Investigation of Factors that influence Small and Medium Enterprises Competitive Intelligence through Facebook

Balqis Fatanah Md Musadek  
Department Of Science and Technology Studies,  
Faculty of Science, University Of Malaya,  
Kuala Lumpur, Malaysia  
balqis.musadek@yahoo.com

Che Wan Jasimah Wan Mohamed Radzi  
Department Of Science and Technology Studies,  
Faculty of Science, University Of Malaya,  
Kuala Lumpur, Malaysia  
jasimah@um.edu.my

Amran Muhammad  
Institution Perdana School of Science,  
Technology and Innovation Policy Universiti Teknologi Malaysia  
Kuala Lumpur, Malaysia  
amran@ic.utm.my / amran1551@gmail.com

Abstract

The internet provides a huge contribution as a strategic information tool for food enterprises. A number of companies are utilising the internet to become more competitive, both domestically and internationally. However, past studies did not investigate the factors affecting fast food restaurants’ competitive intelligence through Facebook in the context of Malaysia. This article investigates the business use of the internet for competitive intelligence that could be attributed in promotions and competitive prices, offered by the fast food restaurants

Keywords: Competitive Intelligence, Language use and Facebook

1. Introduction

(Ding, 2009) defined the Competitive Intelligence (CI) as the process of collecting, applying and analysing information regarding domain constituents, products, competitors and customers for the long term and short term planning needs of an organisation. Also, it is a system of environmental scanning, which integrates the knowledge of each tier of management in a particular company, on the basis of which the aggregation of results will be analysed (Chu, 1999, Rouach and Santi, 2001, Calof and Wright, 2008). Although, there is no universally accepted definition of CI, the authors agree that the process should always follow ethical codes and legal proceedings. With changes taking place in the business environment, the requirement for businesses to be able to compete and market their products and services intelligently is more prevalent. As such, it enhances the need to develop ongoing CI functions within the company to the forefront. (Brod, 1999) pointed out that focused effort on such functions gives a company competitive advantage and leverage in determining their business strategies, provided that information is supplied on a critical and timely manner.

In contemporary times, online social networking has advanced to the extent that the use of it as a marketing tool can enable businesses to have direct access to consumer and their behaviour patterns (Holzner, 2008)

Among a plethora of social networking sites available online, Facebook has been determined to be the leading social networking site, judging from its extensive global user base, with 94, 36,416 active Malaysians users to date (Socialbakers, 2013). Moreover, Facebook represents a great medium for a company to establish their presence in the market (Hsu, 2012)
and gather a loyal pool of customers, provided that planning and strategies are implemented successfully to attract the consumers (Stokes, 2009). Given the scarcity of studies addressing successful CI via Facebook in the context of Malaysian Small-Medium Enterprises (SMEs), this study aims to explore the existing use of Facebook by Malaysian SMEs as a CI tool in order to identify factors responsible for successful implementation of CI via Facebook. Section 2 of this paper provides the theoretical background of the study, while Section 3 gives details of the methodology employed to acquire the stated research objectives. This is followed by the presentation of the results and discussion in Section 4. The conclusion of the findings is laid out in Section 5.

1.1 Theoretical Background

1.1.1 Competitive intelligence on the Internet

A majority of the companies has already employed the Internet to gain an advantage in the increasingly competitive business environment, both internationally and domestically. While the Internet’s role has become more crucial in business applications like marketing and financial transactions (Chu, 1999), the Internet also allows companies to gather and disseminate vital business information via sources such as search engines and news groups (Bose, 2008)

1.1.2 The CI process (CI cycle)

According to the definition by the Society of Competitive Intelligence Professionals (SCIP), Competitive Intelligence (CI) features the acquisition of raw information which is then evaluated and analysed for decision-making and strategic-planning purposes (Bose, 2008). This covers the phases of:

1) Planning and direction
2) Collection
3) Analysis
4) Dissemination
5) Feedback

1.1.3 Planning and direction

Planning and direction in competitive intelligence require the company to possess the ability to anticipate and respond to intelligence needs. In order to achieve this, the direction of the CI endeavour must be based on the purpose of enhancing strategic decision-making for the business, framed in a strategically relevant manner i.e. how the company can seek advantage over their competitors and how to counter the competitors’ strategic moves. This phase should involve the CI analysts and decision-makers to determine the direction of the subsequent CI process (Bose, 2008).

1.1.4 Data Collection and processing

The main activities in the collection and processing stage, according to (Bose 2008), include the identification of all potential sources of information, followed by the gathering and categorising of the data. Sources of information comprise companies, employees, customers, suppliers, trade journals, newspapers, government publications, magazines, company publications and corporate annual reports, as well as consultants and presentations at professional meetings (Weiss, 2002). The data collection process should become a systematic routine; sporadic data collection will only lead to unreliable, out-of-date data (Murphy, 2006).
1.1.5 Analysis

In this phase, data is analysed and synthesised, where the information is transformed by the respected managers into the actionable information through a value added process, which often deals with the unpredictable, dynamic data (Bernhardt, 1994; Gross, 2000). From this set of data, important matters are being highlighted such as patterns, relationships or anomalies, which serve as a guide for future business strategies.

1.2 Facebook as CI platform

Facebook, one of the most widely used social networking in the world, has an extensive user base comprising of the marketers, application developers or even the private users who have diversified the use and application of Facebook, creating opportunities for CI for SMEs. Facebook acts as a medium to offer the possibilities of outbound communications, customer feedback management as well as potential for monitoring the viral marketing of products and services (Treadaway and Smith, 2012). In order to effectively utilise the Facebook for their gain, a comprehensive CI approach has to be planned and well executed by the organisations to achieve what the CI has set out for.

2. Methodology

2.1 Case Study

The SMEs selected for the purpose of this study are Baskin Robbins and Pizza Hut Malaysia. These franchises have been chosen for this study because of their established presence in Malaysia's business scene, both as a local and international brand. In addition, they all are the active user of Facebook for marketing their products to the potential customers on Facebook. This makes them an appropriate choice for a case study by analysing their CI use through the Facebook in their respective business practices.

Baskin Robbins and Pizza Hut are all internationally-recognised brands that have established their franchises positively in the Malaysian market in the past decade, winning numerous awards for their effective marketing and top-class management.

In the case study, the patterns of Facebook use by the selected SMEs were observed and the data were collected qualitatively using several sets of criteria. The observe criteria were (Hsu, 2012);

1. Facebook presence
2. Features selected
3. Quality and volume of content
4. Aesthetics and visual quality
5. Network scope and reach
6. Interaction
7. Language use

3. Data Collection

There are 2 established SMEs for which the observation of Facebook use has been done for the purpose of this study, exploring approaches of gathering information for Competitive Intelligence used by the SMEs. They are the Pizza Hut Malaysia and Baskin Robbins; both use a single official Facebook account for the purpose of business and marketing. Therefore, they were selected for the study due to their suitability as they have already established their presence in the Facebook, with single account that makes it easier to monitor their business activities and patterns of customers. The business activities and behaviour of their customers in the Facebook were monitored over a period of six months from 1 August 2012 to 1 February 2013.
4. Results and Discussion

4.1 Wallpaper

The cover photo on the Facebook page of Baskin-Robbins Malaysia is featuring their ice-cream products, image of the nature and hot air balloon while the Pizza Hut cover photo includes varieties of food offer.

4.2 Logo

Some cover pages have been observed which encompassed the logo of their respective companies, on the left side, in the small box of the cover page i.e., the profile picture. It is important to place or feature the logo in the Facebook page so that the visitors can easily remember the picture and, thus know the kind of product they are buying in addition to let the visitors know that which product comes from which restaurant. Therefore, the logo is included in all the SMEs Facebook page for the recognition purpose to be done efficiently. During the Eidul Fitr (celebration after the fasting month), Pizza Hut and Baskin-Robbins did not post greetings on their Facebook fan pages. Expressing greetings on the occasion of religious celebration is one of many ways to attract customers worldwide to buy halal food from the restaurants. Although the information about the halal foods in Malaysia cannot be seen from the Facebook banner, the halal statement is placed in the “About” tab. The halal logo on the fan page of Pizza Hut can be seen at their official website, which was directly linked from the Facebook fan page. Whereas, Baskin-Robbins’ halal statement can be seen at their official website, which was also attached to the Facebook fan page.

4.3 Pictures and Description

The choice of pictures displayed on the cover page of Pizza Hut’s Facebook page was more eye-catching than the pictures in the Facebook pages of Baskin-Robbins Malaysia. The pictures displayed on the cover page of Pizza Hut’s Facebook page were attractive and sharp, and the message was well-delivered and can easily be understood by the viewer.

4.4 Inbound Communication

(Hsieh et al., 2005) highlighted that prices are the primary drivers for customer’s patronage with a certain outlet. Creation of online posts by the food outlets usually features the pictures of their menu and intermittently special dishes that are not featured in the original menu. However, when it comes to posts promoting a newly opened branch at a certain location, people are more prone to merely click the “Like” button rather than commenting on the posts or sharing it with their contacts. Inbound communication can be noticed in the online users’ tendency to share posts about special promotions, as seen in a promotion by Pizza Hut’s Facebook page offering a free pizza for each pizza purchased. The number of posts in Pizza Hut was 60, whereas on Baskin-Robbins Malaysia was 37. For these restaurants, it is really important for them to post high number of updates on their Facebook pages to enable more people to share the information with their friends, and for the restaurants to keep in touch with their customers.

4.5 Aesthetics and Visual Quality

Using the colour and layout template provided by the Facebook banner, the Facebook fan pages of Pizza Hut and Baskin-Robbins Malaysia differentiated the appearance of their respective pages. In the Facebook banner, the template for a user page is colourful, white as background of contents and grey for the sections of the pages. Profile pictures of the common
fan pages are usually positioned at the upper left side. In comparison with the Baskin-Robbins Malaysia’s fan page, Pizza Hut has a very sharp and attractive layout of their Facebook banner. However, in order to acquire good first impression from customers, it is important to have attractive pictures, colour and images. Also, better presentation on Facebook might attract both international and local people buy the food or drink from the restaurants after having surveyed the websites. Moreover, in the Facebook layout design, underneath the profile is a list of fans and basic information. Alongside the profile are the wall and the list of contents. The distinction of a fan page over one another is the profile picture and the videos or pictures posted on the wall. The Pizza Hut and Baskin-Robbins Malaysia utilised vibrant colours in their profile picture to generate eye-catching contrast.

4.6 Network Scope and Reach

Up to August 2012, Pizza Hut Facebook page has 763,114 followers and Baskin-Robbins Malaysia Facebook page has 86,410 followers. The followers consist of people from a variety of ethnicities, including Malays, Chinese and Indians, although the number of international fans of the Facebook page was low. The majority of the followers of the Facebook pages for the SMEs were from Malaysia. Jensen and Arnet (2011) examined the transition to adulthood among adolescents aged 13-19, emerging age from 20-29 years old and young to midlife adults aged 30 years to 55 years old. Generally, adults are the group of people who usually click the like buttons, comments, and post. While, the children have been identified as one sending less responses than the adults. Thus, it can be concluded that adults are more attracted to the Facebook pages as compared to children. The aforementioned observation has proved that the majority of the followers of the Facebook pages of the restaurants are Malaysians.

4.7 Interaction Quality

The advertising and informative posts made in the Facebook pages of the restaurants in August 2012 were mostly brief and slightly interactive. Pizza Hut has limited interaction with the fans as compared to Baskin-Robbins. All the restaurants received likes and comments even though clearly, non-significant items were posted. The comments and responses were mostly in English and marginally in Bahasa.

4.8 Languages Use

The increasing number of potential customers is directly related to the usage of the English Language as a communication and interactive medium with local customers. Major races in Malaysia such as Indian, Chinese and Malay prefer to write in English rather than in Malay language. However, the case is different for Facebook users with low English proficiency, which makes it difficult for them to communicate and thus it is less likely that they will give their comments on the Facebook posts. Alternatively, they will just click “Like” at the posts. As opposed to Malay and Indian, Chinese users provided more feedbacks. It has been observed that Indian and Malay Facebook users have the lowest tendency in showing their interest to give comments, to share, and to click “Like” button.

It’s a well-known fact that English is the first language or the lingua franca that can be used to communicate with people from different races and backgrounds. In Malaysia, in order for any SMEs to expand their market internationally, the SMEs have to make full use of the language. For the purpose of acquiring wider networks around the world, the international market allows them to be more competitive. Therefore, they need to hire employees who have the ability to write, speak and make full use of the language. It is very useful to have someone capable of using the languages for Facebook instead of using translation application such as Bing application. In this study, it has been witnessed that Pizza Hut translated the Chinese language to English using a translation application. Proficiency in English can help fast food restaurants to reach their customers from many places and races worldwide.
In a nutshell, from the discussion, it was found that Pizza Hut Facebook page has the largest network and reach with 763,114 followers. The success of having this following could be attributed to competitive prices and promotions offered by the fast food franchise. The use of translation software to translate Chinese language into English language makes it possible to communicate with other races. Other success factors include the quality and description of the pictures displayed on the cover page of Pizza Hut's Facebook page, simple and slightly interactive posts on the Facebook page along with aesthetics and visual quality. The findings of this research are within the Malaysian context, however, owing to the increasing number of countries in Africa and Asia demonstrating comparable market situations as in Malaysia and share similar strategies and structures, the present research study might be relevant as a benchmark for future replication studies. This statement is principally factual in investigating other factors that are capable of influencing competitive intelligence of SMEs.

5. Conclusions

CI is important for strategic management and decision-making in SMEs. Information gathered from social networking sites (Facebook in particular) can be used directly as information for CI. The fast food franchise in Malaysia uses Facebook for their CI. It was observed that logo has been included in all the SMEs Facebook pages. Also, the pictures displayed on the cover page of Pizza Hut’s Facebook page were more eye-catching than the pictures in the Facebook pages of other SMEs. Inbound communication can be found in the online users’ tendency to share posts about special promotions, as witnessed by a promotion of Pizza Hut's Facebook page offering a free pizza for each pizza purchased. It is important to have attractive pictures, colour and image to get a good first impression from customers. The Pizza Hut and Baskin-Robbins Malaysia utilised vibrant colours in their profile picture to create attractive contrast. The Pizza Hut Facebook page has the largest network and reach with 763,114 followers, more than all the other SMEs selected for this study and it was observed that the number of stores does not conclusively indicate the number of followers on Facebook page. The posts made in the Facebook pages of the restaurants in August 2012 were mostly short and slightly interactive. The SMEs considered for this study have achieved success in establishing networks in the domestic market, whereas internationally they are lagging behind due to their use of Malay language instead of the English language in dissemination of the information to customers and making posts on the Facebook.

References


