appropriate channel for Gymi. People who sell old products for ages 35-40 will definitely use Facebook. If Gymi posts lots of products on Facebook, it won't be on target. YouTube was chosen because most of the people today prefer videos, but they are not yet actively used.”* Gymi implements three social media, namely Instagram, Facebook, and YouTube. However, 99% of Gymi still focuses on Instagram.

Instagram was chosen because it is the most popular social media channel and fits the intended target customer. The majority of Gymi's target customers

are Instagram users. Based on the above points, it can be concluded that the selection of appropriate channels for the application of social media in Gymi is included in social media strategies that have an impact on the performance of SMEs.

#### 4.3.4. Resources

In terms of resources, YD explains that *“For the creation of social media content, several roles are needed, including graphic design, content copywriters, photographer, and owner. We assigned specific staff as content writers and graphic design. The owner acted as the head of content. Before content is posted on Instagram, it must get approval from the head of content first. There is also the content supervisor that supervises and follows up the content. The graphic design has the task of creating content/posters, photos/videos. The photographer is responsible for taking pictures, recording, and editing, while the copywriters create content captions. These activities on social media go into the marketing budget every month, which will be used to do marketing (pc, cellphone, advertising, etc.).”*

This statement is also supported by NK, *“We do specifically train the employees in the design department. There is only training for content, such as training in writing captions for Instagram content. The employees of the content and design section once attended training on marketing products using social media.”*

The owner is the person responsible for using the Instagram Gymi account. But, Gymi also has special staff related to social media content creation, namely graphic design, copywriters, and content supervisor. Only the content creator has formal training, while the rest of Gymi's employees never had formal training. Only the content creator has formal training. Gymi has a budget for the purchase of tools that support content creations such as computers,

mobile phones and has a special budget for subscribing to adverts on Instagram every month, as well as for endorsements and paid promotions. Based on these findings, it can be concluded that Gymi has the necessary quality resources as part of its social media strategy.

#### 4.3.5. Policy

The next element in social media strategy is a policy. According to YD, *"Gymi has a policy related to the use of company social media for employees. Employees may only post content, may only revise content. The rules for the use of social media are not yet documented. Rules for using social media such as approval content before posting, provide D-1 content before posting, posting content according to schedule, 2-3x a day, follow up comments and direct messages, do not change profiles, users, and passwords. The person who holds the social media password is only the owner. Employees only sign in to post but cannot change their email, telephone, or password on social media."*

Gymi has a policy on the use of the company's Instagram social media, but it has not been documented formally because they felt that it was not needed. The policy is only socialized to employees who have the responsibility in managing Gymi's social media. Gymi has restrictions on employees in the use of social media. Employees are only allowed to sign in to post (revise content, acc content before posting, provide h-1 content before posting, post content according to schedule, post content as much as 2-3x a day, follow up comments and direct messages from customers). However, social media passwords are only known and can be changed by the owner. Social media regulations do not fully affect the implementation of social media in Gymi. However, the application of social media will run

smoothly if the uploaded content is self-made content (does not use other people's content). Based on the above points, it can be concluded that Gymi has a policy towards the application of social media as part of its social media strategy.

#### 4.3.6. Monitoring

Related to the monitoring element of social media strategy, YD explained, *"Gymi's social media are monitored by the owner and the content team. Gymi evaluates previously posted content then make plans for the next post."*

This statement is also supported by NK, *"Gymi is monitoring the company's social media. We monitor our followers, where they live, their age range, then who likes to post, what content they often like, and what days they tend to like our posts. We can also monitor follower growth and customer engagement. What content they often like and what days they like a lot. On Instagram, the number of followers, the number of likes, the number of comments, the number of clicks on a call/email, the number of views per post, the number of views of a story, Gymi's audience information, etc., are all used as input for evaluation."*

The quotation suggested that Gymi monitors and evaluates content uploaded on the company's Instagram social media on a weekly and monthly basis. The person most responsible for monitoring Gymi's social media is the owner. Things that can be monitored on social media such as seeing the number of engagements that are on each upload, seeing the growth of followers, seeing insights and metrics (number of likes and comments), which is a parameter of success in implementing social media in Gymi. Evaluation results from social media monitoring are used as input to upload further content and to find out what actions need to be taken to

increase the value of the metrics. These statements showed that monitoring became a part of Gymi's social media strategy.

#### 4.3.7. Content Activities

The last element in social media strategy is content activities. Regarding this matter, YD stated that *"Gymi has a clear content creation flow. Content is made from a monthly schedule and then detailed to a weekly schedule. A monthly schedule is determined based on the month to post a new release product, the timing of bazaar events, holidays, and monthly promos. Then, the weekly schedule detailed the posts and Instastory. The overall strategy is translated into social media content. The style of the content must be informative, interesting, entertaining, and educating. So, the style of the content is adjusted to Gymi's schedule and goals, whether we want to sell or just want to campaign something. The process of creating content starts from the monthly schedule to a weekly schedule. Each day the graphic design and copywriter gives draft/mockup of content and caption for the owner's approval. If there is something that needs to be revised, then the staff must do the revisions. Once the content is approved, then the content is posted. There are guidelines regarding uploading content. On Instagram feeds or posts at least two times a maximum of 3 times a day at 12-13 WIB and 19-20 WIB, 4 times for a particular case. The target is 2-3 times new releases, two times bazaar events, promo events at least once, then giveaway at least once. When the content is posted, next, it is monitored by seeing engagement on Instagram. There are guidelines regarding uploading content. On Instagram feeds or posts at least two times a maximum of 3 times a day at 12-13 WIB and 19-20 WIB, four times for a particular case. The target is 2-3 times new releases, two times bazaar events, promo events at least once, then giveaway*

*at least once."*

The quotation indicates that Gymi has an explicit and scheduled social media content (Instagram) activity plan, which is a monthly schedule and a weekly schedule. Issues discussed in the monthly schedule include, among others: How many new items are released? Are there any holidays in that month or any national promos, are we going to participate in any events? Then the details are discussed in the weekly schedule. Issues discussed in the weekly schedule include, among others: What content should be created and uploaded from Monday to Sunday? How did previously uploaded content do in terms of the number of engagements, impacts, likes, and comments? They also make plans for further content.

Gymi has several stages in creating content on Instagram social media, as well as making clear plans about what content to upload and when it should be uploaded. The content creation flow starts with the graphic design team, and the copywriter creates the content for approval from the owner. If the content is approved, then the content is posted. Gymi has a guide in uploading content on Instagram, such as posting at least twice and maximum three times a day at 12.00-13.00 WIB and 19.00-20.00 WIB, or 4x a day for certain cases.

Gymi has several rule indicators that need to be considered for uploading content on Instagram, such as upload frequency, upload time, length of caption used, as well as image size and content. Gymi has its standard, which is used as a reference in every upload of content, such as the writing of the poster must have a logo on the top right, Gymi's address information at the bottom, and the sound or video does not violate copyright. The style of content created on Gymi's Instagram must be informative, interesting, entertaining, and educational. Based on the above points, it can be concluded that Gymi had

a clear content activity plan as part of its social media strategy.

#### 4.4. Gymi's Function Supported by Social Media

In this section, we will discuss how social media affect Gymi's functions and, eventually, performance. The functions explored here are marketing, sales, customer service, and internal operations.

##### 4.4.1. Marketing

Findings from the study showed that marketing function is very much influenced by social media usage. According to YD, *"Social media is used to find out what market trends and items are often purchased by Gymi's target customers. Social media is also to find out the price of products sold by Gymi's competitors, what market purchasing power. This is adjusted to the production costs of Gymi, which then becomes the price determined for Gymi products. Market research always uses social media."*

This statement is also supported by NK, *"Social media is used to find out what market leaders are out there. We know how and what happens in big companies like Zara, Uniqlo, Pull and Bear. We know what products they are developing, or also the development of products from competitors at the same level as Gymi. So, we can find out what products are selling in the market."* The statements show that Gymi social media can help in marketing activities at Gymi. The most beneficial thing for Gymi in marketing using social media is being able to do market research to find out what products are being developed by the market leader. This can help Gymi create new products.

##### 4.4.2. Sales

An interesting finding is obtained concerning sales

activities. While Gymi used other social media for marketing, i.e., Facebook as pre-requisite of creating Instagram ads, Instagram for marketing, the sales process is mainly done through WhatsApp and LINE. This is another type of social media where customers can talk to the staff and place their orders. Another channel that Gymi used for the sale process is an e-commerce platform named Shopee. Finally, Gymi also sells to their customers through their online stores.

##### 4.4.3. Customer Service

Another function at Gymi that is influenced by social media is customer service. According to NK, *"Social media is used to accommodate customer feedback, customer complaints, and pre-sales from customers. So, all these services can be done using one tool. Gymi has procedures in customer service, such as prioritizing services for ordering goods rather than customer complaints. For customer service, Instagram usually uses direct messages, opening specific feedback content from followers through IG story."*

Gymi Instagram can be used as a medium for customer service through direct messages, comments, and Instagram stories in terms of accommodating customer feedback, customer complaints, and pre-sales from customers. Complaints via Instagram will be forwarded using WhatsApp and LINE.

##### 4.4.4. Internal Operations

Regarding the internal operations supported by social media, YD explained, *"Social media is more helpful for the content team. So, when we upload a photo, then we evaluate how many people like the photo. If a lot of people like it, it means the content is good. If you the content only get a few likes, then don't design*



*content like that anymore. So, social media can be used as a benchmark for employees in creating content on Instagram.” This statement is also supported by NK, “Employees already know the duties and responsibilities of uploading new products on Instagram, but for uploading, time is still determined by the owner. Gymi’s Instagram was created to display Gymi’s products. It can assist employees in finding old Gymi’s products that are not yet registered in our database system.”*

The statements showed that the internal operations mainly affected by social media are content and product design team. Gymi has two Instagram accounts, managed separately by the owner and employees, to upload Gymi product content. Social media is used as a benchmark for employees in creating product content that will be marketed via Instagram.

## V. Discussion

Based on the findings described in the previous section, a more detailed analysis is conducted to answer each of the research questions. This will be followed by a subsection that presents the revised conceptual model, which provides direction for further research.

### 5.1. Factors Affecting Social Media and Social Media Choice

Findings from Gymi’s case confirmed the previous study regarding the factors influencing social media implementation. Cost-effectiveness, interactivity, and compatibility are factors that influence the use of social media in Gymi. The three factors also align with the choice of social media. Gymi uses several social media, namely Instagram, Facebook, YouTube, WhatsApp, and LINE. All these social media are

free to use, so there are no subscription fees. Social media can be used as a tool for branding, marketing, and customer service. By using social media, the company can reach more and wider customers but at a low cost. In section 4.1.1, one of the informants explained how cost-effective social media as a channel compared to the offline channel.

Gymi already used social media since the establishment of their business, so social media are compatible with the Gymi’s existing needs. IT infrastructure owned by Gymi can support the management of Gymi’s social media. This includes the internet for accessing social media, a mobile phone as a tool for using social media, and computers as a tool for creating company content to be uploaded via social media.

Finally, Gymi also adopts social media for the interactivity that they offer. But out of the three social media, only Instagram is the most actively used because Instagram’s users match Gymi’s target customers. Facebook is used only as a pre-requisite to generate Instagram Ads, while YouTube is used only for video portfolios. Gymi’s Instagram offers interactive communication with customers. It allows Gymi to interact with customers and with other users. Gymi also used Instagram as a medium for research. This active communication can help the production process of Gymi’s products.

These findings are different to previous research on social media. The previous study by Ainin et al. (2015) focused on Facebook, not on Instagram. Furthermore, previous research by Odoom et al. (2016), state that Twitter and YouTube are social media that are used by SMEs for sales and marketing purposes. While in this research, Twitter is not used by Gymi. Gymi only used YouTube for video portfolios. These differences are most likely due to a recent trend in social media, where Instagram

gained a lot of popularity. As Gymi stated, most of their target audience are young students and early career women, and most of them are Instagram users.

## 5.2. Alignment of Social Media Strategy, Social Media Feature with SMEs Business Functions

The next research question is related to the social media strategy, social media feature, and SME's business functions influenced by social media. The element of social media strategy is goals, target audience, channel selection, resources, policies, monitoring, and content activities. The first three elements are the fundamental things that an organization must define in implementing social media. Gymi has relatively good practice on these three elements. Firstly, Gymi has a clear and measurable goal for social media implementation, i.e., brand activation, advertising, and marketing. The target is around 80-90% marketing activities conducted through social media and minimal engagement of at least 1% of the number of followers. They also have a clear target audience, i.e., women, at the age of 18-30 years, who is a student or in their early career with the ability to buy between 100-150 thousand rupiahs. Knowing their target audience are mostly Instagram users, Gymi then focuses on Instagram as their main social media channel. The next elements of the strategy are assigning specific resources to take care of social media content. Although they do not have a formal policy regarding their social media, they make sure that the staffs understand the basic rule about managing social media and what to monitor once they post some content on social media. Finally, Gymi also has planned about their content activities.

The social media strategy is matched with the feature of social media used by Gymi. The Instagram

features are used to support Gymi functions, particularly in marketing, customer service, and internal operations. Gymi actively posts advertisements for its new product on Instagram. They also use the platform to do market research about customers and interact with them regarding their preference for new products. To conduct these activities, they used various Instagram features include posting, direct to link swipe, Instagram shopping, and advertising. Gymi directs its customers to social messenger WhatsApp and LINE for the sales process. In terms of customer service, Gymi uses Instagram to obtain customer feedback, respond to customer complaints, and respond to pre-sales questions from customers. Gymi uses features such as Instastory, drop questions, comments, and direct messages to obtain customer feedback. The Instagram features that play an important role for Gymi is establishing relationships with customers, vendors, and social media influencers. Gymi is also building a reputation from people's engagement, comments, and followers. Gymi's internal operations, particularly the design and content team, also benefitted from the use of Instagram as they can have direct feedback and benchmark of their work. Based on this information, Gymi has aligned its social media strategy with specific functions in their business.

## 5.3. Impact on SMEs Performance

The final research question is whether the alignment between social media strategy and functionality contributes to SME's performance. To summarize, the impact felt by Gymi through the use of Instagram are: 1) an increase in sales transactions, 2) ability to do market research and 3) learn from market leaders, 4) improve customer service, and 5) to some extent help the work of employees. Gymi used social

media from the start of the business, and they have seen their customers increased over time. According to NK, *"We have seen an increase in our social media followers. In 2019, our followers were 307,000."*

Findings from the results show that Gymi's sales are influenced by social media usage. According to NK, *"There was an increase in sales transactions at companies when using social media. In 2017 Gymi's turnover was around 200 million; by the end of 2018, it had reached 500 million."* The statements show that Gymi's social media can increase sales transactions at companies. Gymi's turnover has increased; in 2017, turnover is around 200 million, while in 2018, the turnover reached around 500 million per month.

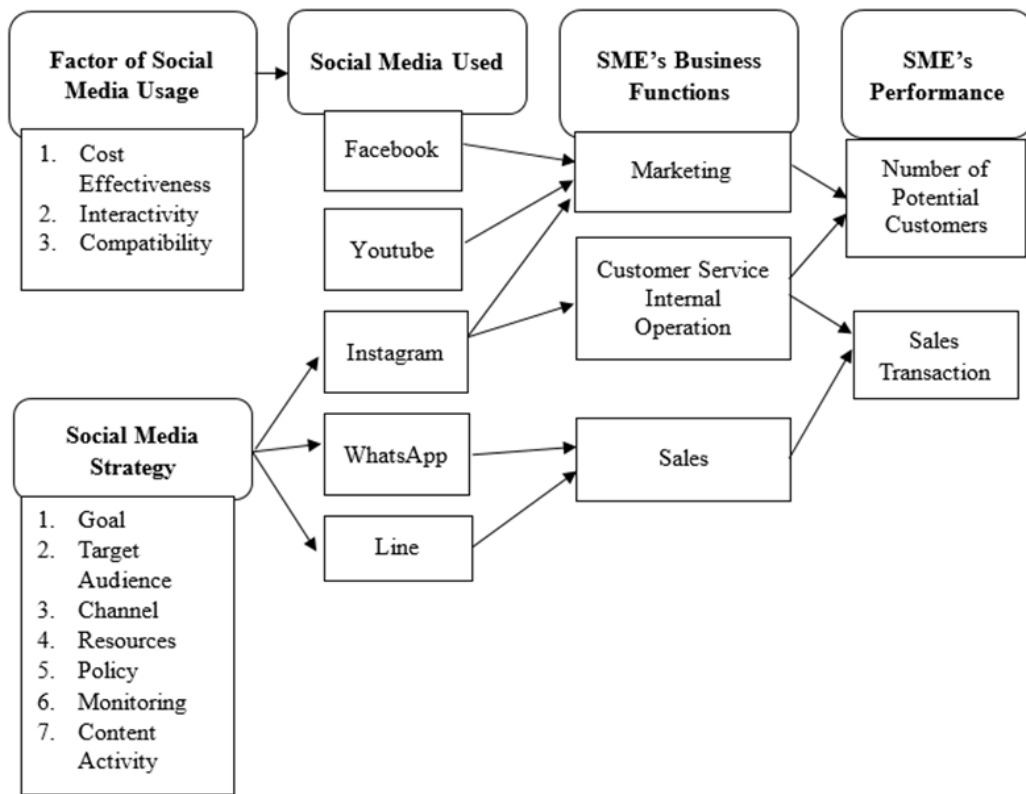
These quotations provide very specific information regarding the impact of social media implementation on Gymi's functions and, eventually, performance, which in the previous study are described in general. These also provide interesting findings that differ from the previous research. Research from Ainin et al. (2015) and Odoom et al (2016) found that Facebook and YouTube influence SMEs' performance. However, a different result is found at Gymi. Only Instagram social media are used to support the Gymi's functions.

## VI. Research Implication and Conclusion

Research findings show there are slight differences between the conceptual model resulting from the literature study and the results of the final model of the research conducted at Gymi (<Figure 2>). Previous research says that Facebook and Twitter influence SME performance, while Gymi case suggested otherwise. Gymi uses social media, Instagram, Facebook, YouTube. However, the main social media

used to support Gymi's functions, and Gymi's performance is Instagram. That is because Gymi only actively uses Instagram, Gymi's target audience is using Instagram a lot, and Gymi has a very clear social media strategy towards Instagram. This study did not find any interrelated patterns between YouTube and Facebook with social media strategies, as well as between YouTube and Facebook with Gymi's performance. Interestingly, this study also found that to support Instagram, Gymi relies on social messengers WhatsApp and LINE for sales process. Based on this, it can be said that to realize the impact of social media on Gymi's performance, the selected social media must be aligned with the social media strategy. The impact felt by Gymi through the use of Instagram is: 1) an increase in sales transactions, 2) ability to do market research, and 3) learn from market leaders, 4) improve customer service, and 5) to some extent help the work of employees. Based on this, it can be said that to realize the impact of social media on Gymi's performance, the selected social media must be aligned with the social media strategy.

In this paper, a single case has been used, and thus the result cannot be generalized. While this study provides new insights, further studies are required to validate the conceptual model. Several areas can be explored further. Investigation in other companies within the garment industry or different industries can bring more insights regarding the linkage between social media features that satisfy the needs of companies in different industries. The assessment of alignment between social media strategy, social media feature, and the company's functions or processes also worth further investigation. The questions are: 1) Are companies using the same social media does company using the same social media but implement better social media strategy obtain perform-



<Figure 2> A Conceptual Model of Factors affecting, Social Media, Strategy, Functions, and Performance

ance? 2) Do company utilizing social media feature to support their functions/operations perform better?

utilizing the social media feature to support their functions/operations perform better?

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## ◆ About the Authors ◆

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### **Mahendrawathi ER**

Mahendrawathi ER received her bachelor's degree in industrial engineering from Institut Teknologi Sepuluh Nopember, Surabaya, Indonesia and a master's degree in operations management and manufacturing systems and a doctoral degree in manufacturing engineering and operations management both from Nottingham University, Nottingham, United Kingdom. Since 2006, she became a lecturer in Information Systems Department, Institut Teknologi Sepuluh Nopember, Surabaya, Indonesia. She teaches among others Enterprise Resource Planning, Business Process Management, Supply Chain Management, and e-business. She is a member of Enterprise Systems Research Lab. Her research interests are supply chain management, business process management and enterprise systems. Dr. Mahendrawathi has published her work in international journals and conferences.



### **Nanda Kurnia Wardati**

Nanda Kurnia Wardati received her bachelor's degree in information systems from Brawijaya University, Malang, Indonesia in 2016. Shortly after, in September 2017, she pursued a master's degree in Information Systems Department in Institut Teknologi Sepuluh Nopember, Surabaya, Indonesia. Her research interest is in Supply Chain Management and Modelling. She joined in Enterprise Systems Laboratory and completed her master's degree in March 2020.

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