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Strategic Group Analysis of the Social Media Landscape for SMEs

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Abstract

Consumer use of Web 2.0 and social media is well documented. However, the use of such technologies by SMEs has received relatively little attention and the literature has focused on the major social media platforms such as Facebook and Twitter. In this paper the focus is on a different type of social media website, which is termed SME Social Media Platforms. These are websites designed specifically for SMEs to gain information, network with other SMEs and in some cases conduct online sales through an electronic marketplace. The landscape for SME social media platforms is mapped out using business model and strategic group theory. In total, 158 Social Media Platforms in the US and UK were analysed using a mixed method approach of online panel data and website content analysis. A taxonomy is proposed that is based on strategic groups and web 2.0 sophistication. The theoretical implications are described with respect to the analysis of social media systems and the use of strategic groups. Managerial implications are outlined for different stakeholders including the SME companies, the SME Social Media Platforms and banking and Government bodies wishing to sponsor such platforms.

Keywords: Web 2.0, social media, online panel data, SMEs, strategic groups

1.0 Introduction

The consumer use of Social Media for communication, information access and networking has grown quickly over the past decade and it is estimated that approximately 80% of online users access a social networking website (ComScore 2013) and Facebook has over a billion users (Business Week, 2012). Current research

into the business use of social media tends to focus on the role and importance of social media applications such as Facebook, Twitter and Weibo on consumer marketing (Fischer and Reuber, 2011). Examples are research on the use of social media for brand building (Barwise and Meehan, 2010); marketing communication (Hanna et al, 2011) and word of mouth (Bulearca and Bulearca, 2010). A second stream of research is the use of social media in large companies (McAfee, 2008) and it is clear that the implementation of web 2.0 within organisations has significant implications for organisational design and the functioning of organisations, e.g. see CISCO's enterprise 2.0 strategy (Ramaswamy, 2010). A third stream of social media research is the use of social media platforms that are designed specifically for Small and Medium sized Enterprises (SMEs). These are hosted software systems that exploit web 2.0 to offer social media platforms that are targeted specifically at SME users, to share information that is of direct relevance to small business owners and entrepreneurs, and to facilitate networking and sales between SMEs. This has received very little attention in the academic literature, even though the use of such platforms is quite extensive.

In the UK there are approximately 4.8 million SMEs (BIS, 2012) and they form an important sector of the economy because of their contribution to employment and their role in encouraging economic growth and innovation. In the US there are approximately 27 million SMEs (US Census Bureau, 2011) that represent approximately 50% of total employment (OECD, 2012). SMEs face intense competition due to the generation of

new markets and greater customer expectations (Blackwell et al., 2006). However, despite the fact that SMEs are also rapidly adopting innovations (Higon, 2012; Kim et al.,2011) their usage of social media is arguably less well developed than in consumer markets. Social media platforms such as 'smarta.com' and 'ukbusinessforums.co.uk' are therefore an important source of information for SMEs in areas such as legislation, sources of funding, banking, financial, legal information and market research. They also provide networking opportunities with other SMEs that are important to develop and share ideas, enter into partnerships and create new sales opportunities.

There is a wide range and diversity of social media websites designed for SMEs. The authors term these systems '*SME Social Media Platforms'* and define them as:

> *"the use of Web 2.0 technologies and Social Media to support and enable SMEs in the formation, development and management of commercial and social relationships between each other, with their economic partners and with their customers for the purposes of information sharing, knowledge creation, networking and sales."*

There are approximately 100 such websites in the UK and a similar number in the US. The high number and variety is indicative of the relatively early stage of evolution of SME social media platforms. The focus of this research is on the platforms themselves and the paper is structured around three main research questions.

1. What are the current usage patterns and growth rates of SME social media platforms?

2. How can the business model literature and strategic group theory be used to develop a map of the competitive landscape of social media platforms?

3. What is the likely future evolution of SME social media platforms?

This article is structured as follows. In the next section a review of the relevant social media and business model literature is presented in order to develop the theoretical constructs that will be used to map out the landscape of SME Social Media Platforms. This is followed by the methodology section which explains the use of online panel data and strategic group analysis. The results present the strategic analysis and taxonomy of SME Social Media Platforms. The last section concludes with theoretical contributions, managerial implications and limitations of the study.

2.0 Literature Review

2.1 Web 2.0 technology

Web 2.0 is a term introduced by DiNucci (1999) who emphasized interactive content as part of the first glimmerings of a future more interactive and social Web. The use of the Web 2.0 concept however is attributed to O'Reilly (2004). Web 2.0 is the ideological

and technological foundation that introduced the concepts of interactivity and User Generated Content (UGC) (Kaplan and Haenlein, 2010). Web 2.0 technologies include blogs, discussion forums, social bookmarks, wikis, media-sharing sites, reviews and social networking.

The technical definitions of web 2.0 by Cook and McAffee (2008), Turban et al. (2011) and Laudon and Traver (2013) have significant overlaps and can be used to form the basis of a definition of Web 2.0 and Social Media technologies. Social media platforms are web-based technologies used to create highly interactive platforms via which individuals and communities share, co-create, discuss, and modify user-generated content (Kietzmann et al. 2011). However, social media platforms have changed not only the way individuals but organisations communicate. A further definitional construct is therefore to consider the application context, especially the focus of the use and whether this is for individual consumers or the use of the technology to support business processes within an organisation or between organisations.

Kaplan and Haenlein (2010) and Laudon and Traver (2013) offer a categorisation of Web 2.0 that takes into account the business use of such technology to support the functioning of an enterprise. This has been termed 'Enterprise 2.0'. McAffee introduced the term Enterprise 2.0 to refer to the use of social media platforms within organisations. Cook (2008) uses the term to encompass the different Social Media applications and their use within organisations. Typically, the term Enterprise 2.0 has

been used to describe the use of web 2.0 and social media within large organisations, although there have been some recent studies on the use of web 2.0 to support internal business processes within small companies (e.g. Meske and Stieglitz, 2013). Enterprise 2.0 systems, in common with earlier Enterprise Resource Planning (ERP) systems, are now starting to extend into the supply chain. Turban et al. (2011) study the adoption of different Enterprise Social Networking activities under six generic categories of applications: information dissemination, communication, collaboration and innovation, knowledge management, management activities and problem solving and training and learning. The use of open organisational Social Media Platforms has also been addressed in the literature (e.g. Demetriou and Kawalek 2010).

Fewer studies on social media refer to a B2B context where the research focus is on major Social Media Platforms within a marketing context. Examples are the study of the use of Facebook and Twitter among B2B salespeople (Schultz et al. 2012) and Social Media marketing in a B2B context (Leek and Christodoulides, 2011). However, these authors only considered consumer social media applications. The few B2B studies in social networking for professionals were mainly concerned with LinkedIn (Bonsón and Bednárová, 2013; Hempel, 2013).

In addition to the consumer and Enterprise use of web 2.0, there is a third category, namely the emergence of social media platforms that are specifically designed and targeted at SME users. Studies concerned with the interaction among SMEs with the use of Web 2.0 applications have stressed information sharing and collaboration as part of their models (e.g. Michaelides et al. 2010; Kim et al. 2011). However, research on specialized social media platforms that use a combination of web 2.0 applications is scarce and previous work has tended to focus on the study of a single platform (e.g. Qu et al. 2013) A summary of the Social Media research in different organisational contexts is presented in Table 1.

INSERT TABLE 1 ABOUT HERE

From the Table, it can be seen that previous research into the business use of social media can be categorized into three main groups. These are (1) the use of web 2.0 and social media for consumer marketing, (2) the use of web 2.0 within companies, - termed 'Enterprise 2.0' and (3) the development of new social media platforms that are designed specifically for groups of SMEs. The social media platforms are conceptualised as competitors that offer a service to SME users. Their level of success is therefore determined by a number of factors and an important measure of success is the size and growth rate of individual platforms. This is because the business models of these websites typically rely on a combination of advertising and sales referral revenues,

which both depend on the number and also the quality of the websites' SME users. The business model literature is helpful in this respect because it provides a method for conceptualizing the business dimension of the SME social media platforms.

2.2 Business model concept

The business model idea is encapsulated by the definition proposed by Osterwalder and Pigneur (2010), who defined it as the rationale of how an organization creates, delivers, and captures value. Osterwalder and Pigneur (2010) use nine different blocks as pillars of the business model, such as customer segments, channels, customer relationships, value propositions, key partners, key resources, revenue streams and cost structure. From an SME customer perspective, the most important element of the business model is the business offer, or value proposition. That is, what is the purpose of the website for its users? The business offer has been defined as a product or service (Horowitz, 1996; Dubosson-Torbay et al., 2001); or a value offering (e.g. Gordijn and Akkermans, H., 2001; Afuah and Tucci, 2001) within the business model literature. 'Value proposition' is defined as the benefits customers can expect from products and services (Osterwalder et al. 2014). The business offer construct therefore defines the purpose of the SME Social Media Platform in terms of how SMEs will use the system.

Based on research from Kim et al. (2011), Harris et al. (2012) and Michaelidou et al. (2011) there are three main business uses of social media in the context of SMEs. There are:

(1) Information repositories and databases.

(2) Information sharing between SMEs and networking opportunities to share ideas and potentially create new knowledge.

(3) Sales systems e.g. electronic markets and trading systems.

There is a greater need for information integration in SMEs that lack the financial resources and business resilience of large enterprises (Blackwell et al, 2006) and the volume of information exchanged is increasing (Naila et al, 2014) which means a considerable amount of information and knowledge is shared through social networks. Previous research suggests that acquaintances different from those in one's own organization can provide access to new knowledge and ideas and extend the potential range of information available (Inkpen and Tsang 2005). Hence, not only the information available but the ability to network constitutes an interesting offer for SMEs looking for the right platform. With the right contacts for example, the level of uncertainty can be diminished, the risks reduced and critical market information provided and there is evidence to suggest that SMEs in particular benefit from networking (e.g. Julien, 2001). Networking can also be a significant means for gaining

knowledge about international opportunities, and thus can motivate SMEs to enter international markets (Andersen and Buvik, 2002). In addition, some SME social media platforms facilitate the sales channel by acting as an online market facilitator, either involving a third party for specific functions such as payment and shipping or by providing it themselves. That is, the sales transaction process (order taking, payment, and shipping arrangement) is completed on the SME social media platform.

The business offer is therefore an important construct for the initial grouping of the websites into information, networking and sales focused social media platforms. In practice, most websites originate as information websites and then develop and mature in terms of their use of technology. Basic networking and discussion forums create the basis for more sophisticated use of web 2.0 and social media, and then social e-commerce (Curty and Zhang, 2011; Stephen and Toubia, 2010) is added to the functionality of the website.

The use of technology is the second construct used to analyse the business models of social media platforms. Mason and Spring (2011) study changes in the recorded music market and define technology as one of their business model elements. Chen (2009) refers to a business model that takes into account the capabilities of web 2.0 such as collective intelligence, network effects, user generated content, and the possibility of self-improving systems to study the web information services industry.

The third construct is business strategy. Strategy has been defined as the way a company defines its business and links together knowledge and relationships (i.e. and organisation's competencies and customers) (Normann and Ramirez, 1993). In this view, successful companies conceive strategy as a continuous design and redesign of complex business systems where different economic actors co-produce value. Strategy has also been defined as the business mission and basis for differentiation (Hammel, 1999). Strategy means performing different activities from rivals' or performing similar activities in different ways (Porter, 1996). Ways to differentiate from competition include the product-market scope and the different revenue models used. The product-market scope is part of the core strategy as defined by Hamel (1999). It combines not only the product but the sector and geography the product is aimed for. For example, products which are outside the conventional definition of the leaders' product-market domains can help others launch an expanding strategy (Hammel and Parahalad, 1990).

Revenue streams are part of Osterwalder and Pigneur's (2010) business model elements comprising revenue model and cost structure. Revenue models describe how the firm will earn revenue, generate profits and produce a superior return on invested capital (Laudon and Traver, 2013) and there are five different e-commerce revenue models, namely: advertising, subscription, sales, transaction fee and affiliate. Within the advertising revenue model are included companies which get sponsorship by other organisations (e.g. banks) for certain activities as they get advertised in return and gain

exposure. The subscription revenue model is one in which users pay for a service by acquiring a membership. A sales revenue model involves the sale of a product or service. For this research, the term sales includes also the revenue generated by facilitating transactions - known as transaction fee. The affiliate revenue model where companies generate revenue for each referral to another company is not a common practice among SME social media platforms and hence, not part of the framework.

2.3 Research Framework

The theoretical framework for this research is based on the use of Web 2.0 technology, the nature of the Business Offer and the Business Strategy (see Figure 1).

INSERT FIGURE 1 ABOUT HERE

There are clear relationships and inter-dependencies between business strategy, business offer and Web 2.0 and use of social media. Based on these constructs, strategic group theory is used to group the SME social media platforms into a meaningful competitive landscape. Table 2 summarizes the theoretical constructs of the research framework.

INSERT TABLE 2 ABOUT HERE

3.0 Methodology

The authors worked closely with one of the major UK banks that developed a social media platform for its own SME customers in order to support and nurture the development and growth of start-ups and existing SMEs. The process to identify relevant websites was an iterative one, in which the authors combined internal knowledge and research from the bank with extensive online search. Websites were selected by doing a comprehensive search to locate platforms offering information, advice and tools for new or established SMEs. Words such as advice, advisor, SME, entrepreneur, start-up and network were used in the process. 79 websites with UK origin and other 79 with US origin were identified. This procedure was followed until a data saturation point (Glaser and Strauss, 1967) was reached and no more websites with different characteristics were found. This procedure allowed the analysis and evaluation of a large number of platforms different to consumer ones. The measurement of the platform size was done by using online panel data. The analysis and interpretation of this data is a powerful methodology as it provides insights into the platforms scale and also helps to calculate the penetration in the SME market.

3.1 Online Panel Data

Online panel data consists of large numbers of users who are members of an organised panel that are tracked electronically over time. Online panel data from ComScore Inc. is

a type of 'big data' that provides insights into how customers use the Internet in areas such as search patterns, number of unique visitors, visiting patterns across multiple websites and time spent per website. ComScore Inc. is an industry leading company in the provision of online marketing intelligence (Wall Street Journal, 2014). Online panel data is very reliable because the data capture process is automatic. That is, it provides detailed insights into actual behaviour rather than reported or intended and it facilitates the study of large samples (Chaffey, 2006).

ComScore does not rely on cookies and instead, monitors the actual behaviour of each computer in the sample with knowledge of the location of the machine (ComScore FAQ, 2013). This provides ComScore with the strength of providing an accurate and unbiased measurement of the size of the website's audience. The company currently counts with a large panel of approximately 2 million users and global coverage. An examination of the full range of SME social media websites using online panel data therefore reveals patterns of usage and contributes to our understanding of the size of each website measured by the number of users, which is the most direct measure of the relative success of competing websites in this market. The data for each country is based on users from those countries only, i.e. US online users visiting a UK website are excluded and vice versa. Only US visitors to a US website, and UK visitors to a UK website are captured.

3.2 Strategic Group Analysis

Strategic groups come from the idea that an industry can be viewed as a cluster or groups of firms, where each group consists of firms following similar strategies in terms of the key dimension variables (Porter 1979). Hunt (1972) developed this term focusing on strategic differences among competitors in their main markets and formed groups according to asymmetry or homogeneity of operations within the same business. Firms within a strategic group resemble one another closely, and, therefore, are likely to respond in the same way to disturbances, to recognize their mutual dependence quite closely, and to be able to anticipate each other's reactions quite accurately Porter (1979). However, between strategic groups the situation is different and there are different implications. For example, this theory has been successfully used to study intergroup mobility as entry barriers not only insulate firms from new entrants to the industry, but they also insulate firms in a strategic group from entry by members of another group (intergroup mobility) (Porter, 1979). The formation of strategic groups is then relevant to study the social media platform market and competition as it allows studying platforms at an individual and group level.

Strategic group theory has been criticized as there have been conflicting results, some studies reporting significant performance differences between groups (e.g. Cool and Schendel, 1988) and others not finding significant differences (e.g. Bogner, 1991). It was argued that performance differences between strategic groups existed because firms

within one strategic group created mobility barriers for firms belonging to other strategic groups making inimitability of strategy rather difficult (Agnihotri, 2013). Leask (2007) summarized the benefits and limitations of strategic group analysis concluding that strategic group research continues to offer a valuable way to classify firms by their strategy and to provide a robust theoretical taxonomy as a means to make sense of and map industry dynamics over time. Following Fiegenbaum and Thomas (1995) strategic groups also act as reference points for predictions of future strategies and to derive industry group structures successfully.

The combination of the measurements of size, web 2.0 sophistication and business offers, yielded important insights into the identification of strategic groups. A scale was defined ranging from very low to very high degree of web 2.0 sophistication as illustrated in Table 3.

INSERT TABLE 3 ABOUT HERE

The categorisation is based on two web 2.0 elements: user generated content (UGC) and interactivity. Additional technology was also taken into account to measure the overall level of sophistication of the website. UGC refers to content made publicly available, created outside of professional practices (OECD, 2007). A content analysis of the blog and forum sections from 2013 and 2014 resulted in a low, medium or high amount of UGC in the website. Interactivity was calculated measuring the presence of messages

related to each other, clickable images, modifiable content (Ha and James, 1998; Coyle and Thorson, 2001) and interactive tools such as polls, web chats, other tools (e.g. tax calculation). The number of web 2.0 technologies (according to the web 2.0 technology construct in the research framework) per website was also assessed. Additional technology refers to search, database and matching technology and the presence of the website in major social media applications (i.e. Facebook, Twitter, YouTube). Mobile responsive design is also part of this last measure as it informs on the sophistication of the website.

4.0 Results

The ComScore measurement tracks users across multiple websites so if a user visits more than one of the SME social media platforms, it is possible to calculate the number of unique visitors to the whole set of websites, without double or triple counting individual users that visit more than one social media website. The level of cross visiting in the UK was 1.5, and 1.0 in the US. This means that US users are loyal to a single social media platform, and in the UK almost half of all users visit one website only. A summary of the results is shown in Table 4.

INSERT TABLE 4 ABOUT HERE

The penetration of social media systems is much higher in the US market and this is an indication that the US market for SME social media platforms is more advanced than in the UK.

4.1 The UK Market

4.1.1 Size Filter for Unique Visitors to Individual SME Platforms

Company size constitutes the a priori criterion used to define strategic groups (Porter, 1979; Caves and Pugel, 1980). In online markets, size is defined in terms of the number of unique visitors. Two size filters were applied to both sets of data. The results for the UK data sample are shown in Figure 2.

INSERT FIGURE 2 ABOUT HERE

A website is defined as significant if it has more than 1% share of the total visitors. The negligible group are all less than 1%.

4.1.2 Strategic Groups

The significant sized websites were analysed using content analysis to categorize their business offer into information only; information and networking; or information, networking and sales and the results for the UK are shown in Figure 3.

INSERT FIGURE 3 ABOUT HERE

Figure 4 combines web 2.0 sophistication and business offer in order to identify the distinctive strategic groups.

INSERT FIGURE 4 ABOUT HERE

Information Laggards: There are only two websites in this group. They now look old-fashioned, and have failed to make the transition to web 2.0, or have simply elected to remain as static websites that offer a basic information service only.

Basic Networking: This is a group that is making use of web 2.0 to offer networking in addition to information. Websites in this group are characterised by a low to moderate sophistication in their use of web 2.0. This is one of the largest groups, which indicates a significant interest of SMEs in using this kind of platform.

Advanced Networking: Websites in this group have a similar business offer to the Basic Networking group but are much more sophisticated in their use of web 2.0 e.g. Startups.co.uk is a more innovative company in its use of web 2.0 technology. Smarta is a good example of this group because it makes sophisticated use of a variety of social media applications in its website.

Social Media Markets: This group has a moderate to very high level of web 2.0 sophistication and include some kind of electronic market functionality i.e. websites

have a marketplace and facilitate sales among users. The smaller platform in this group is BT Tradespace, which was very sophisticated in terms of its use of web 2.0 technology. However, it failed to attract enough visitors and closed after the data were captured.

4.2 The US market

The application of size filters to the data resulted in 11 significant websites. A highly skewed distribution highlighted three websites attracting over one million users each. That is, 14 % of the platforms represent 82% of the share of visitors.

4.2.1 Strategic groups

After categorising the websites by business offer and degree of web 2.0 sophistication four different strategic groups were identified. The results of the strategic grouping are depicted in Figure 5.

<div align="center">INSERT FIGURE 5 ABOUT HERE</div>

The advanced networking websites are very successful at attracting visitors, e.g. AMEX openforum.com, startupnation.com and bplans.com.

4.2.2 Business strategy analysis

A second stage of analysis looked at the product-market scope and revenue models of each platform.

Table 5 shows the different platforms' revenue models and product-market scope.

INSERT TABLE 5 ABOUT HERE

Almost all platforms use advertising as a revenue model. There is also evidence of a subscription model but only on the smaller websites. The fsb.org.uk is able to charge a subscription despite its low use of web 2.0 because of its Government support and strong offline reputation.

Five websites have a sales revenue model. In addition to the three electronic marketplaces that generate sales revenue from transaction fees, Smarta.com and Startups.co.uk sell products/services directly to their SME customers. Smarta.com sells a business tool for SMEs, which is very successful, and Startups facilitates fund raising with 'Startup Loans' and charges an interest fee. Almost all of the websites adopt a broad-based product-market scope, i.e. they address all types of SMEs. Only two have a focused strategy. LandlordZone is exclusively for landlords and property management

agencies and Onstartups.com is focused on technology start-ups only. The business strategy construct did not yield useful differences to inform the strategic group analysis.

4.3 International comparison

An analysis according to strategic group and share of visitors in both the UK and US markets is presented in Table 6.

INSERT TABLE 6 ABOUT HERE

Both markets have a similar structure, a highly skewed distribution, but the US has a higher proportion of social media markets. There are only three Information laggards and these websites are unlikely to continue to be successful because they have failed to evolve and attract a relatively small number of visitors compared to the other groups. The largest groups in both markets are the basic and advanced networking, which can be explained by the needs and expectations of SME entrepreneurs and owners to use advanced web 2.0 to network with each other (Reynolds, 2002). Advertising is the prevalent revenue model in both markets.

5.0 Conclusions

SME Social Media Platforms represent a distinctive research area that has been neglected in the academic literature, despite its importance to innovation and

entrepreneurship, and to the growth of the economy. The range and variety of SME platforms are an indication that the market for social media use by SMEs is in an earlier stage of development than the use of web 2.0 technology in consumer markets. That is, unlike consumer markets, there is still a diversity of social media platforms, and this is likely to change through a process of continuing rapid growth, possibly mergers and acquisitions, and the increasing importance of network effects, which will speed the growth of the larger platforms to the disadvantage of smaller ones.

The methodology of using online panel data to measure the relative size of a large number of websites enabled the researchers to distinguish between those websites that have been successful and those that have been unsuccessful or are possibly in their very early stages of development, where the online user base is taken as a surrogate measure of success. The web 2.0 sophistication scale developed allowed to classify websites and by combining the measurements of size, web 2.0 sophistication and business offer, important insights were generated to identify four strategic groups: Information laggards; Basic Networking; Advanced Networking and Social Media Markets. It has been shown that web 2.0 adoption by the social media platforms is not a binary measure but is more accurately represented by the range of technologies and commitment to their adoption.

The theoretical contribution of the paper lies on the use of the business model and social media literature to develop taxonomy of SME websites as shown in Figures 4 and 5,

and to demonstrate the effectiveness of the application of strategic group theory to identify distinctive strategic groups in a social media context. This constitutes a novel and pragmatic approach that has generated results that have face validity to practising managers and make sense of what would otherwise be very difficult and complex online market data.

The managerial implications are described for different stakeholders. For SMEs, the results demonstrate that there is a wide range of social media platforms and that these are better understood by viewing them in their strategic groups and by taking into account their size as an important measure of online success and usage by other SMEs, which is an important consideration for networking and sales opportunities. For the SME social media platform owners, the analysis reveals the identification of strategic grouping of competitors. It also starts to indicate the impact of web 2.0 sophistication on online success, and the importance of networking and sales functionality to attract and retain customers. For banks with a large number of existing SME customers, there appears to be significant potential to exploit an existing strength and combine it with a social media platform in order to encourage interaction between existing customers and also to attract new SME customers through information, networking and sales offers. Amex has demonstrated the success of this approach in the US and the UK banks are a long way behind in this respect.

There are further research opportunities that seek to explain the differences in online performance for websites within the same strategic groups, and also to understand the dynamics of growth and the transition from one group to another one. There is also the important question of why most SMEs are not making use of these very rich sources of information, networking and sales opportunities? The strategic grouping presented here, together with the lists of websites could be used by Government agencies to increase the awareness of such websites to SMEs and give them a map of the landscape so that they can select the most useful for their particular requirements.

A limitation of this study is the possibility of leaving a website out of the sample. However, this has been addressed by implementing a data saturation point assumption, which is an accepted and widely used statistical technique. The period of time studied is also a limitation in a fast developing market. However, the researchers have followed the development of the market over two years, and although there may be significant changes to an individual website the overall landscape changes much more slowly. Online usage patterns also do not vary significantly from one month to the next, so the sample period of a single month based on a very large online panel is a legitimate approach. The sheer scale of the data collection and analysis also meant that a snapshot approach was the most practical and feasible method.

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Individual and Organisational Context	Archetype	Social and business use	Web 2.0 technology	Literature
Consumer Platforms				
C2C	Facebook/ Renren/ Orkut Qzone Twitter E-bay YouTube	Networking Communication Feedback Knowledge creation Social relationships Participation	Social network Micro-blog Auction site Media sharing	Qui et al, 2013; Smith et al. 2012; Rui and Whinston, 2012: Löbler et al. 2011; ; Bernoff and Schadler, 2010; Barwise and Meehan, 2010; Asur and Huberman, 2010; Burgess and Green 2009; Joinson 2008; Pace, 2008; Ellison, Steinfield and Lampe 2007; Houser and Wooders, 2006
B2C	Facebook Twitter YouTube	Marketing Customer support Employee empowerment Public Relations Reputation management Influence Interaction	Social network Micro-blog Media sharing	Papaioannou et al. 2013; Tsai and Men, 2012;; Fischer and Reuber, 2011; Hanna, Rohm and Crittenden 2011; Barwise and Meehan, 2010; Bernoff and Schadler, 2010
Enterprise 2.0				
Internal to the organisation	SAP ESN Yammer	Communication Knowledge sharing Collaboration Content creation Problem solving E-learning	Social network Forum Blogs Wikis	Meske and Stieglitz, 2013; Riemer and Asin, 2013; Menek, 2012; Riemer et al., 2012; Demetriou and Kawalek, 2010
Platforms for professionals	LinkedIn	Information sharing Recruitment Customer relationship Training Publishing	Social network	Shedd, 2013; Hempel, 2013; Bonsón and Bednárová, 2013; Chiang et al 2013; Skeels and Grundin, 2009; Papacharissi, 2009; Weinstein, 2010
SME Social Media Platforms				
B2B	Nibusinessinfo Smarta BTTradespace	Information Networking Sales	Blogs Rating Media sharing Forum	Harris et al. 2012; Barnes et al. 2012 Research in this area is very limited.

Table 1. Web 2.0 and Social Media Research: Consumer; Enterprise 2.0; and SME Social Media Platforms

Business Offer	Purpose of the SME Social Media Platform in terms of how SMEs will use the system. Defined as a product or service (Horowitz, 1996; Dubosson-Torbay et al., 2001); value offering (Gordijn and Akkermans, H., 2001; Afuah and Tucci, 2001) or value proposition (Osterwalder et al. 2014). It can be: • Information repositories and databases • Networking opportunities to share ideas and potentially create new knowledge (Julien, 2001; Inkpen and Tsang , 2005; Kim et al. 2011; Harris et al. 2012) • Sales systems e.g. electronic markets and trading systems (Bailey and Bakos, 1997)
Web 2.0 Technology	Term introduced by DiNucci (1999) who emphasized the interactive content. Considered as the platform for social media by allowing the exchange of user generated content (Kaplan and Haenlein, 2010). It refers to: • Blogs (Harris et al. 2012; Barnes et al. 2012) • Discussion forums (Barnes et al. 2012) • Social networking (Harris et al. 2012; Barnes et al. 2012) • Social bookmarks (Meske and Stieglitz, 2013) • Media-sharing (Reyneke et al. 2011) • Reviews (Michaelidou et al. 2011)
Business strategy	Defined as the business mission and basis for differentiation (Hammel, 1999). It means performing different activities from rivals' or performing similar activities in different ways (Porter, 1996). It refers to: • Product-market scope (Hammel and Parahalad, 1990) • Revenue streams (Laudon and Traver, 2013)
Strategic Groups	Cluster or groups of firms, where each group consists of firms following similar strategies in terms of the key dimension variables (Porter 1979). Useful to study intergroup mobility as entry barriers not only insulate firms from new entrants to the industry, but they also insulate firms in a strategic group from entry by members of another group (Porter, 1979). Strategic groups on this research are based on : • Business offer • Web 2.0 technology sophistication

Table 2. Research framework elements

Degree of web 2.0 sophistication	Score	Overall level of sophistication	Archetype
Very high	>85	There is a high amount of user generated content in the website and interactivity is intense. Many additional technology features are present.	Ukbusinessforums.co.uk
High	70-84	The website has a medium to high amount of user generated content and significant interactivity. It has several additional technology features.	Smarta.com
Moderate	55-69	The website enables some interaction and a medium amount of user generated content is present. Few additional technology features are found.	Freebusinessforums.co.uk
Low	40-54	The website allows little interaction and has a low level of user generated content. There are limited additional technology features.	Startupdonut.co.uk
Very low	25-39	Neither interactivity nor user generated content are possible. The website is based on other technology features.	Nibusinessinfo.co.uk

Note: a platform would rarely have less than 25 points as it needs at least basic web 1.0 technology

Table 3. Degree of web 2.0 sophistication definition

Variable	UK	US
Number of SMEs	4.8 M.	27.0 M.
SME users of social media platforms	1.0 M.	13.3 M.
SME social media platform penetration	21%	49%

Source: derived from ComScore audience duplication report (2013), Business population estimates BIS, UK (2012) and US Census Bureau (2012)

Table 4. UK and US market characteristics

Strategic Group Analysis of the Social Media Landscape for SMEs

Rank	SME Social Media Platform	Business Offer	Unique Visitors (000)	Business Strategy				Web 2.0 / Social Media technology
				Advertising	Revenue model Subscription	Sales	Product-market scope	
1	smarta.com	2	277	✓		✓°	Broad-based	High
2	ukbusinessforums.co.uk	2	258	✓			Broad-based	Very high
3	businesszone.co.uk	2	246	✓			Broad-based	Moderate
4	startups.co.uk	2	104	✓		✓°	Broad-based	High
5	freebusinessforums.co.uk	3	89	✓		✓	Broad-based	Moderate
6	landlordzone.co.uk	2	76	✓			Focused	High
7	startupdonut.co.uk	2	57	✓			Broad-based	Low
8	youngentrepreneur.com	2	42	✓			Broad-based	Moderate
9	smallbusiness.co.uk	2	41	✓			Broad-based	Moderate
10	bstartup.com	2	39	✓			Broad-based	Moderate
11	fsb.org.uk	1	33		✓		Broad-based	Very low
12	sunzu.com	3	32	✓	✓		Broad-based	High
13	nibusinessinfo.co.uk	1	32	✓*			Broad-based	Very low
14	bttradespace.com	3	31	✓	✓	✓	Broad-based	High
15	4networking.biz	2	26	✓			Broad-based	High
16	fpb.org	2	24		✓		Broad-based	Low
17	onstartups.com	2	24	✓			Focused	Very high
I	entrepreneur.com	2	3823	✓			Broad-based	Moderate
II	business.usa.gov	3	3246	✓*		✓	Broad-based	Low
III	openforum.com	2	1701	✓			Broad-based	Very high
IV	startupnation.com	2	902	✓			Broad-based	High
V	bplans.com	2	784	✓			Broad-based	Very high
VI	sba.gov	2	744	✓*			Broad-based	High
VII	score.org	2	552	✓*			Broad-based	Moderate
VIII	allbusiness.com	2	466	✓			Broad-based	Moderate
IX	inc.com	2	460	✓	✓		Broad-based	Moderate
X	nfib.com	2	384	✓			Broad-based	Moderate
XI	businessknowhow.com	1	328	✓			Broad-based	Very low

1= Information only; 2 = Information and Networking; 3 = Information, Networking and Sales.*Sponsored by gov./ non-profit agency ° Sell a product but have no marketplace

Sources: ComScore key measures and duplicated audience reports, March 2013, company websites and personal analysis

Table 5. Business Model and Unique visitors for top SME Social Media Platforms in the UK and the US

Strategic Group	Number of Platforms UK	Share of Visitors UK	Number of Platforms US	Share of Visitors US
Information Laggards	2	3%	1	2%
Basic Networking	6	24%	5	35%
Advanced Networking	7	39%	4	25%
Social Media Markets	2	6%	1	20%
Long tail (less than 1% share of visitors i.e. within the negligible and zero use regions)	62	27%	68	18%
Total	79	100%	79	100%

Sources: derived from key measures report from comScore (2013) and strategic group analysis

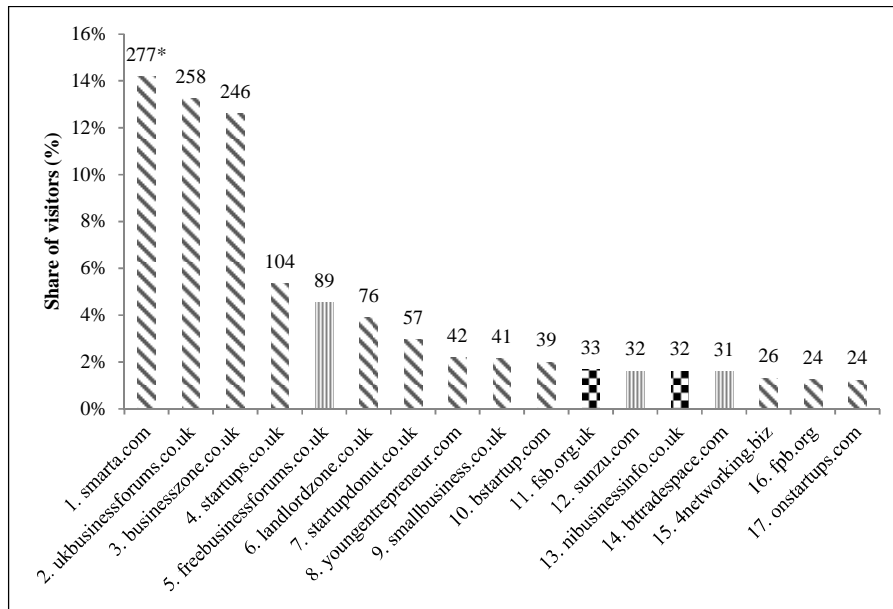**Table 6. Number of platforms and share of online visitors for each strategic group in the UK**
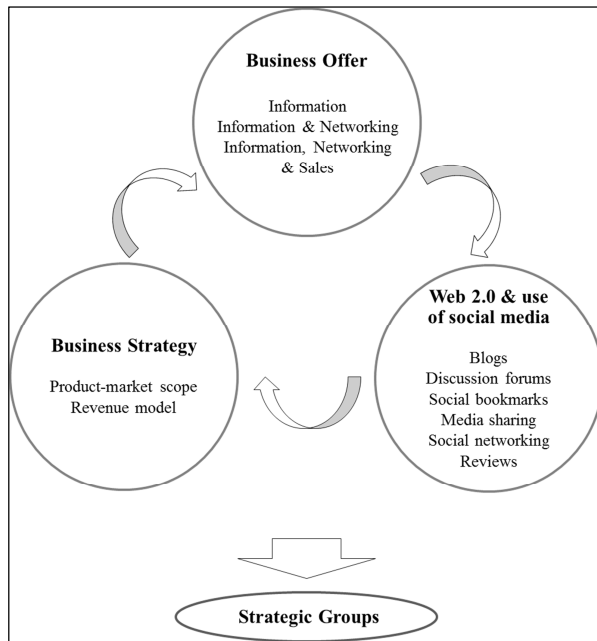
Figure 1. Research framework
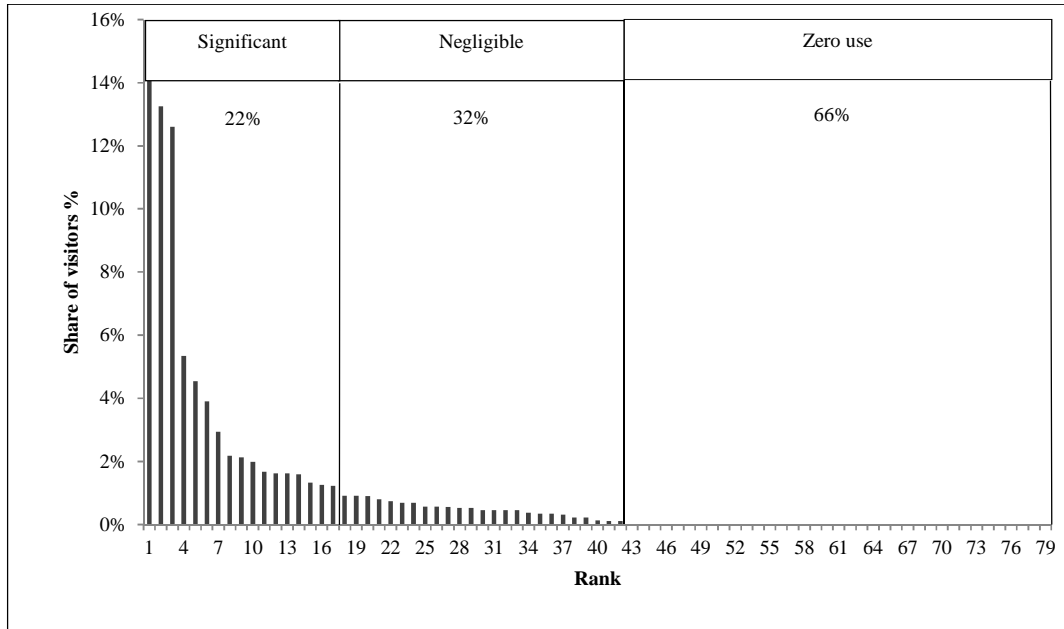
Source: derived from key measures report from comScore Inc.(2013)

Figure 2. Total sample of SME Social Media Platforms in the UK

* Thousands of visitors

⊞ Information only   ⊠ Information and Networking   ⦀ Information, Networking and Sales

Source: derived from key measures report from comScore Inc.

Figure 3. The size distribution of SME Social Media Platforms in the UK
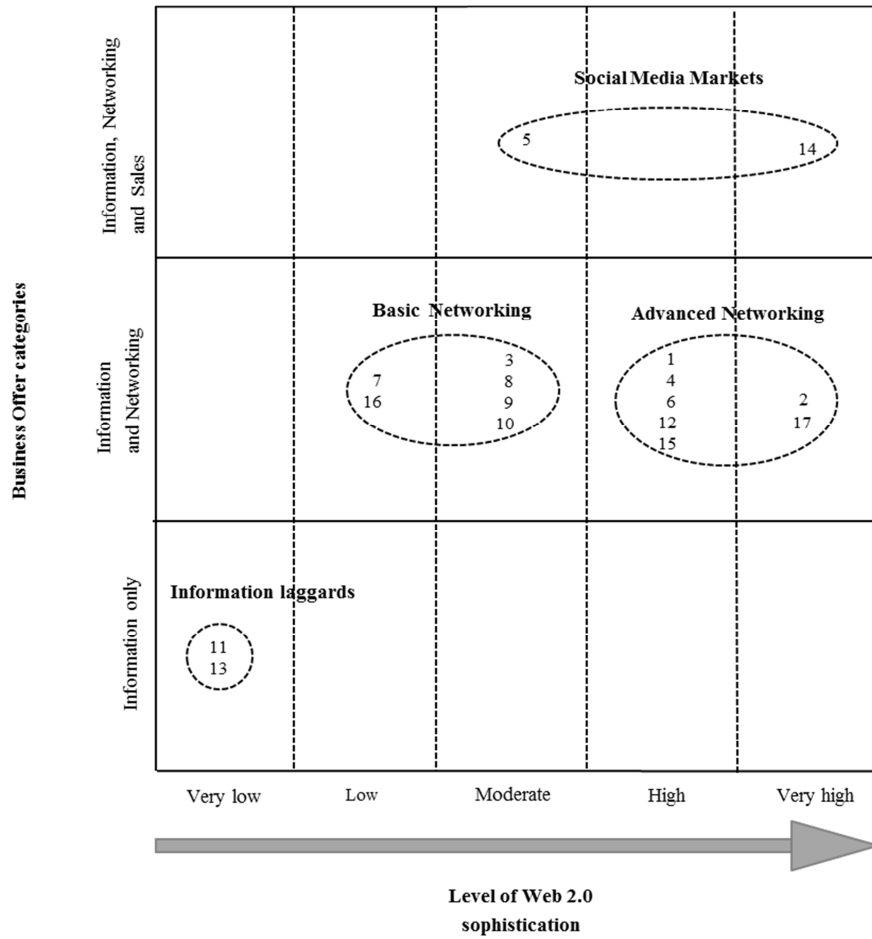
Figure 4. Taxonomy of SME Social Media Platforms and identification of Four Strategic Groups. UK Example
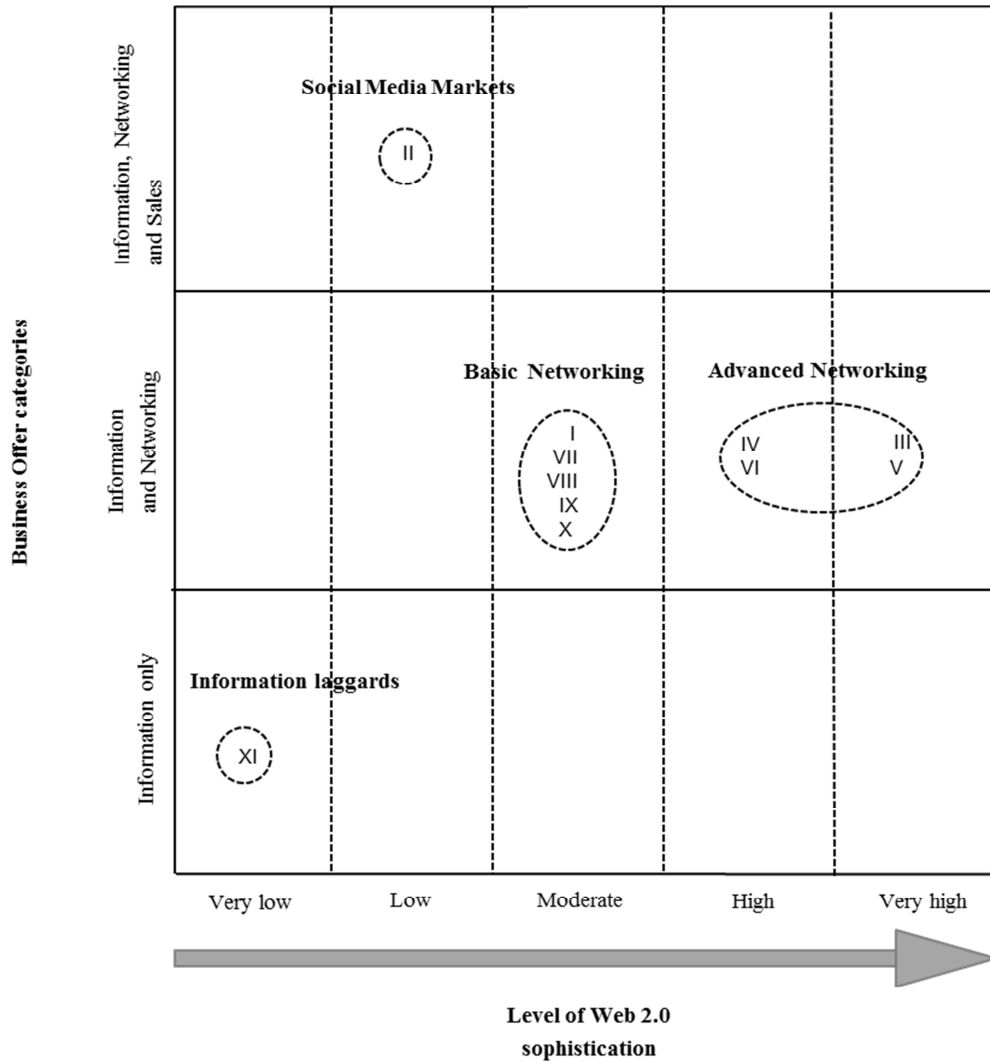
Figure 5. Taxonomy of SME Social Media Platforms and identification of Four Strategic Groups. US Example