**THE UTILIZATION OF SOCIAL NETWORK IN SUPPORTING THE COMPETITIVE ADVANTAGE**

**(SMEs STUDY IN PALEMBANG CITY)**

**Lin Yan Syah**

**University of Bina Darma**

**Palembang**

**linyansyah@gmail.com**

*Abstract* **- Utilization of social networking environment of the business, especially SMEs in the city of Palembang has been good enough, although it has not performed optimally. Use of computers is more predominantly used as a tool for typing the report but it is supported by the use of the internet has been good enough. Facebook, blogger, twitter is still a favorit media in supporting the operational activities of SMEs. With a relatively low cost and reach a wider promotion of social networking is expected to be one option in favor of competitive advantage.** The objective of the study to find alternative marketing communications effectively and efficiently by utilizing social networking. Sampling techniques with Simple Random Sampling approach. Where acquired 29 businesses engaged in trade in souvenirs and food. Study conducted during one year in 2011. The findings of this study is traditional way of marketing communications requires high cost and delivered by the other parties by way of influencing behavior but it doesn’t have the emotional ties. Marketing communications is done through social networking delivered directly by sending a message to certain groups who have emotional ties for many similarities in the various interest and provide a credible recommendation group.

***Key words: social networking, competitive advantage.***

1. **INTRODUCTION**

Though many models exist in the field of SMEs, some are running quite successfully, where as others have a long way to go. The success of these models depend on how effectively and efficiently small entrepreneurs are able to make use of these technology initiatives so as to really extract benefit out of these. The very first challenge these models have to meet is that of sustainability. Initially, these projects must be funded by Government and other development agencies, but to succeed in the long run, they need to generate means for revenue generation. The implementation of these innovations at field level suffers due to many barriers such as technological, socio-economic and those related to human resource and their capacity building. Some of the constraints identified are revenue generation, infrastructural gaps such as electricity connection, Internet connectivity, installation and maintenance, commitment of stakeholders, selection and capacity building of operators and awareness among stakeholders. Besides this, social, economic and regional diversity acts as a hurdle in implementation of these projects.

Social media is an online media where users can easily participate, share and create content includes blogs, social networks, wikis, forums and virtual world. Blogs, social networks and wikis is a form of social media what the most commonly used by people around the world today. Social Media invites anyone interested to be participant to contribute with openly and feedback, comment, and share information in a fast and unlimited.

Social Networking Site (SNS) or usually called social networking is also defined as a web-based service that allows individuals to build social connections through the virtual world as it builds a profile of himself, showing one connection and show that there is any relationship between a member with the other member in the system is provided, wherein each of the social networking site has its own characteristics and different systems, some examples of Social networking Sites such as MySpace, Facebook, Cyworld, and Bebo twiter. Function of the application of Social Networking Site itself focuses on the connections to be built by one person to another, which can be like a bestfriend, family, sex, event, proffesion until job and business (Boyd & Ellison, 2007).

One example is the facebook social networking, Indonesia including the five nations on the world's largest Facebook account. The condition indicates that the potential market for introducing product is very open. With the number of users reached 35 million allows for increased sales.

1. **LITERATURE REVIEW**

**SMALL AND MEDIUM ENTERPRISES AND SOCIAL NETWORK**

Networking (Networking) and innovation are two important issues that provide the competitive ability of industrial clusters in the process of globalization (Eraydin, Ayda et.al, 2005). Research results in these clusters Turkey clearly demonstrates the importance of local networking and national and global relations. The results also confirmed the positive relationship between the intensity of local networking with innovative properties. Furthermore this study provides evidence that companies in the global network of networks-have a higher rate of innovation than companies with the intensity of the relationships are more embedded locally. SMEs (Small and Medium Enterprises) should realize the enormous potential of the power of social media. Large companies such as Starbucks are now utilizing social networking sites like Facebook to interact with consumerism. Social media is one of the alternative marketing activities that do not limit the scope, time, and place the customer. Social Media is able to support the marketing activities of a company or organization in several ways, including **:**

1. **As The Communication Media**

Communication isn’t need a high cost to produce optimal results. Social networking is one solution. Essence of marketing is to build a relationship with the consumer. A good relationship is created through communication. Blog tools such as Twitter, social networks like Facebook, the distribution of video via YouTube, share photos via Flickr, SMEs can be used to communicate and spread information to their customers and prospects. The content posted on social jejarig site is no longer stiff and formal. The shape is no longer just writing but also audio, images and video. Natural lines of communication such as this can build confidence, create sympathy and become acquainted event between companies and consumers.

1. **As The Collaboration Media**

The conservative system, consumers only receive the information direct from the manufacturers of the products / services they offer. Consumers are difficult to directly interact, but with social media like Facebook and Twitter are now voicing consumers can puasannya, proposed the idea, comment or opinion freely. Consumers who prefer a particular product are naturally clustered into one strong community. Collaboration is what determines consumer trends, buying patterns form, or otherwise break the product on the market if they are not satisfied. Company would not want to listen to what the consumer.

1. **As The Entertainment Media**

Social media is more exciting and appreciated by the public because it is entertaining. People prefer to read rather than read Facebook status on the ad. Based on data from Inside Facebook, as of January 1, 2010 the existing rate of 15.30128 million Facebook users in Indonesia. Percentage increase in the number of Facebook users in Indonesia reached the United States doubled. And for owners of Small and Medium Entrepreneur, in social media is most entrenched target their markets. The use of social networking, which must be considered is how you present information that is considered attractive and beneficial to consumers. Social media is not a means to sell but a means of sharing information. If your company has a positive image in terms of the dissemination of information by itself people will glance at your product.

1. **As The Promotion Media**

Advertising has become imperative for any business. However, often a barrier for beginners and small business owners because of the high costs they have to spend on promotion. Social networking comes to the perfect solution, you can promote your product at no cost.

1. **To Build Brand**

Being on social networking sites like facebook, twitter and LinkedIn to make sure your business is better known by the consumer and your colleagues. you can bring in huge traffic with minimum investment in social media campaigns. Create and establish a brand image on social networking sites will have a powerful impact for your business.

1. **Market Research**

Social networking users express their opinions on any social networking site, it provides feedback to you very quickly. You can use this aspect for effective market research. With the data directly from consumers, it should provide convenience to you to improve your business with the best way to serve consumer demand.

1. **To Check Your Competitors**

It's important to know the performance of your competitors in the market so you can deliver better. Social networking sites allow you to monitor your competitors, their campaigns, how they serve their customers, every transaction and offerings that they provide, and others.

From the description above it can be concluded that social networking has introduced the value added in Small and Medium Entrepreneur without being limited area and time. With a relatively affordable cost of SMEs can obtain the optimal profit.

1. **METHODOLOGY**

The research population was Small and Medium Entrepreneur in the Palembang city. Sampling techniques with Simple Random Sampling approach. Where acquired 29 businesses engaged in trade in souvenirs and food. The method used is descriptive analysis includes questions related to the use of social media networking in business. Data were collected through questionnaires and interviews related to the use social networking in business. The questions raised include the use of computers, the reason and use the internet as well as examples of the use of social networking.

1. **RESULTS / ANALYSIS**

Based on the survey and interviews conducted by researchers, research results can be obtained as follows :

**Table 1. Computer Users**

|  |  |  |
| --- | --- | --- |
| **Number** | **Using** | ***% SME*** |
| 1 | Type reports | 43 |
| 2 | Do Calculations | 15 |
| 3 | Do Information Systems | 0.5 |
| 4 | Design Products | 0,1 |
| 5 | Access Internet | 30 |
| 6 | Presentation | 0,6 |

From table 1. shows the computer is still used as a substitute typing machine, which is still the dominant computer used to type reports (43%) and internet access usage by 30%. This condition is quite good because the SMEs are utilizing the Internet as a means for the company's operations.

**Table 2. The Reason Why Didn’t Use The Computer**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Reason | **Yes** | | **No** | |
| Count | % | Count | % |
| Connection Costs in height | 17 | 58.6% | 12 | 41.4% |
| Did not have IT staff | 15 | 51.7% | 14 | 48.3% |
| Had no IT business strategy | 21 | 72.4% | 8 | 27.6% |
| Lack of language skills English | 26 | 89.7% | 3 | 10.3% |
| Less beneficial to the company | 8 | 27.6% | 21 | 72.4% |

From table 2. shows there are several reasons why respondents did not use the internet, including connection costs in height (58.6%), did not have IT staff (51.7%), had no IT business strategy (72.4%), lack of language skills English (89.7%) and less beneficial to the company (27.6%).

**Table 3. The Purpose To Use Internet**

|  |  |  |
| --- | --- | --- |
| ***Number*** | **Using** | ***% SME*** |
| 1 | Find the market information | 25% |
| 2 | Find the design information | 5% |
| 3 | Market the product | 92% |
| 4 | Communicate with the partner | 80% |
| 5 | Communicate with the consumer | 6% |
| 6 | Fasilitate the online order | 10% |
| 7 | Communicate with supplier | 11% |
| 8 | Online Transaction | 12% |
| 9 | Game | 67% |
| 10 | Chatting | 59% |

From Table 3 shows the dominant use of the Internet is used to market the product (92%), communication with partners (80%), games (67%) and chatting (59%), can be seen in Table 3. This indicates the function performed, although the internet has been utilized optimally.

Information needed by the SMEs are not only related to the production or provision of services. But also in day-to-day operations. World of rapid technological developments, if we are not able to follow the company will be very far behind. Doing things manually will be very troublesome for employers and would inhibit the production and marketing company. If the company we are not able to buy the technology, including software, at this point even has a lot of software that provides free access. Some can be accessed on the internet and can be downloaded easily to then be applied to business operations. Thus, the entrepreneurs of SMEs at the moment even been able to reduce the concern over cost increases that occur when companies implement an appropriate ICT. In contrast, production activities can be very effective and by itself will improve the quality of the user company. With ICT we will be better prepared to compete not only domestically but also with foreign products. We can compete in terms of quality, packaging, marketing and operating speed of the company.

Used social media such as facebook and blogspot. This suggests there are some who attempt to take advantage of SMEs as a means of promoting social media and the ordering of goods. Internet can help SMEs to package products that look appealing to potential buyers. In this age of global markets at this time we can use online store services to plunge deeper into the market competition with foreign products. We should imitate the style of promotional products have many competitors from outside the flooded internet sites. Imagine how many millions of consumers around the world that is within our reach if we use an online store, and then compare it with traditional marketing approaches.

1. **DISCUSSION AND CONCLUSSION**

The utilization of internet marketing as a process of marketing activities conducted through the internet where the foundation of the world as though it has no boundaries of space and time. The Internet allows for a more interactive process of communication that were previously not possible to do the traditional media. According to Cleland (2000) there are three characteristics that are owned by the internet brings big impact if used in marketing, namely: (1) Internet dramatically reduces the cost of information (2) Internet permits two-way communication and interactivity (3) Internet address obstacles -hurdle the limitations of space and time. Meanwhile, according to Kotler in Widodo (2002) internet marketing has five major advantage for companies that use them. First of all, both small and large companies can do it. Second, there is no real limit in the advertising space when compared to print and broadcast media. Third, access and retrieval is very fast when compared with airmail or fax. Fourth, the site can be visited by anyone, anywhere in the world, anytime. Fifth, shopping can be done more quickly and alone. Research conducted by Rahmati (2009) found that use of the internet (internet marketing) affect the marketing mix (4P), and the most affected are the promotion (Promotion), in this promotional activity in the internet marketing such as advertising becomes more attractive and interactive. Based on the above explanation it can be concluded that internet marketing is everything in the aspect of the Internet is used for the purpose of integrated marketing communication activities (Integrated Marketing Communication). Social networking sites is one aspect in the emerging internet and talk about people who started a lot of companies use to run an integrated marketing communications activities at this time.

From the results showed there are some things to be aware of SMEs related to the use of social networking, including :

1. **Use The Free Site**

Use the free online services, such as mobile short-messaging site Twitter, and popular networking sites Facebook and MySpace, to post important news, special event or events. For example, running a sale of souvenirs with many loyal customers, create a Twitter account.

1. **Consumer Service is Better**

After the company was on the social networking site, the company will have direct contact with consumers. This allows to answer all questions from them and also monitors the growing opinion quickly and directly. It could be a better method than having to do the same thing through other media because they are more comfortable accessing your company's page on social networking sites.

1. **To Build Trust and Consumer Loyalty**

Handle customer inquiries in person and treat them like a friend would give satisfaction in order to build trust and loyalty are very important for your business in the long run. If you have a good number of loyal customers, then it can expect them to become ambassadors of the brand or product. They will be happy to support what they believe.

1. **Change The Marketing Costs to Social Media**

After learning how social networks operate, use social media to no longer burdened with the cost of traditional marketing for small business online. Can learn quickly, where there is a friend or group of Facebook or MySpace are online, to receive and respond to messages. On Facebook, the respondent can see who has responded to the invitation. It is very easy, very cheap and is really interesting for people who were originally known from conventional business.

1. **Optimization Your Social Media**

Learn about the competition in the industry and geographic area that utilize social networking. Type in keywords and phrases that people will use to find businesses, such as 'songket Palembang and' empek-empek Palembang.

1. **Optimization Marketing Network to The Next Step**

Create and post a richer content about what customers expect from someone in the business of SMEs. Do not look at social media sites as a place to just sell the items but can be used also as a place for conversation. Use social media to get attention. Example, if you do business furniture Palembang "Wardrobe BARI", do not talk about your services, but make interesting content about "Wardrobe BARI", then SMEs will position itself as a furniture magazine on the Web, complete with links to your uploaded videos to YouTube .

1. **POTENTIAL IMPACT**

Through social media can build relationships between brands and customers and target market. Brands are increasingly recognizing that they can make an active interaction with customers through social media. Brand can observe what the market wants and needs, to then respond with products / services as appropriate. Imagine how much it costs to be incurred by the brand if they have to do research without the help of social media.

Social media can reach more target market in a shorter time. In accordance with its function to "collect" friends, the information conveyed through social media will quickly spread from friend to friend, to friends of friends, friends of friends to friends, and so on.

1. **MANAGERIAL IMPACT**

With the right strategy, the company can obtain a large amplification. This conclusion arises from the observation of some of the brand, website statistics. Some brands that have a social media and treated with the right strategy produces a better website performance (quantity + quality) than a brand that only uses the website (without social media).

Under strategy the following areas were probed: Implementation of strategy, Efficiency of information flow , Monthly meetings and reports, Internal and External communications, Handling of queries , Value enhancing activities and How to improve the strategy.

The sustainability issue is very important in such models, as to how revenues will be generated and how the social media is to be linked with SMES marketing institutions in order to facilitate SMES marketing. The product-service mix and communication strategy to enterprises is also very important for awareness about the information on marketing and products prices. Without a well planned strategy, the business model will not be able to achieve its objectives. The integration of the model with revenue streams such as providing e-governance, social networking, education, health and a virtual market delivering goods can help in drawing revenues.

Very clearly, social media optimization focuses on the active involvement of loyal customers, can expect increased customer involvement with the organization. With good communication and optimization of social media sites based on data obtained from social networking sites, SMEs can find better ways to engage customers and utilize them to speak more about the business of SMEs.

**Bibliography**

Anonymous, (2001): Did you know? Internet resource www.buildingbrands.com/ didyouknow/14-7s-Mckinsey-model.shtml

Boyd, Danah M., Ellison, Nicole B., *Social Network Sites: Definition, History, and Scholarship,* Journal of Computer-Mediated Communication, Vol 13 No 1, 2007, article 11

Braun, Karen. *Social Entrepreneurship: Perspectives on an Academic Discipline*. Theory in Action, Vol. 2, No. 2, April 2009. Page. 34

Cleland, D.I. dan King, W.R. 2000. *Analisis Sistem dan Perencanaan Manajemen* (terjemahan). Bandung: Remaja Rosdakarya.

Jerry Z. Muller 2002. *The Mind and The Market*. Alfred A. Knopf: New York. Page. 78

John Elkington and Pamela Hartigan, 2009. *The Power of Unreasonable People: How Social Entrepreneurs Create Markets That Change the World*. Chapter 1: Creating Successful Business Models. USA: Harvard business school press. page. 76

Karen Braun, *Social Entrepreneurship: Perspectives on an Academic Discipline*. Theory in Action, Vol. 2, No. 2, April 2009. Page. 75.

Kusuma, (1999). *Dampak Teknologi (Internet) terhadap Bauran Pemasaran*, *Jurnal Ekonomi dan Bisnis*, Vol. V, No. 1, Maret, 1999.

Lynch, R. (2005) "Corporate Strategy" (4th edition), Prentice Hall, UK.

Martins, E. and Terblanche, F. (2003) "Building Organisational Culture that Stimulates Creativity and Innovation", European Journal of Innovation Management, Vol. 6 (1), pp.64–74.

Matin, Roger L. & Sally Osberg. 2007. *Social Entrepreneurship: The Case for Definition*. Leland Stanford Jr. University

Miller, D.and Friesen, P. H, 1983, *Strategy-making and Environment: the third link*, Strategy Management Journal, Vol.4.

Oyle, S. (2007) "Impact of Changes in Organisational Structure on Selected Key Performance Indicators for Cultural Organisations", International Journal of Cultural Policy, Vol. 13 (3), pp.319–334.

Price, A. and Chahal, K. (2006) "A Strategic Framework for Change Management", Construction Management and Economics, Vol. 24 (3), pp.237–251.

Purcell, J. and Boxal, P. (2003) "Strategy and Human Resource Management (Management, Work and Organisations)", Palgrave Macmillan, UK.

Puspowarsito. AH, 2006, *Hubungan Antara Keusahawanan Serikat dengan Prestasi Serikat : Campuran Pemasaran dan Perserikatan Bisnis Sebagai Moderator*, Disertasi, Universitas Sains Malaysia (USM).

Rahmati. 2009. *Pemanfaatan E-Commerce Dalam Bisnis Di Indonesia* http://citozcome.blogspot.com/2009/05/pemanfaatan-e-commerce-dalam-bisnis-di.html. Diakses tanggal 06 Agustus 2011

Roger, Martin L., Sally, Osberg. *Social Entrepreneurship: The Case For Definition*. 2007. Stanford Social Innovation Review. Leland Stanford Jr. University. Page 3-4.

Shane, S & Venkataraman, S, 2000, *The Promise of Entrepreneurship as a Fild of Research*, Academic Management Review, Vol.25.

*Sikka, B.K., Sharma, M.L., Singh S. & Narula, S.A.; (2005) on E-Marketing of Apples in Uttaranchal Conference Proceedings of Indian Society of Agricultural Marketing, Pantnagar, published in Indian Journal of Agricultural Marketing, Vol 19, No. 2, Conference Spl., May-August, 2005.*

Vasudha Vasakaria. *A Study on Social Entrepreneurship and the Characteristics of Social Entrepreneur*, The Icfaian Journal of Management Research, Vol. VII, No. 4, 2008. Page. 35

Widodo, Arief., (2002). *Using Seven C Analysis in Analyzing Indonesian Furniture Company*.

[WWW.BISNIS.COM](http://WWW.BISNIS.COM)