Is Social Media a Passport to SMEs’ Foreign Market Entry?

Amélia Maria Pinto da Cunha Brandão*, Inês Faria**, Mahesh Gadekar***

Abstract
Social media has provided opportunities for businesses to develop close relationships with customers leading to customers’ engagement as it influences loyalty and satisfaction, and assists in expanding the markets. While small and medium enterprises (SME) are at a disadvantage compared to large firms, establishing management control in a foreign market remains a challenge. In addition, a considerable number of studies on foreign market entry mode choice have concentrated on large firms. Moreover, social media has become increasingly relevant for SME to “level the playing ground” with large firms. However, little is known about the SME role in engaging with their customers and especially in how SME use social media capabilities. We respond to this gap in the literature by exploring how SME use social media platforms to connect with customers in a foreign market. A qualitative analysis was conducted through in-depth interviews with six Portuguese firms. The findings indicate that social media provides a distinctive pathway to SME to connect emotionally with customers in a foreign market.

Keywords: customer brand engagement; social media; foreign market entry; SME; qualitative.

JEL classification: F230; M310; M370.

1. INTRODUCTION

Businesses and consumers are engaged in creating, spreading information and brand content online (Muntinga et al., 2011). It is estimated that 72% of large firms are using social media based networks (Meske and Stieglitz, 2013). With the advent of interactive digital platforms there is a continuous increase in consumers’ interaction on social media. For instance, it was found that 80% of Twitters users mentioned brands in their tweets (Nagy and Midha, 2014). While social media platforms influence the success of new product introduction (Baum et al., 2018), it also moderates the positive impact of social customer relationship management on a firm’s performance (Wang and Kim, 2017).

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Because social media can facilitate along with the user-generated content towards the development of customer brand engagement (Hoffman and Novak, 2011; Kaplan and Haenlein, 2010; Schamari and Schaefer, 2015), it provides a firm with the opportunity to enhance their engagement behavior (Solem and Pedersen, 2016).

Prior studies have regarded customer engagement as a customer behavioral manifestation focused on brands or firms (Van Doorn et al., 2010). In addition, the literature also acknowledged the emergence of customer engagement as a brand loyalty predictor (Hollebeek, 2011; Patterson et al., 2006). Given firms’ operations in multiple countries, some studies have supported the need for a global customer engagement framework (Gupta et al., 2018). Hence, Gupta et al. (2018) introduced the concept of global customer engagement and modified the customer engagement framework (Pansari and Kumar, 2017). Furthermore, a considerable number of studies on foreign market entry mode choice have concentrated on large firms (Laufs and Schwens, 2014). While small and medium enterprises (SME) are at a disadvantage compared to large firms, establishing management control in a foreign market remains a challenge (Krishna Erramilli and D'Souza, 1995; Lu and Beamish, 2001). However, little is known about the small firm’s role in engaging with their customers (So et al., 2014; Wong and Merrilees, 2015) and especially how small and medium enterprises use social media capabilities (Braojos-Gomez et al., 2015). In particular, social media has become increasingly relevant for small and medium enterprises (SME) to “level the playing ground” with large firms (Kim and Ko, 2012; Meske and Stieglitz, 2013). We respond to this gap in the literature by exploring how SME use social media platforms to connect with customers in a foreign market.

2. LITERATURE REVIEW

2.1 Customer brand engagement and electronic customer brand engagement

Customer brand engagement (CBE) is defined as ‘the level of an individual customer’s motivational, brand-related and context-dependent state of mind characterized by specific levels of cognitive, emotional and behavioral activity in direct brand interactions’ (Hollebeek, 2011, p. 790). CBE appears as a multi-dimensional concept, that as an interaction that combines not only attention and dialogue, but also emotions, sensorial pleasure and immediate activation focusing on creating a total brand experience with consumers (Gambetti et al., 2012). It is also an interactive mechanism, which may emerge at distinctive intensity levels over time, reflecting separate engagement states, mirroring an experimental process, based on individuals’ engagement with brands and organizations (Brodie et al., 2013).

Electronic consumer-brand engagement (e-CBE) is the natural adaptation of the concept of CBE to the web, but has in fact gained more interest since the rise of the internet and social networking (Chu et al., 2018; Gummerus et al., 2012; Merrilees, 2016; Sashi, 2012). With social media’s sui generis nature, a personalized consumer-brand relationship with real time interactions is possible and desirable since it permits amplification of the consumer’s tendency to respond socially to the media (Bright et al., 2015; Park and Kim, 2014). Due to its relevance in relationship-orientated communication, managing SNS brand pages creates and maintains client-brand relationships, which reinforce the importance of the development of a deep relationship (Men and Tsai, 2014).
Prior studies have acknowledged the increasing number of consumers participating in online platforms (Alden and Kelley, 2016; Tonteri et al., 2011). Mollen and Wilson (2010) suggested that online engagement enables customers to lead an active relationship with the brand. Companies now perceive customers as their allies in developing the product, defending the brand and creating value (Casaló Ariño and Hassan, 2016; Prahalad and Ramaswamy, 2004).

2.2 Social network and cultural orientation

Social media has provided opportunities to businesses in developing close relationships with customers leading to customer engagement (Devereux et al., 2017; Gorry and Westbrook, 2011; Hudson and Thal, 2013) as it influences loyalty (Lee et al., 2015), satisfaction (Thaichon and Quach, 2015) and assists in expanding the markets (Armstrong and Hagel, 2000). Social media can be interpreted as an ecosystem (Al-Weshah et al., 2013; Hanna et al., 2011) and is divided into three types of media (Corcoran and Feugere, 2009) owned, paid and earned. Owned media has the marketer fully controlling content (on a website, for example), while paid comes in the shape of sponsorship or advertisement. Word of mouth is neither controlled nor bought by the firm; hence it is referred to as ‘earned’ media. Social media permits a system of two-way many-to-many communication where consumers do it all: besides connecting, they are responsible for the creation and production, and share media content in a way never seen before (Hoffman and Daugherty, 2013). A clear and main orientation towards social exchange and engagement has made social networking (SNS) the cause of the transformation in the way consumers not only interact with their peers??, but also get product-related information and make purchasing decisions (Chu and Choi, 2011).

2.2.1 The value-added of social networking

Web 2.0 has provoked a revolution: social media permits a system of two-way many-to-many communication where consumers do it all: besides connecting, they are responsible for the creation and production, and share media content in a way never seen before (Hoffman and Daugherty, 2013).

The boom of social media has completely changed the way firms can manage brands. Brand management can be guided by three options: it can give in to, listen to or respond to consumers demands; it can play their game and demonstrate a deep understanding of the online culture environment and simply fit in; or it can play the social media game and create brand artifacts, social rituals, cultural icons so that consumers can properly act on behalf of the brand (Gensler et al., 2013). Social media has become the top feature in reaching customers on a global scale, making it possible for firms to quickly receive their valuable feedback (Kirtis and Karahan, 2011). One fact that under no circumstances should be left out is that, despite the ease of use of this new media, capturing one’s attention is harder than before due to the endless opportunities that both social media and the web offer (Hoffman and Daugherty, 2013). Moreover, it is highly important for marketing plans to include a systematic approach that will manage a company’s social media strategy.
2.2.2 Intercultural Perspective

Culture is described as “the collective programming of the mind which distinguishes
the members of one human group from another” (Hofstede, 2001, p. 2). It is not a property
of individuals, but a property of groups. It is a shared meaning of a system of values,
attitudes, beliefs, customs and thoughts. By the same token, intercultural communication has
been described as the exchanged information between differently cultured groups (Barnett
and Sung, 2017). Cultural homogenization occurs due to the exchange of information among
distinct cultural groups. It is enabled by the presence of rapid diffusion of values, ideas,
opinions and technologies. Thus, cultural communication is the exchange of information
between two distinct groups who share the same environment (Barnett and Sung, 2017).

Prior studies have acknowledged the consideration of cultural adaption in
communication. Culture is a dynamic process, practically working as an engine in the
development of communication (Lee and Choi, 2017). For instance, a company’s practice of
replicating communication as a standardized view (Berthon et al., 2012) may lead to
negative effects on the consumer’s self-evaluation. It may result in consumers feeling
prejudiced and discriminated against (Kipnis et al., 2013). In a similar vein, Men and Tsai
(2014) suggested that as different cultures expect differentiated treatment; communication
and content style should be consistent with cultural orientations.

Thus, it is suggested that engaging is all about creating a relationship. It is possible to
understand how social media has facilitated this process and how culture will influence this
creation. Culture might be neglected more often than desired, but it is essential to bear in
mind that, at the end of the day, it is all about people connecting with each other – whether
we are talking about clients or about people who make up the firms. Therefore, three main
topics appear as the greatest concerns: market adaptation, the usefulness of social media and
the creation of engagement. This study seeks to explore the firm’s role in engaging with
their customers in social media when reaching foreign markets.

3. METHODOLOGY

This study uses an interpretive, qualitative methodology, using in-depth semi-
structured interviews with six enterprises. The present method – exploratory methodology - was selected due to four main reasons: firstly, case studies offer new insights into the
connections among variables through the thick descriptions of meaning and process
(Janesick, 1998); secondly, the exploratory methodology applied will make an attempt to
improve existing theoretical models on the subject, rearranging them for an international
marketing perspective; thirdly it should be stated that the collected data will reflect an
interpretation of parties; and finally, the whole purpose is to look for a deeper understanding
of the missing concepts in the literature.

The exploratory study included six in-depth interviews of small and medium
enterprises. A number of factors were considered in the selection of the enterprises. The first
prerequisite was their international presence, since this investigation aims to look into the
international side of e-CBE. The second prerequisite was their active presence on social
media. The third and final prerequisite was access to informants (Yin, 2011).
Table no. 1 – A summary of the major characteristics of the enterprises

<table>
<thead>
<tr>
<th>CONCEPT BAGS</th>
<th>CANAL 180</th>
<th>ONEBIZ</th>
<th>FRUUT 1890</th>
<th>UNICER</th>
<th>MYMAGA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st international year</td>
<td>2011</td>
<td>-</td>
<td>2002</td>
<td>2015</td>
<td>-</td>
</tr>
<tr>
<td>Industry</td>
<td>Merchandising</td>
<td>Media</td>
<td>Consultancy</td>
<td>Consumer goods</td>
<td>Consumer goods</td>
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<tr>
<td>Product/service</td>
<td>Product</td>
<td>Service</td>
<td>Service</td>
<td>Product</td>
<td>Product</td>
</tr>
<tr>
<td>Markets</td>
<td>Angola, Brazil, Mozambique, Spain, France, Italy, Poland, United Kingdom, Germany, United States of America</td>
<td>Portugal, Spain, Germany, Estonia, Czech Republic, Poland, Lithuania, Ukraine, Russia, Latvia, Austria, Liechtenstein, Brazil, Colombia, Uruguay, Mexico, China, Israel, Turkey, Taiwan, Macao, Hong Kong, Singapore, Indonesia, Mauritius, Seychelles, Angola, South Africa, Morocco, Mozambique</td>
<td>Spain</td>
<td>Portugal, Austria, France, Switzerland, Spain, Luxembourg, Germany, England, Netherlands, Belgium, Finland, Poland, Iceland, Jersey, Andorra, Angola, Cape Verde, Guinea, Namibia, S. Tome e Principe</td>
<td>Mozambique, South Africa, Canada, USA, French Antilles, Brazil, Bermuda and French Polynesia, Macao, Japan, China, Jordan, India, Timor, Dubai, Philippines, Israel, South Korea, Saudi Arabia and Singapore, Australia</td>
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Data was gathered through a content analysis of the six interview participants. In order to understand the managerial perspectives of customer engagement we conducted six in-depth interviews of communication managers (Account & Project Developer; CEO &
Content Director; co-CEO; CEO; Interactive Marketing Manager and PR and Communication Manager). An interview guide was thought through and a script was elaborated based on the literature review. This script was composed of seven major topics – connections, interactions, satisfaction, retention, commitment, advocacy and engagement. The interviewees are responsible for the social media management of their firms and have access and follow every detail of the online strategy. Each interview lasted an average of half an hour and all informants were interviewed only once. The interviews were recorded with prior authorization. To assure the accuracy of the transcriptions, one of the authors has checked all recordings and transcriptions. Interviews were conducted between 9th March 2016 and 20th April 2016.

Table no. 2 – Sources of the Interview Data

<table>
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<th>Firm</th>
<th>Interviewees</th>
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<tbody>
<tr>
<td>Concept Bags</td>
<td>Account &amp; Project Developer</td>
</tr>
<tr>
<td>Canal180</td>
<td>CEO &amp; Content Director</td>
</tr>
<tr>
<td>Onebiz</td>
<td>co-CEO</td>
</tr>
<tr>
<td>Fruut</td>
<td>CEO</td>
</tr>
<tr>
<td>Unicer</td>
<td>Interactive Marketing Manager</td>
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<tr>
<td>Mymaga</td>
<td>PR and Communication Manager</td>
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</table>

Analysis of the verbatim transcript was performed as instructed by Strauss and Corbin (1998). A systematic process was followed by working with textual data generated by the interview of six enterprises. Questions were posed during the interviews, such as - How does the firm connect to the consumer? Do these contact points differ when you are approaching different countries? Are these values the same when we change the destination market? How would you classify the kind of commitment of your clients? More rational or more emotional? How would you label your clients’ engagement: rational or emotional? Is the level of engagement similar in every market? All the interviews were audio recorded with the interviewees’ permission. Each interview transcript was read by three authors independently to arrive at the overall meaning of the interview. First, descriptive codes were generated and later reduced to open codes through constant comparison. After using axial coding (Strauss and Corbin, 1998) in the second-order analysis, four themes emerged at a higher level of abstraction.

Moving along the pathway of emotional connection

Respondents said that they took care of building relationships with the customers. As indicated in the excerpts below, these enterprises revealed the importance of relationships regarding social networking and described the social networking as an organic way to create an emotional connection. The following excerpts illustrate the importance of emotional connection to the enterprises.

*If we would do that in Brazil – and would you ask me why we haven’t done it and if I am fooling Brazilian people? No. They just don’t care about those things. They want cute bags. It’s a much more emotional engagement, they have to like you otherwise they won’t take that relationship forward, whilst German people are all about numbers, objects, tangibility. . . . At first – and that’s why one of the pillars of Concept Bags’ communication*
is the going green – there’s an irrational emotional engagement. Because go green is a nice way of catching one’s attention, but you’re doing it in very important things. And we’re not covering all the important things and the real consequences of using plastic bags. So all communication was thought of in a very friendly way so you can have that emotional engagement: I like Concept Bags, the brand makes reusable bags, they are friendly to the environment. ... Therefore, our major drive for the communication with the client, both online and offline, has a lot to do with the emotional side and our wish that our brand becomes part of our clients’ lives. (Concept Bags)

Regularly relaying information communication
Following their thoughts on continuity of information communication, respondents said they made a conscious effort of regularly interacting and reaching out to customers. As indicated in the following excerpts, the affinity of the respondents to communicate in a clear and concise way.

We try to explain that to our local partners, so that it can be a daily communication or more than once a day. The same as saying that it is not just a single interaction, but we try to make it more than once a day. This is our concept. .... But when you’re talking about the final client, you have to do it several times a day. (Onebiz)

We are a content company and daily – and that has a lot do with the way that social media creates their own visibility, the message reach – and, so, there has to be a plan and a strategy: we have to regulate, it can not be seasonable, you can’t do it this week and not the other. A firm can’t do it, it has to have discipline, bringing in more organized and systematic ways. In our case, since it is all about content, we have to do it daily and, sometimes, more than once a day. (Canal 180)

And for that to happen, we believe that we can’t work from a mere rational connection, exclusively based on the benefits and characteristics. But rather fundamentally an emotional relationship: that people feel the brand as their own, that people get used to it during several parts of their day, being part of their daily routine and that is it a brand that gives them advice on nutrition, sports, recipes. (Fruut)

Balancing the ‘global-local dilemma’
Interestingly, some informants admitted the dilemma of standardization and localization. There was emphasis on balancing the ‘global-local dilemma’. The excerpts below highlight informants’ rationale for their tactics of balancing the ‘global-local dilemma’.

We follow a guide on brand image, but messages are created locally. Otherwise it wouldn’t work out...So we act locally and this hasn’t been talked about a lot – at least from what I’ve been reading, but I’m no expert on social media – but the brand and company’s adaptation hasn’t been talked about that much. And I believe that, most of the times, it’s all about pouring out the identity – not the corporate identity – but the brand values which are different in some countries. ....Western markets are much more into that than any others. Western markets want to know other people’s opinions before trying, but in others, especially Eastern, it doesn’t work like that. They analyze things coldly, recommendation is
just another element. Here, advocacy is enough for us to try anything. So, the answer is: there are some markets where advocacy is more important than others. (Onebiz)

I don’t know, but in the end, they are not that different. But, sure humanity is stronger than culture. But it depends on the stage you are. Chinese are becoming more individualistic than they were one generation ago. So I don’t know, but we don’t have any data on that… The nuance that exists is so… look, this is a very basic human thing, I’m not sure if you’ll find differences. You can use – and this hasn’t a lot to do with culture rather than a series of events… I can’t imagine seeing humanity, country differences based on social media responses. They respond to content, to different stimulus based on the culture and in what they have there and don’t. And that can change the dynamics of things, but honestly I don’t think so. (Canal 180)

Harnessing advocacy through blogs

Comments made by respondents during the interviews made it clear that enterprises believed that the blogs have a significant influence on the development of customer advocacy. Respondents also mentioned the cost advantage of blogs in connecting with customers.

And we also have another kind of recommendation that is not measured which is bloggers. It’s impressive. If I had to tell you who made Fruut and gave it all the support that it has right now, I would have to say that the main part came from the bloggers. Ever since they came across the product, they kept saying good things about it, that it tasted great, that they recommended it, that it was part of their day, posting pictures more than once… And we are talking about free advertising because we didn’t have money to pay them. We have more than 300 bloggers talking about us. It’s huge… Some bloggers are totally… and sometimes they write because they are doing a contest and it’s total madness! One of them got us, after 2 hours, 1000 likes… (Fruut).

Acting as curator – creating mash-ups

Acting as a curator and creating a mash-up highlights the role of the SME in enriching the conversation by reducing the ambiguity. To some informants, SME need to act as a curator to prevent it being “messy”. Consider the following quotes from the informants.

A special weekend, every Saturday we have a Brazilian documentary, and “Hoje Escolho Eu” is made by a Brazilian artist as well. And on Instagram, people… This month the rule has changed because artists used to post their portfolio. Last month, it was Spain, the one before Germany. We had four German artists, four Spanish and four Brazilian. It’s cool because I don’t have to post. At the end, every time that it is possible, we open up our platforms to the artistic community: “Hoje Escolho Eu” is 180Música by artists, Instagram too. And we need it, otherwise it is too messy. You’re in the office all day, unless you keep photographing the TV, you’ll have nothing to post. It is hard because you’re closed in here. During Creative Camp it is ok, but not right now. Yesterday, a Brazilian artist who has more than 300,000 followers, posted something and 300 people started following us… (Canal 180).
4. DISCUSSIONS AND CONCLUSIONS

The goal of the research has been to explore how SME through social networking sites engage with their customers in foreign markets. This study utilized in-depth interviews to identify themes in the study: 1) Moving along the pathway of emotional connection, 2) Regularly relaying information communication, 3) Balancing the ‘global-local dilemma’, 4) Harnessing advocacy through blogs and 5) Acting as curator – creating mash-ups.

Literature has acknowledged the opportunities brought about by social media for firms to develop close relationships with customers (Gorry and Westbrook, 2011; Hudson and Thal, 2013; Lee et al., 2015). Because SME experience limitation in the form of financial and personnel resources (Nakos and Brouthers, 2002), they face challenges in achieving success in foreign markets (Buckley, 1989). Little is known about SME’s role in engaging with their customers (So et al., 2014; Wong and Merrilees, 2015). This study adds to the previous research by exploring in-depth interviews with six Portuguese firms beyond the reported survey data. The findings indicate that SME adopt a distinctive pathway to connect emotionally with customers in foreign markets.

The findings of the study indicate that, SME prefer to connect more emotionally rather than rationally. It was revealed during the interviews that the emphasis is on building relationships with customers. Emotionally connecting with the customers provides improved opportunities and also impacts a firm’s profitability. Informants supported the important role of regularly relaying information. The interview data found that SME have put efforts and brought more discipline in relaying communication daily. Some of the informants have shared occurrences of relaying information to the customers more than once a day. The findings of the study support (Gummerus et al., 2012) suggestions that by offering daily information communication, customer visits to the site can be increased.

One of the themes that emerged from the informants reflects the favorability of advocacy from blogs. The advocacy from the blogs has been described by the informants as free advertising. In addition, the informants have also shared their role of acting as a curator. Some of the informants have emphasized the creation of content to reduce ambiguity so as to connect with customers online. The findings of the study supports the earlier study of Armano (2011) and Kietzmann et al. (2011) that suggested that firms can combine content and functionality from a variety of sources to create conversations.

This study has focused itself exclusively on Portuguese firms so the risk of cultural biases cannot be excluded. Other researchers should provide some time to the study of firms from other countries. Furthermore, a stricter company profile could be analyzed, in order to have a number of companies from the same industry and size. This change could extrapolate interesting results.

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ANNEX 1

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Question</th>
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<tbody>
<tr>
<td><strong>Connection</strong></td>
<td>How does the firm connect to the consumer? (Salesman, telephone, letter or other offline means by SNS?) What’s the role of social media in this connection? Do these contact points differ when you are approaching different countries?</td>
</tr>
<tr>
<td><strong>Interaction</strong></td>
<td>How frequently do you interact with your consumer? How frequently do you update your social media profiles? Does this change targeting other countries?</td>
</tr>
<tr>
<td><strong>Satisfaction</strong></td>
<td>Is consumer satisfaction measured? Did you feel any difference in terms of satisfaction since you have been using social media? What is the impact of satisfaction in terms of repurchase? Are these values the same when we change the destination market?</td>
</tr>
<tr>
<td><strong>Retention</strong></td>
<td>Is retention measured? How? Do you think that the lifecycle of the relationship between brand and consumer has an impact on the level of retention? And, once again, does the destination market change anything?</td>
</tr>
<tr>
<td><strong>Commitment</strong></td>
<td>How would you classify the kind of commitment of your clients? More rational or more emotional? How do you feel this commitment? With shares, likes, tweets? Is it any different internationally?</td>
</tr>
<tr>
<td><strong>Advocacy</strong></td>
<td>Do you feel the <em>customer gets customer</em> effect? Are these advocacy levels measured? Advocacy exists when… (Likes, shares, blogs,) Are all markets similar?</td>
</tr>
<tr>
<td><strong>Engagement</strong></td>
<td>How would you label your clients’ engagement: rational or emotional? Does the engagement highlight the strength of the brand, impacting the co-creation of value, confidence or retention? Is the level of engagement similar in every market?</td>
</tr>
</tbody>
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