



SOCIAL MEDIA MARKETING - THE EFFECTIVENESS AND CHALLENGES

**Reem Abdurahman Al-Mohammadi¹,
Heba Gazzaz²**

¹Faculty of Economics and Administration,
Department of Business Administration,
King Abdul-Aziz University,
Jeddah, Kingdom of Saudi Arabia

²Faculty of Economics and Administration,
Department of Business Administration,
King Abdul-Aziz University,
Jeddah, Kingdom of Saudi Arabia

Abstract:

In the present era social media created a boom in business. It has changed the way companies deal with their consumers and enable them to market their product or services in personalized way. However, there are still limited studies examining key issues related to the effectiveness of social media as a marketing tool that justify the purpose of its use. The aim of this study is to explore social media marketing effectiveness in the Saudi market in terms of increasing sales, raise brand awareness and gaining customer loyalty. As well as the challenges and constraints that cause the reduction of effectiveness. The data was collected by an e-mail questionnaire sent to targeted consumers from social media marketing in Saudi society as well as interviews with marketing managers in Saudi companies. The results were obtained by testing the theory, that the use of social media as a marketing tool would be effective if the right strategies were used, which depended on identifying the target group and the appropriate promotional content that suits the product or service to be marketed. The experimental results identified different ways of engaging social media as marketing tools specifically in marketing communication, promotion, sales and discounts. It also showed that marketing through social media significantly helps to create and promote brand awareness which in turn leads to increased companies' sales performance. The study also found that the use of social media has a positive relationship with consumer loyalty to the brand.

JEL: M30; M31

Keywords: keywords: social media marketing, effectiveness, challenges, customer loyalty

1. Background to the Study

Over the recent past decades, the marketing landscape has been changed dramatically since traditional media marketing (e.g., newspapers, television) supplemented by social media marketing. It's all start at the beginning of the millennium, when the phenomenon of social networking programs began to spread as sites that allow users to create their own pages and upload any content they want and display it to followers. Its spread has increased after the appearance of Myspace in 2003 and Facebook in 2004.

According to Oaks (2014), the appearance of social media marketing has significant effects on the print media such as mag (magazines and newspapers), has been declined in popularity, while other have closed their doors due to lack of readership. On the other hand, Mohamed (2012) stated that, in a short period of time, social media has dominated a large area of the market, and had gained a shared among companies, and attract many people to use.

The reviewed statistics show the increase growth of social media Nielsen compared the use of social media in April 2009, and the use at the same month in 2010, he found that the rate of usage rose by 24% as the number of hours spent by the user increased by 66% and the percentage is still growing according to Harvard IOP in 2017 it reach 65% in term of rate of usage and 81% for the hours spent by users.

As reported by Dewing (2010), the growth in social media usage has led to a quantum leap in the advertising industry. Besides, the expansion of wireless networks and the development of mobile devices that support the Internet such as tablets and smart phones has enhanced the presence of social media for people around the world (Dewing, 2010). Such developments contribute a lot in this growth and enable companies to obtain various advantages.

The rapid increase in social media usage in business world change the way companies respond to consumers as well as the way anticipate their desires and needs. More importantly, it had increased the companies' opportunities to market their products and services. In terms of marketing prospective, this create a need to measure the return from social media marketing activities in order to determine its effectiveness in term of the goal of its use. Odhiambo (2017) believes that brand awareness is most obvious result of social media marketing while Nadaraja et al. (2012) argued that, all social media activities should lead to generating profits and brand awareness is one of the three main goals besides adjusting the sales performance and increasing customer loyalty.

As a matter of fact, Apeal, G. et al. (2019) reported in their research paper, aiming to discuss the future of social media in marketing, that, social media is used by billions of people around the world and has fast become one of the defining technologies of our time. Facebook, for example, reported having 2.38 billion monthly active users and 1.56 billion daily active users as of March 31, 2019 (Facebook, 2019). Globally, the total number of social media users is estimated to grow to 3.29 billion users in 2022, which will be 42.3% of the world's population. Therefore, this research paper main objective is to examine the effectiveness of social media marketing, and its challenges. That is through enabling marketers to build marketing strategies through social media with confidence in its

effectiveness as a marketing tool and its ability in achieving the desired goal. In addition to clarifying the most important aspects of building effective marketing strategy in terms of target group and marketing content, and discussion of main challenges expected to face social media marketing.

1.1 Problem of the Study

Social media has become a tool the company use for various purposes such as marketing communications, customer service, competitor monitoring, watching general taste trends, consumer expectations, public brand awareness, and much more. There are usually three main social media marketing goals: raise sales, increase brand awareness and build customer loyalty (Rugova, 2016; Wan, 2017; Mikalef et al., 2012).

In order to measure the effectiveness of social media marketing, it is necessary to determine its effectiveness in achieving the specific goal of adopting it, which varies from company to company for several reasons, such as the size of the company, type of activity, target group and others. For optimal and comprehensive measurement, quantitative and qualitative measures must be considered together then determine the effectiveness on that basis. Although there is little research on the effectiveness of using social media in marketing, there is only one study that focusing on quantifying the actual return of social media marketing. While there are no studies linking quantitative returns with qualitative determinants. This study intended to fill the gap in current literature through creating a clear picture of social media marketing effectiveness by addressing all aspects in terms of effectiveness determinants and challenges.

1.2 Objectives of the Study

This study attempts to achieve the following objectives

1. To provide a deep understanding of the purposes for using social media marketing, then consider its effectiveness in achieving the goal of its use by finding the following: First, quantitative methods that enable marketing managers to get accurate figures about the return from social media marketing use. Second, qualitative methods that enable the provision of logical and objective judgments about the effectiveness of social media marketing.
2. To find the challenges that may impact social media effectiveness.
3. To understanding the way to measure the effectiveness of social media marketing helps marketing managers to develop social media marketing strategies based on accurate information and if social media became ineffective in marketing, known the causes helps to overcome them and thus maximize the benefits of social media in marketing activities.

1.3 Questions of the Study

To accomplish the main study objectives, the researcher aims to concentrate on the following questions:

1. Does the social media marketing increase the sale, brand awareness and customer loyalty?
2. What are the challenges that companies face towards social media marketing?

2. Literature Review

2.1 Social Media Marketing

With Internet development, the ability to build interactive communities has increased, and led to the emergence of platforms such as Facebook and Twitter. These platforms have linked people to each other and over time. There have been many types that represent social media (Oaks, 2014). Social media, by definition, is a set of Web-based applications built on the basics of Web 2.0 technology that allows the user to create and exchange content online (Reitz, 2012). The need for such programs varied from person to another. Hence the internet programs developer created several types and forms of social media to meet a specific use and needs, these types are different in nature but all bear the basic concept of social media which is the interaction of people and sharing information. Neti (2011) defend social media marketing as an online marketing that uses an online communication, and provided the best opportunity to connect with potential consumers. While (Gil Appel, et al., 2019), defined social media as a collection of software-based digital technologies, that usually presented as apps and websites, which provide users with digital environments, in which they can send and receive digital content or information over some type of online social network. In this sense, social media is considered as the major platforms and their features, such as Facebook, Instagram, and Twitter.

In practice, there are many types of social media, such as forums, blogging, micro blogging, social networking sites, wiki, and podcasts.

In regards to blogs, they considered as one of the first social media forms that appeared. It was very popular media in the 1990s. It is an online magazine with an entry appears with the latest, it also includes a comment policy that enables readers to comment as a response to an article or post. Besides that, blogs have many social features including, follow-ups, blog posts and subscriptions, making them ideal for marketing. According to Technocratic, blogging affects one in five buyers in the important buying decision stage. It also helps improve search, reduce post-purchase support problems and better serve customers.

On the other hand, micro blogging is a form of blogging that limits the size of each post. In the current time, micro blogging, has become one of the most popular social media applications, which can be used to advertise offers, and events, keep readers up-to date on the company's latest news, and is considered as a good tool for stay informed of what competitors are doing.

In regards to social networking sites, Ahmed (2012) stated that social networking sites allowed the creation of a private web pages where the user can communicate with friends to exchange contacts and informative. Added that, among the most features of social networking sites are that it is a good way to promote the brand through user's E-

WOM, it is an online interactive session providing good relationships with consumers. In addition to that, it has the ability to include embedded ads in online videos, and it was considered as a good platform to introduce and advertise new products among consumers, and finally it considered as the right place for new companies to present themselves to consumers.

2.2 Social Media Marketing Effectiveness

According to (Borker, 2014), the starting point in building a solid marketing strategy through social media is to define the specific marketing goals so that the results achieved can be compared to the goals set. While (Odhiambo, 2012) argued that, firms practice in social media marketing can be classify based on the desired objective. There is no doubt that every business aspires to increase sales and all company practices point towards this goal in one way or another.

In regard to social media marketing benefits Icha, O. (2016) believed that, social media marketers make use of social media sites to raise visibility on the internet and to promote products and services. Social media sites are useful for building social (and business) networks, and for exchanging ideas and knowledge. That is social media sites are becoming the go-to place for consumers who want to learn more about a business. Therefore, because the previous mentioned sites allow businesses to offer the most up-to-date information about anything from products, services, or upcoming events. In line with that, II-Hyun, B., & Zamrudi, M., F. (2018) argued that, in order to elaborate the significance of social media, as a marketing tool, it is essential to highlight the newly evolved way of usage of World Wide Web by the users. The new pattern of usage includes the active participation of users, where in they constantly participate in generation and consumption of the digital content. Based on that, the users are not merely passive viewers of the information, but also, they continue to add value to the internet platforms, which encourage them to do so.

2.3 Challenges of Social Media Marketing

Social media in the contemporary world played an important role to make consumers interact online effectively and exchange the information on various platforms. In regards to that, Hofacker, C. F. & Belanche, D. (2016), report that, Social media remain in continuous growth and by some accounts have become the main channel for consumers to experience and interact with the world. To help attain their goals, people join general or more specialized networks and search, share, participate, consume and play.

Among the most important challenges of social media marketing is that, social media turns consumers into marketers, so consequently, there is a created danger, which meaning consumers can put more pressure on companies, as users increasing reviews comments about product or services brands, which expressed as a word of mouth (E-WOM) from C2C (Gafni et al., 2016). Another challenge argued by Evans (2010) is that, people are no longer satisfied with promotion as the main source of information, instead they go to social media platforms to share experiences and advice, hence the opinions of

experienced people are more credible than promotional advertisement, thus the impact of social media has been great in marketing.

Other challenges of social media marketing as explored by techniques (Eriksson, 2012), is that, timing is one of the challenges associated with social media marketing: identifying the suitable time slot for social media engagements is a challenging task. In addition to that, one of the major challenges of social media marketing is the management of context. Therefore, social media requires continuous generation of fresh context, which is again a challenging task for a number of business owners and the results in unwillingness to adopt social media marketing techniques.

3. Methodology and Materials

3.1 Methodology

In this study, both quantitative and qualitative methods were used to collect data from the selected participants. These methods assisted in building a base on a complete understanding of the research problem. The use of both quantitative and qualitative methods together a terminology known as mixed methods Creswell (2007), in this study the qualitative method was used for triangulation of the quantitative data. Mixed methods of research are those studies or lines of inquiry that integrate one or more qualitative and quantitative techniques for data collection and/or analysis (Borkan, 2004).

3.2 The Population and Sampling

The population of this study was divided into parts, the first part covers ordinary consumers who have social media accounts. The second part pointed to companies in the manufacturing and service industries in the Saudi Arabia. The companies used in this study have been diversified in order to ensure credibility in the analysis and to reflect the reality about the role of measuring the return of social media marketing effectiveness. In order for a company to be accredited in the study, it must have at least one account on social media to interact with consumers. Unfortunately, there is no information on the number of companies adopting social media in the Saudi market. The data were collected from a random sample representing consumers and another sample based on companies taken from the Ministry of Commerce and Industry in the Kingdom of Saudi Arabia. The companies were contacted through their social media accounts and the company's official emails. The aim of this method is to communicate with the social media representors in the companies directly to determine if the company can be accredited as a reliable respondent in the study. In order to provide a high response rate, contact with the representor is provided by email, including information about the study. If no response is received within three days, communication will be conducted again through the company's official social media accounts. If they do not communicate within a week, a reminder email will be sent to the company. The emails were sent to selected companies based on the safety of their legal status and the kind of their activities according to the companies listed on the website of the Ministry of Commerce and Industry. In the second part of the population, a questionnaire was distributed to a random sample representing

ordinary consumers. 250 people representing the sample were contacted through their accounts on social media, 150 responses were received.

3.3 Research Tool

The electronic mail questionnaire method was used in this study to obtain data from a sample of 100 companies across a variety of industrial and service companies in Saudi Arabia that use social media in marketing. In order to collect information from companies, the personal interview method was adopted. All the relevant questions were based on literature and it was developed to measure the effectiveness of social media in marketing in term of sales raise, brand awareness and customer loyalty quantitatively and qualitatively, and it also studied the challenges that companies face during that, which may affect the return of the use of social media in marketing. While the electronic mail questionnaire method was used in this study to obtain data from the customer sample. The questionnaire was divided into two main sections in the first section, the respondents were asked about their age to determine the target category from the social media marketing, beside a filter question included to ensure that responses from the selected sample were eligible for use in the study. The question asked responses if they used social media platforms. If the answer to this question is positive, the respondent can complete the questionnaire. The second section focused on social media marketing practices to generate sales and to what degree do the responses attracted to these practices. It also includes question that concern about how social media characters and features participate in brand awareness and strengthen the relationship between the companies and its customer by enhancing the customer knowledge about the products or service which reduce the uncertainty about the brand and build customer loyalty. The questionnaire was sent within a period of two weeks starting from 9 - 12 -2017. In total, 150 responses were received.

3.5 Statistical Techniques

The researchers used the software Statistical Package for Social Sciences (SPSS) to conduct statistical procedures to analyze the questionnaire. The statistical analysis, including the descriptive and inferential statistical methods. The inferential statistics method includes the correlation coefficient; the mean values and standard deviations were employed by the researchers to interpret the sample responses for each statement or item. The findings of the study have been presented, utilizing statistics and diagrams.

4. Discussion of Results

The rapid change in technology has made it important to consider the associated change in life. The most important of these changes is the people dependence on social media and over time the dependence become greater and larger, so the subject of the study is a synonym for a life phenomenon that is useful to study and draw conclusion.

The focus of this study was on discovering the effectiveness of social media marketing in increasing sales, brand awareness and customer loyalty besides the challenge's companies faced in the process. Literature review was studied in order to develop the research model and the accompanying hypotheses. Consumers from the Saudi societies who have accounts on social media were targeted, since they are exposed to social media commercial advertisements, so they are a suitable sample to the research concept. However, since the effectiveness of social media marketing depends on consumers and companies equally, it has been considered by both sides. The consumer side studied through a questionnaire that was distributed electronically to the target group. The questionnaire data was statistically analyzed, and the results were in total supporting the research hypotheses which dealt with four aspects. The first two aspects concern about brand awareness and customer loyalty. The company's continuous presence on social media and its availability to receive consumer questions and inquiries has contributed to building a long-term relationship with consumers and that will ensure their loyalty to the company, 66% of respondents were supportive of this idea. While, the credibility of the company among consumers determined by several factors, the most important factor that 94% of the respondents agreed with is the comments of previous consumers. This confirms the significant impact of E-WOM on consumers, especially the negative comments, as confirmed by more than half of the respondents. In order to overcome the negative impact of the E-WOM there are some tactics that companies must take into account, such as motivating consumers to publish positive comments and deal quickly with negative comments beside justifying the mistakes to confirm the credibility in front of the potential consumers, which agreed with the third and fourth hypothesis. The third aspect focuses on sales increase, which is achieved through special offers and discounts, 76% of the respondent agreed that they are attracted by special offers and their purchases increased in discounts. This result supports the second hypothesis. The final aspect stresses on the social media marketing effectiveness determination, from the survey results, it can be noticed that overcoming the challenges mentioned can increase social media marketing effectiveness significantly which supports the first hypothesis.

From the businesses perspective, social media has created great marketing opportunities that must be exploited to ensure success in the market as well as several other reasons, the most important of which is the low cost that makes it suitable for increasing profits by reducing the marketing budget. Easy access to the consumer provides a bi-directional communication environment that increases the efficiency of the marketing process. This supports the consumer's desire to quickly respond to queries or complaints, especially as social media are easy to use and access. Moreover, social media enables businesses to reach a wide audience at the same time. The response of companies confirms that competition is the biggest risk in the market, so social media is an effective tool to monitor the movements of competitors and act on it. This helps the company to take precedence in moving and putting its products on the market. In addition, the speed of receiving feedback helps the company to know two things about consumers first, how they look at the company and their place among competitors, the second thing is to know which potential consumers are considering purchasing the product or consuming the

service, all that can be known through the consumers comments. In regard to credibility, companies confirm that the company's credibility lies on taking control of their brand rights, fighting all counterfeit accounts of their products or hijacking their name, and also by raising awareness of their trademark, often through E-WOM which all support brand awareness. After that being said, it is clear that social media marketing is capable of achieving the objectives specified in this research which is to increase sales, brand awareness and raise customer loyalty depend on the use of the correct practices that based on the extent of the customer involvement with the product or service, besides, the formulation of content that suits the category to which the customer belongs. This is supporting the fact that building a marketing plan according to the right strategies ensures that the desired results are obtained.

Measuring the effectiveness of social media marketing should be done by quantitative and qualitative measures such as the success of the marketed product, number of comments on the quality of the product, number of account followers, customer engagement, repurchases, and so on, this is in regrade of qualitative measures while quantitative measures done through the use of mathematical formula - viewed in search content - this formula has been tested and proven successful, it reflects the most effective method to measure the return of social media marketing in a precise and accurate way that enables the company to build marketing decisions efficiently. From both the consumer and business standpoints all the results confirmed the hypotheses of the study and answered comprehensively the study questions.

5. Implications and Conclusions

Companies' adoption of social media in marketing has become a reality and viewed as a contemporary means of marketing that must be taken seriously and exploited in the best possible way. In this study, the effectiveness of social media marketing has been studied in terms of increasing sales, brand awareness and customer loyalty. The results considered through the viewpoint of consumer and business to cover all aspects of the subject and produce accurate outcomes. In conclusion, the return of social media marketing effectiveness can be precisely calculated so that the company can improve the performance of e-marketing with solid knowledge of low effectiveness causes and techniques to overcome them. Social media can be considered an effective marketing tool if used optimally. Through the study of marketing goals, the three objectives mentioned in the study are consider comprehensive for all major marketing objectives. To achieve each goal there are certain practices such as discounts and exclusive offers to improve sales performance and promotions in order to increase brand awareness and reward programs to obtain customer loyalty. Using proper practice and targeting the right category leads to achieve the goal. Moreover, to measure the effectiveness of social media in achieving the goal efficiently, quantitative and qualitative measures must be considered together for a broader understanding. Marketing content also plays a big role in the success of social media marketing. Successful content depends on the extent to which the consumer is involves to the product and the amount of risk he takes. High-

involvement products need informative content and can combine with persuasive content while persuasive and promotional content appropriate with low-involvement products. These are the key elements for building an effective and successful marketing plan to achieve the goal of its use.

5.1 Limitation of the Study

There were a number of limitations faced in this study. It should be defined so that the results of the study can be considered with a certain degree of caution. Though, the acknowledgment of these limitations will assist the future study. First, the sample size may not cover all the parties to the categories under study. This was due to the limited time available, so the sample is relatively small. 150 Respondent to all parties in Saudi society who have one or more accounts on social media may not be large enough to give objective results. However, the limited time available for the study did not lie in obtaining a larger sample. As there are a number of means available to reach a larger number of respondents such as observation. Second, the results of this study were obtained in primary method, survey and interviews. There are several methods that can be used that may produce better results and conclusions such as discussion groups, discussion form and others.

5.2 Future Scope

Several studies have been conducted on the subject of social media marketing and its role in the business world, but there are some aspects not enough research has been given such as the credibility of companies and the trust in the information that companies authorize through their ads on social media, also there are insufficient studies about the contribution of the organization departments separately such as finance or accounting in social media marketing. Most importantly, there are not enough studies on its impact on the economy as a whole.

References

- Apeal, G., Grewal, L., Hadi, R., and Stephen, A., T. (2019). The future of social media in marketing, *Journal of the Academy of Marketing Science*. Available at: <https://doi.org/10.1007/s11747-019-00695-1>.
- Borker, D. R. (2014). *Social Media Marketing in Emerging Economies: A Mongolian Case Study*. [Online] Available at: <http://www.ccsenet.org/journal/index.php/ijms/article/view/32691/20008>.
- Dewing, M. (2010). Social media an introduction. [Online] Available at: <https://lop.parl.ca/content/lop/researchpublications/2010-03-e.pdf>
- Eriksson, I. (2012). *Social Media Marketing Case*. Oy Suomen Lyyra Ab. European Publishers Council. (2015). *Global social media trends*.

- Evans, D. (2010). Social Media Marketing the Next Generation of Business Engagement. Available at: <http://www.pauladaunt.com/books/Social%20Media%20Marketing.pdf>
- Gafni et al., R. (2016). The Influence of Negative Consumer Reviews in Social Networks. Available at: https://www.researchgate.net/publication/317237275_The_influence_of_negative_consumer_reviews_in_social_networks.
- Il-Hyun, Bae, & Zamrudi, M., F. (2018). Challenges of Social Media Marketing & Effective Strategies to engage more Customers selected retailer case study, International Journal of Business and Society, Vol. 19 No. 3, 2018, 851-869.
- Icha, Omoyza (2016). Effectiveness of Social Media Networks as a Strategic Tool for Organizational Marketing Management, Journal of Internet Banking and Commerce, Jan 2016, Vol. 21, no. S2Special Issue: Recent Research on E-commerce and M-commerce.
- Nadaraja et al., R. (2014). *Social Media Marketing Advantages and Disadvantages*. Available at: https://www.researchgate.net/profile/Rubathee_Nadaraja/publication/256296291_Social_Media_Marketing_SOCIAL_MEDIA_MARKETING_ADVANTAGES_A_ND_DISADVANTAGES/links/00b7d52235b90905db000000/Social-Media-Marketing-SOCIAL-MEDIA-MARKETING-ADVANTAGES-AND-DISADVANTAG.
- Neti, S. (2011). *Social Media and Its Role in Marketing*. [Online] Available at: <https://www.ijecbs.com/July2011/13.pdf>.
- Odhiambo, C. A. (2012). *Social Media as a Tool of Marketing and Creating Brand Awareness*. [Online] Available at: <https://www.theseus.fi/bitstream/handle/10024/44591/Christine.A.Odhiambo.pdf?sequence=1>.
- Oaks, J. (2014). Social Media has Changed the Ways We Do Business. [Online] Available at: <http://socialnomics.net/2014/07/07/social-media-has-changed-the-ways-we-dobusiness/>.
- Reitz, A. (2012). *Social Media's Function in Organizations: A Functional Analysis Approach*. Available at: <http://web.b.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=8&sid=12cf6210-d290-447d-bb25-698e195e859d%40pdc-v-sessmgr01>.
- Wan, F. (2017). *The Effect of Firm Marketing content on product sale: Evidence from a mobile social media platform* available at: <http://web.a.ebscohost.com/ehost/pdfviewer/pdfviewer?vid=5&sid=8c46cae4-f14d-46e4-8e55-6b2b517d7ac5%40sessionmgr4008>.

Creative Commons licensing terms

Authors will retain copyright to their published articles agreeing that a Creative Commons Attribution 4.0 International License (CC BY 4.0) terms will be applied to their work. Under the terms of this license, no permission is required from the author(s) or publisher for members of the community to copy, distribute, transmit or adapt the article content, providing a proper, prominent and unambiguous attribution to the authors in a manner that makes clear that the materials are being reused under permission of a Creative Commons License. Views, opinions and conclusions expressed in this research article are views, opinions and conclusions of the author(s). Open Access Publishing Group and European Journal of Economic and Financial Research shall not be responsible or answerable for any loss, damage or liability caused in relation to/arising out of conflict of interests, copyright violations and inappropriate or inaccurate use of any kind content related or integrated on the research work. All the published works are meeting the Open Access Publishing requirements and can be freely accessed, shared, modified, distributed and used in educational, commercial and non-commercial purposes under a [Creative Commons Attribution 4.0 International License \(CC BY 4.0\)](https://creativecommons.org/licenses/by/4.0/).