

RISKS OF USING SOCIAL MEDIA AS A MARKETING TOOL FOR SMALL PRODUCERS IN A DEVELOPING COUNTRY

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Abstract

The aim of this secondary research is to determine the suitability of social media as an element of marketing communication for craft producers. Secondary research was used to determine the suitability of social media as an element of marketing communication for craft producers in an emerging country. The growth in the craft market is also associated with the rise in local interest in South African craft fuelled by trends towards ethnic, rustic, earthy styles and increasing national pride and the return of local values. The consulted secondary resources confirm that social media has the potential to help crafters to create better brand awareness, better relationships with customers, and increase sales via these mechanisms. However, the major challenge for craft producers to use social media as a communication tool will be limited resources and illiteracy. The research recommends that the South African government provide support in the form of a centralized marketing agency that uses social media to promote craft producers products.

Keywords: Crafters, Social Media, Brand Awareness, Marketing Communication, Risks

1. INTRODUCTION

The craft industry is dominated by small and medium craft producer organisations (Hay, 2008). They major challenges faced by the craft producers in South Africa (SA) (Department of Sports, Arts, Recreation & Culture, 2007). Craft producers lack the skills and expertise necessary to access the formal markets (Phillip, 2006) which could impact on their ability to adopt social media as a marketing tool.

A study investigating information sources used by craft retailers when searching for new products and potential suppliers listed 20 sources craft retailers consult during the buying process. Although the findings of the craft Council (2012) revealed that social media is most suitable for craft businesses, another study on consumer behaviour when buying craft producers reported social media as the least form of marketing communication tool consumers consult when looking for information on craft products (Craft Council, 2010). Michaelidou, Siamagka and Christodoulides (2011) found that fewer SMEs make use of social media. The question remains whether there are any risks associated with the use of social media by small craft producers.

There is currently no existing study in SA to determine the use of social media among craft businesses. Social media could be an effective media for craft producers to communicate with customers as well as for branding of their products. Social media allows makers to build a community of peers and audiences, who support their work and help to overcome some of the difficulties of solo working by sharing knowledge and information (Craft Council, 2012). Social media adoption span a number of departments within the business which some SMEs

might not have thus due to size and resource constrains (Pentina, Koh and Le, 2012:77). Therefore the purpose of this research was to determine the suitability of social media as an element of marketing communication for craft producers as well as risks associated with the use of social media by craft producers.

Dhurup & Makhitha (2012) point out that there is an increasing demand for craft products globally, especially for home accessories and décor, gifts and products for garden and outdoor living which are simultaneously used for decorative and functional purposes. The rise in consumers' disposable incomes and the tendency to accessorise and re-style homes with unique articles are the major driving factors of the surge in demand for crafts and decorative products. Social media adoption among consumers is at its highest level in SA and globally which create opportunities for craft producers to adopt social media as a marketing communication tool. It is therefore important to determine if social media will be appropriate communication tool for craft producers.

2. THE CRAFT INDUSTRY IN SA

The craft industry contributes R2 billion rand to the gross domestic product (GDP) in the craft industry value chain (Kaiser and Associates, 2005) and consists of over 7 000 craft producer businesses. The industry employs 40 000 people (McCarthy and Mavundla, 2009). The local market has shown a strong growth of between 3-4 percent annually and the sector contributes 0.14 percent of the GDP, of which R150 million is from the export sales. The number of craft producer businesses has also

increased by 40 percent with an average growth of 8 percent per year, double the national average (Department of Labour, 2008).

Growth in the craft market is also associated with the rise in local interest in SA craft fuelled by trends towards ethnic, rustic, earthy African styles and increasing national pride and the return of African values. The growth of the black middle class and its ability to earn and spend its income on goods and services has also impacted on the growth in this market (Wesgro, 2000).

The craft industry is important for sustainable development, employment creation and for economic growth; it is also a survivalist sector (Department of Labour, 2011). Many research projects have been launched by government as an effort to develop the industry. However, the craft industry remains small, yet still growing. The craft industry is perceived as an industry with low status value and goods cannot be sold at higher prices as a result. Craft businesses, especially craft producers, earn very low profit margins while others struggle to cover costs due to the costs of raw materials and operations costs. The industry is highly fragmented with the majority of craft producers being sole traders or small informal producers and cooperatives which could serve as an advantage for craft producers since they can build close relationship with customers. The industry is dominated by cheap imports from Asia and other African countries. The industry also serves international countries, with major purchasers being end consumers in the USA, Canada and the EU countries (Department of Economic Development, 2009). Effective use of marketing communication tools such as the social media could create a competitive advantage for craft producers in SA.

Craft products are also sold using various channels of distribution. Selling direct from the workshop/factory is one of the major channels of craft product distribution since some craft producers are reluctant to sell via craft retailers or are unable to do so successfully (Perreira et al., 2006:482). Some of the craft producers opt for independent marketing agents specialising in bringing the craft producer and craft retailers together at a commission, locally and internationally. The tourist market constitutes the largest consumer market for craft products, followed by retailers. Social media could enable them to sell directly to consumers and tourists as well as retailers.

Craft producers face challenges such as lack of the necessary skills to conduct and run a business. As a result, they are unable to identify market opportunities and, where they are able to identify them; they are unable to pursue them owing to limited skills and resources (Department of Sports, Arts, Recreation and Culture, 2007). Craft producers lack the required resources such as finance, machinery and factory or workshop requirements to run their businesses. Furthermore, they experience challenges such as a lack of access to finance, transportation problems, inadequate workspace, and limited access to raw materials, high costs of materials, machinery and equipment as well as the high price of raw materials, which makes it difficult for them to match the prices of international craft producers (Kaiser and associates, 2005). These

challenges could limit their ability to adopt social media and to use it effectively.

3. SOCIAL MEDIA AS AN ELEMENT OF MARKETING COMMUNICATION

Businesses attempts to inform, persuade and remind consumers, directly or indirectly, about the products and brands that they sell by means of marketing communication (Keller, 2009). This makes marketing communication the 'voice' of the business and its brands; and this is also a channel whereby it can establish a dialogue and build relationships with its customers. Various channels of marketing communication are used to achieve their communication goals. These communication channels have been termed the 'marketing communication mix' and they comprise advertising, sales promotion, public relations, personal selling, exhibitions, telemarketing, and direct marketing tools (Cassim, 2013). Marketing communication fulfills four important roles: to differentiate itself, its products and services from competitors; to reinforce awareness by reminding and reassuring customers; to inform and educate all the relevant stakeholders about its offerings and to persuade the target market to act in a particular way. This requires that marketing communication channels must be planned and blended in order to achieve an effective and efficiently integrated marketing communication strategy that is customer-focused. Sledge (2014) observes that the use of social media as a communication tool has increased tremendously as businesses seek new ways in which to reach consumers. It has changed significantly how businesses communicate with customers. Social media is a cost-effective marketing communication tool that can help small businesses survive and thrive. Businesses are unable to measure return on investment of social media which serve as a major barrier to social media marketing.

Social media has created a new way of communication, collaboration and sharing content as Enders, Hungenburg, Denker and Muach (2008) observe. Businesses, large and small, have jumped onto the social media bandwagon (Weinberg and Pehlivan, 2011). Whilst the 21st century has witnessed an explosion of internet based messages transmitted through the social media, many managers still lack the appreciation of social media's role within the business's promotional mix (Mangold and Faulds, 2009). Research papers published by Busscher, (2013) shows that there is still no clear and common understanding of how social media play a role in marketing. Whilst many businesses have started adopting the use of social media, a fair degree of uncertainty with respect to allocating marketing effort and budget to social media, (Weinberg and Pehlivan, 2011).

Getting closer to customers is one of the major concern for businesses. Businesses are formulating strategies that enable them to achieve this goal of getting close to customers. One way in which businesses are doing this is the use of social media. Social media also known as the social networks refer to two or more connected business relationships, where an 'exchange' exists between business partners. Grewal and Levy (2013) refer to social media as the content distributed through social

interactions whereby different tools are used to help consumers and firms build connections.

The most popular social media networks are Facebook, Twitter, YouTube and Linked (Nielsen, 2010). Facebook rank first in terms of popularity activity in terms of average time spent. There were more than 150 social network services (SNS) in 2009. This has grown to over 200 since then. Facebook was ranked first in terms of popularity, with 206.9 million unique visitors globally. Facebook users as Internetworldstats (2015) indicates grew from 2.4 million in year 2000 to over 26 million in 2015 in South Africa. Whatsapp has since taken over the number 1 spot as the top active social platform for consumers.

There is an increasing demand for craft products globally, especially for home accessories and décor, gifts and products for garden and outdoor living which are simultaneously used for decorative and functional purposes (USAID, 2006:54). The rise in consumers' disposable incomes and the tendency to accessorise and re-style homes with unique articles are the major driving factors of the surge in demand for crafts and decorative products (Frost and Sullivan, 2005:15). Social media adoption among consumers is at its highest level in SA and globally which create opportunities for craft producers to adopt social media as a marketing communication tool. It is therefore important to determine if social media will be appropriate communication tool for craft producers.

Social media is concerned with online advertising and branding to draw the attention to individuals or businesses (Busscher, 2013). It encompasses a wide range of online media through word of mouths forums such as blogs, company sponsored discussion boards and chat rooms, consumer to consumer email, consumer product or service ratings, websites and forums, internet discussion boards and forums, moblogs, which are sites containing digital audio, images, movies or photographs and social networking websites (Mangold and Faulds, 2009). It offers enormous potential for businesses to get closer to customers and as result facilitate increased revenue, cost reduction and efficiencies (Baird and Parasris, 2011).

Social media offers numerous benefits such as selling, adding value, building audience, positioning and networking (Craft Council, 2012). The three main objectives for social media are brand awareness, brand engagement and word of mouth. With brand awareness, every time an individual uses an application designed by the business, the businesses gains increased exposure to its brand. The brand engagement is enhanced through various ways. It can be enhanced through use of blogs with podcats, videos and others social networks. Mangold and Faulds (2009) define blogs as "a webpage that serves as a publicly accessible personal journal for an individual". They can be used to communicate information to consumers and businesses. Businesses can also engage consumers through user generated content that generate commitment on the part of consumers thus reinforcing loyalty and making the customer to commit. These could be necessary for craft producers to portray their products to the market.

4. SOCIAL MEDIA AND SMALL AND MEDIUM ENTERPRISES (SMES)

Since small businesses lack resources to access customers through traditional marketing communication methods, internet technologies and social media maybe the most appropriate methods due to limited resources needed in using these tools. Jones, Borgman and Ulusoy (2015) investigated the use of social media in small businesses. Their findings reflected that small businesses believe social media has a huge or moderate impact on bringing customers and that businesses can collaborate effectively using social media. Businesses also believed that internet website is important to have for them and that Facebook is the more effective than other social media brands.

Social media represent a potential vehicle to help small businesses create better brand awareness, better relationships with customers, and increase sales via these mechanisms. SMEs owner-managers understand the important role of the internet and social media in, for example, developing the intangible relationships with customers and creating a market presence in order to remain competitive. However, they have limited resources in terms of staff and money, and their own time is scarce. With social media, businesses are accessible globally which implies that social media create market access opportunities for SMEs (Jones et al, 2015:625).

Social media is advantageous for SMEs due to its moderate costs, and the flexibility with which smaller businesses can adapt it for both marketing and new product development (Evans, 2009). Social media allow users to create and share personal profiles, establish and develop new connections, and provide and acquire information in an interactive manner (Boyd and Ellison, 2008). Businesses can use social media to create and operate a company's fan page, managing promotions, maintaining public relations, and conducting market research and can also provide customer support, encouraging customer reviews and discussions, and recruiting (McCorvey, 2010).

Pentina et al., (2012) investigated the use of social media by SMEs and found that SMEs that currently using social media have intention to continue using it while those not using it have no such intention to use social media. The research further stated the benefits that SMEs expect from using social media such increasing brand awareness, spreading marketing message, and obtaining customer feedback. SMEs could use social media to collect information about consumers which would enable them to build better relations with the consumers and business customers (Pralhad and Ramaswamy, 2004). Consumers are adopting the use of social media to conduct their information searches and to make their purchasing decisions (Lempert, 2006; Vollmer and Precourt, 2008) since it is perceived as a trustworthy source of information regarding products and services than corporate-sponsored communications transmitted via the traditional elements of the promotion mix (Foux, 2006).

Customers want products that are fun, intriguing, highly visible and are easy to use. Products that engage the emotions of consumers are more likely to stimulate conversation than products

that do not meet these criteria (Dobele, Lindgreen, Beverland, Vanhamme, and van Wijk, 2007). This requires that businesses adopt communication elements that match the products concept, colours, shapes, sizes and packaging (Mangold and Faulds, 2012).

5. CRAFT INDUSTRY TRENDS AND SOCIAL MEDIA

The advancement of technology has brought about changes in the distribution and, particularly, the delivery of products to end consumers (UN, 2008). In some countries, Internet shopping is a growing trend, particularly in Germany and the USA. Internet does not require highly technical expertise and that it could be used to display products in the most appealing way. Craft end consumers use the Internet as a source of information while retailers are increasingly using the Internet as a communication tool. Since the USA and Canada as well as the European Union are the major export markets for SA craft products (Kaiser and Associates, 2005), the Internet could benefit producers, who could use it for communication and for order placement. Weinberg & Pehlivan (2011) indicate that for crafters, the Internet also provides opportunities such as online catalogues, learning design ideas, collecting mark information and providing online videos of their products. However, selling through the Internet can benefit only some product categories. In SA, craft producers lack access to the Internet to facilitate communication, co-operation, access to information and services and marketing (Department of Sports, Arts, Culture and Recreation, 2007). Dhurup and Makhitha (2014) also supports that craft producers have limited use of internet which could impact on their ability to use social media. It is important noting that social media provide information about the products and consumers are more likely to talk about companies and products when they feel they know a lot about them.

Craft buyers are interested in the story behind the crafting of the product. The social story is concerned with how a product is made, who made it, where it was made and the raw materials used, to satisfy fair trade principles. Craft end consumers, particularly international tourists, prefer the story behind the craft products, which is a selling tool for craft retailers. As a result, some craft retailers attach a swing tag which explains how the product was made and by whom (Design Africa, 2008). Social media will enable craft producers to tell the hidden stories behind the craft object, and in the process builds buyers' appreciation of the work and its value. It allows producers to narrate the story of how an object came into being in an authentic way, and, in doing so, to explain how it uses skilful and risk-intensive processes to transform materials into a unique creative artefact (Craft Council, 2012). Customers communicate through both word-of-mouth and social media when they are engaged with the product, service, or idea (Mangolds and Faulds, 2009).

Social media would benefit the craft industry in different ways such as selling, adding value, and building audiences. It could also enable craft producers to position their businesses and enable the businesses to connect with other craft producers

thus sharing information and collaborating with each other (Craft Council 2012).

6. RISKS ASSOCIATED WITH USING THE SOCIAL MEDIA

Although social media offer many benefits for small businesses, it is not without risks. Harris and Rae (2009) pointed some of the risks associated with the use of social media which requires that craft producers and other SMEs use social media with caution. Consumers are concerned about the privacy of personal data and how their personal data will be used. Although some social networks such as Facebook offer privacy controls where members can specify the extent of the information they wish to receive or share with individual friends. However, consumers may be concerned that their personal data may be shared with the wrong people.

The fact that the technology adoption among the small craft producers is still underutilized (Dhururp and Makhitha, 2014) may also be a drawback for some craft producers who still have to familiarize themselves with technological developments. Craft producers might also lack the training on how to use social media to the satisfaction of consumers. Their lack of competency in using the tool might create consumer annoyance (Leadbetter, 2008)

The use of social media limit businesses in terms of the control of relationships with consumers since consumers drive the conversation, which can trump a company's marketing, sales and service efforts with their unprecedented immediacy and reach (Baird and Parasnis, 2011). Most consumers connect with social media to network with family and friends and any negative information they spread might have severe negative impact on the business and its brands. Craft producers would need a more engaged 'social' approach to engaging the digital social space which will require the availability of resources (Weinberg and Pehlivan, 2011). Craft producers might not have the budget needed to run the social media networks.

Craft producers in SA lack an understanding of what the market needs and are unable to formulate appropriate and competitive products and marketing strategies (Grobler, 2005). They also lack skills in product design, distribution and business management (DTI, 2005). They possess limited knowledge about the lifestyles and product preferences of their potential customers and the promotional strategies needed to target these customers (Littrell and Miller, 2001). This might impact on their ability to sell their products on social media due to poor product designs.

7. CONCLUSION

The aim of this secondary research is to determine the suitability of social media as an element of marketing communication for craft producers. Furthermore, the research purpose was to ascertain risks associated with the use of social media. It is clear from the above discussions that social media offer numerous benefits to help crafters to create better brand awareness, better relationships with customers, and increase sales via these mechanisms. Social media may also create opportunities for craft

producers to access the markets they would be unable to access without the use of social media. Relationship building is one of the major elements of marketing that determine the success of any businesses. Social media could enable craft producers to build such relationships with consumers.

A The use of social media would help craft producers to overcome some of the challenges they currently face such as lack of branding of their business and products. Furthermore, adoption of social media by craft producers would be able to respond to trends and developments taking place in the market.

Although social media offer numerous benefits to businesses, the adoption of social media by craft producers may be limited for various reasons. Craft producers have limited resources and may not have the budget needed to implement a social media marketing communication strategy. Some craft producers lack the skills and necessary training needed to run this tool successfully. It would be necessary for them to attend training on how to use the media effectively. However, some craft producers are illiterate which mean they will be unable to adopt social media. Those craft producers that are literate could benefit greatly from the use of social media. Government could provide some support in the form of a centralized marketing agency that also uses social media to promote craft producers products. This will be possible if craft producers form a cooperative and seek support from the government marketing agencies as a group instead of an individual craft producer.

Government and its agencies could also provide training programmes as well as funding for craft producers organizations assisting them to adopt the use of social media.

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