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RELATIONSHIP BETWEEN SOCIAL MEDIA MARKETING ADOPTION AND B2B PERFORMANCE

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Abstract

This research offers a fresh viewpoint on the impact of social media on B2B Firms. Using the hospitality sector in the Gujrat region as a case study, this research seeks to examine the impact of social media on company performance via the moderating function of marketing capabilities. As a means of delving deeper into the information gathered, structural equation modelling was used here. A total of 230 B2B firm managers were included in the mail survey used to compile the data for the survey. The investigation shows a favourable and statistically significant correlation between social media usage and business outcomes. Results showed that there was a positive and substantial relationship between social media use and B2B company performance and that this relationship was mediated by marketing competencies, particularly brand awareness and creativity.

Keywords: social media, marketing capabilities, B2B performance.

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Introduction

Each industry relies heavily on marketing, and the area is always developing with the goal of becoming more efficient and effective in dealing with both direct and indirect clients. In recent years, businesses have been able to co-create value with their customers, employees, and other stakeholders through the use of digital platforms, primarily social media (SM). As an unorthodox idea, SM is having an effect on all types and sizes of businesses. Business-to-business (B2B) companies, whose customers have higher expectations of them in terms of products, transactions, negotiation functionality, and organizational structure, are also moving in the direction of adopting SM for their various business goals. As SM becomes more integral to B2B companies, it presents new challenges and opportunities for academics and industry professionals to explore.

Social media platforms are employed for a variety of business-to-business (B2B) marketing tasks, with positive and quantifiable results, according to studies. Targeting and CRM are two examples of this (Moor et al, 2013). They also use social media to communicate with their current customer base in a two-way dialogue, which is highly valued by their business allies. By interacting with customers online, businesses can collect useful data that can be used to further cater the company's offering to the requirements of its industrial partners. A higher return on investment and improved sales performance follows naturally from this. Moreover, studies have shown that B2B enterprises can strengthen their relationships with industrial partners through the use of social media and two-way communication. This is because two-way online communication fosters a sense of familiarity and trust between a brand and its intended audience (Breslauer & Smith, 2009; Mangol & Faulds, 2009). The

success of business-to-business deals relies on strong customer relationships, mutual trust amongst trading partners, and customer loyalty.

Literature review

Companies that promote their goods to other businesses (B2B) are distinguished from those that market to consumers (B2C) by the American Marketing Association (2015). When compared to the number of people that conduct business with one another as consumers, the number of businesses that conduct business with one another is far smaller. It's more intensive and immediate than B2C. (Jussila et al, 2014). Trust and a mutually beneficial working relationship are the foundations of this business model. Because of this, B2B marketing is now widely acknowledged to be crucial to the growth and prosperity of B2B enterprises. Before the advent of the Internet, B2B marketing took place primarily offline. Over the past couple decades, B2B marketers have also embraced various online mediums for spreading their messages (Brennan and Croft, 2012). However, such digital mediums (such as the firm website) allowed for only one-way communication. Over the past few years, B2B marketers have begun to actively utilize internet communication channels, allowing for two-way contact between B2B partners. Marketers are paying more and more attention to social media platforms. Many B2B organizations expect to quadruple their social media marketing budgets, which is supported by the fact that Brennan and Croft (2012) state that "there is substantial practitioner interest in the use of social media for B2B marketing. This is due to the widespread belief among business-to-business marketers that social media platforms are better suited to the consumer market and hence cannot be used to achieve B2B marketing goals (Buehrer et al, 2005).

The literature suggests that SM is most commonly used for knowledge

management in the software, electronics, and electricity sectors. Companies that use cutting-edge technology are more likely to adopt SM. As a result, it is crucial for B2B companies to take into account these distinctions as they plan and execute their SM strategies. Some academics have compared business-to-consumer (B2C) and business-to-business (B2B) social media usage and concluded that while B2C companies place a greater emphasis on sales activities on SM platforms, B2B companies do not.

According to Pandey et al (2020). review of the literature on B2B digital marketing, the two areas most studied are sales management and digital marketing communication. Therefore, it is safe to say that no study has exhaustively investigated SM utilization or adoption in the B2B environment or provided a comprehensive picture of the research's development.

Internet and computer network usage has increased dramatically among commercial enterprises in the last few decades (Zhang et al., 2017). Organizations can reach their customers at their convenience, 24/7, via the web (Chen et al., 2011). According to Kaplan and Haenlein, Social media is "a set of Internet-based applications that expand upon the conceptual and technical tenets of Web 2.0 in order to facilitate the production and dissemination of user-generated content."

Aichner and Jacob (2015) note that the proliferation of online communities has increased globalization in both corporate and consumer interactions. Nisar & Whitehead, (2016). Focusing on customers' ratings and comments across various social networking sites, as suggested by Jeong and Mindy Jeon (2008), gives business managers a rough picture of the company's overall success.

Advantages such as increased sales, streamlined direct communication with

clients, streamlined distribution and procurement, highly satisfied customers, reduced costs, and a boosted brand image are just few of the ways in which social media helps businesses succeed in the business world. Therefore, the study's overarching goal is to ascertain the extent to which branding and innovation, two advanced marketing talents, together with social media, account for the success of B2B businesses.

Objective

- 1.To study the factors influences performance of B2B e-commerce companies
- 2.To determine marketing capabilities mediate the relationship between social media marketing adoption and performance

Hypothesis:

H1: Social media marketing adoption influences performance of B2B e-commerce companies

H2: Social media marketing adoption influences marketing capabilities of B2B e-commerce companies

H3: Marketing capabilities influences performance of B2B e-commerce companies

H4: Marketing capabilities mediates the relationship between social media marketing adoption and performance of B2B e-commerce companies

3.1. Sample and Procedures

The targeted population of this study was the managers, employees, and other higher authority personnel of B2B e-commerce companies. Before conducting the final survey, a pilot study was performed with 50 respondents selected through simple random sampling. Cronbach's alpha is used for reliability and other validity measures were also tested for survey instrument.

Based on the feedback, the final questionnaire was designed.

The study used stratified probability method where e-commerce companies were divided into strata based on their business nature (textile, pharmaceutical, banking & financial, food processing, computer & IT

and others). The respondents from these strata were selected using simple random sampling method. The number of received responses was 247, after removing incomplete questionnaire, 230 data were considered for final analysis. Table 1 presents the personal characteristics of the sample.

Table 1: Personal characteristics of the sample (N=230)

Measures	Items	Frequency	Percentage
Gender	Male	173	75
	Female	57	25
Age	Below 25 years	13	6
	25-34 years	79	34
	35-44 years	92	40
	Above 45 years	46	20
Years of experience	0-2	28	12
	3-5	103	45
	4-7	79	34
	≥10	20	9
Nature of business	Pharmaceutical	18	8
	Banking & Financial	15	7
	Food processing	92	40
	Textile	57	25
	Computer & IT	47	20
	Others	19	8

(Source: Primary survey)

3.2 Measures:

The study selected social media marketing adoption as independent and scale for that were derived from the study of Zolkepli, & Kamarulzaman (2015) and Samat et al., (2020).

Marketing capabilities scale items were adopted from the study of Tajvidi & Karami (2021). Finally, the dependent variable, performance of the B2B e-commerce companies were measured using

three items adapted from of Tajvidi & Karami (2021) and Kim et al., (2016) study.

3.3 Measurement Model:

As suggested by Schumacker and Lomax (2004) before reaching conclusion about the study's model and hypothesis testing the important step is to assess the model fit of the proposed measurement instrument. The study used Confirmatory factor analysis (CFA). The results of model fit

were presented in table 2, and the study confirmed model goodness fit because the

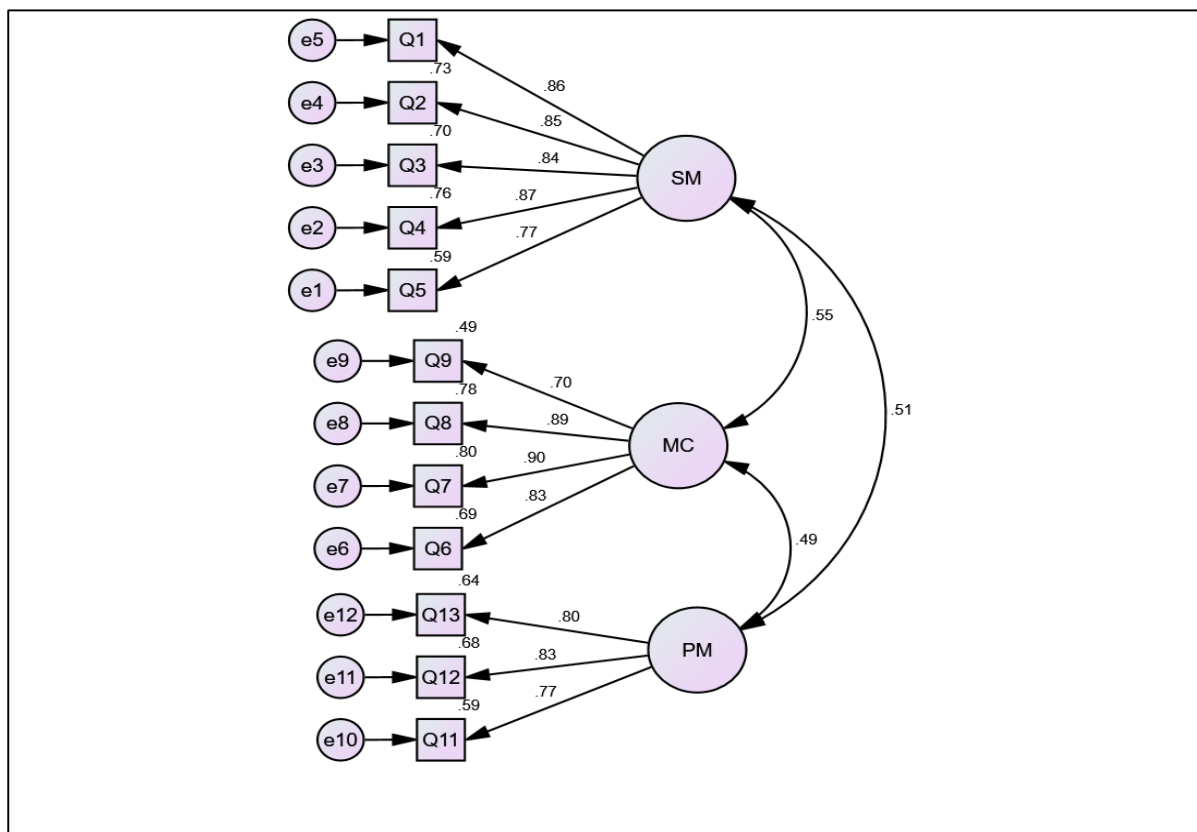
fit indices values fulfill cut off values criteria.

Table 2: Goodness of Fit indices in CFA model

Indices	Abbreviation	Observed values	Recommended criteria	References
Normed chi square	χ^2/DF	1.772	$1 < \chi^2/df < 3$	Hair et al., (2010)
Goodness-of-fit index	GFI	0.945	>0.90	
Adjusted GFI	AGFI	0.913	>0.80	
Normed fit	NFI	0.957	>0.90	
Comparative fit	CFI	0.980	>0.95	
Root mean square error of approximation	RMESA	0.055	<0.05 good fit <0.08 acceptable fit	
Tucker-Lewis index	TLI	0.975	$0 < TLI < 1$	

(Source: The author)

Figure 2: CFA model for the proposed scale



Note: SM- Social media marketing, MC-Marketing capabilities, PM- Performance

3.4. Reliability and Validity Tests

The Cronbach's alpha values were used for measuring internal consistency of the study's constructs. The current data is showing sufficient reliability as the alpha value for all the constructs above 0.7 cut off criteria of Sekaran and Bougie (2016). Further, the validity was tested using variables convergent validity (CV) and discriminant validity (DV). Convergent validity was determined by determining the factor loading of each item variable on its corresponding latent construct.

Through the use of principal component analysis, we were able to break down the data into three distinguishable factors with eigenvalues greater than one after applying the varimax rotation technique. The KMO

“Kaiser–Myer–Olkin” test was 0.893 with significant “Bartlett's test” value indicating the given data is sufficient for further analysis. The study has selected items having factor loadings above 0.7, therefore 12 items were selected and are able to explain 76.73% of total variance.

Afterwards the study selected Average Variance Extracted (AVE) for convergent validity and the discriminant validity was tested through maximum shared variance (MSV) from CFA model. The findings of the table 3, confirmed the data is reliable and valid as CR values above 0.7, the AVE value above 0.5 and the MSV values < AVE values for given data set (Hair et al., 2010).

Table 3: Reliability and validity of the constructs

Variables	Items		Items loadings	Cronbach's alpha	CR	AVE	MSV
Social media marketing adoption	Q1	Social media became a firm's CRM approach	.835	0.912	0.923	0.706	0.307
	Q2	Social media has its impact on the sales process	.840				
	Q3	Reaching great number of customers globally	.846				
	Q4	Help B2B companies achieve their goals	.887				
	Q5	Building client relationships and sharing knowledge	.720				
Marketing capabilities	Q6	Fast-tracking consumer offerings	.827	0.893	0.899	0.692	0.307
	Q7	Can package a whole customer solution	.841				
	Q8	Able to communicate a consistent brand meaning	.866				

	Q9	Innovating innovative approaches to assisting clients	.783				
Performance	Q11	Increased market share over 2 years	.815	0.841	0.842	0.640	0.261
	Q12	Improved profitability during the past two years	.812				
	Q13	Increased employee count during a 2-year period	.862				

(Source: Primary survey)

4. Results:

Structural Model

Using AMOS version 24.0, the researcher checked the structural model's flexibility, and the results are displayed in Figure 4; this was done before the hypotheses were put to the test. The results were formulated as follows for the model's goodness-of-fit index prediction: Chi-squares = 90.454; DF = 51; CMIN/DF = 1.774; CFI = 0.979; GFI = 0.942; NFI = 0.953; TLI = 0.972; RMSEA = 0.058. The structural model explained 32 percent of the variance in performance of B2B e-commerce companies.

Hypothesis Testing

The hypothesis of the study was tested using p value and critical ratios (CR). The path having p value less than 0.05 and CR

value above 1.96 were fulfill the criteria of hypothesis acceptance. The results of table 4 and figure 2 revealed that social media marketing strategies positively influencing performance of b2b e-commerce companies as the standardized regression coefficient (β) value = 0.346 with $p = 0.002$, since p value less than 0.05; thus, hypothesis H1 was supported. The social media marketing strategies adopted significantly influencing marketing capabilities with β value = 0.554, $p = 0.000$, supporting acceptance of hypothesis H2.

The results also revealed that marketing capabilities has significant positive impact on the performance having $\beta = 0.298$, $p = 0.000$. The CR value = 3.583, which is greater than 1.96 and $p < 0.05$ confirmed the acceptance of hypothesis H3.

Figure 4: Structure Model

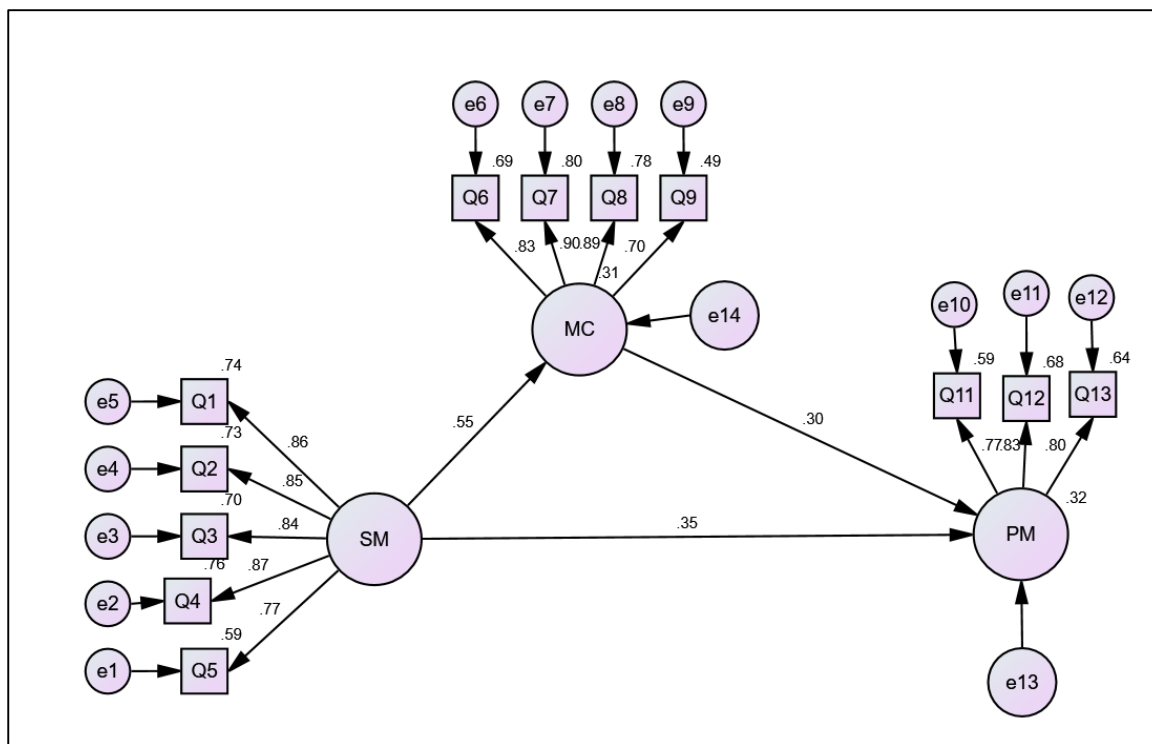


Table 4: Path coefficients of the Structural model

Hypotheses	Outcome variables		Causal Variables	SE.	CR.	P	Path coefficient	Support
H1	PM	←	SM	0.089	4.096	***	0.346	Accepted
H2	MC	←	SM	0.076	7.620	***	0.554	Accepted
H3	PM	←	MC	0.084	3.583	***	0.298	Accepted

Note: P refers to the differential probability. ***= $p < 0.000$

Mediation Analysis

The research hypothesized that marketing abilities influence the connection between social media marketing adoption and performance. Lower and upper bounds were determined using the mediation analysis approach given by Preacher and Hayes, which involved the use of bias corrected confidence intervals (BC) at 95% confidence interval with 2,000

bootstrapping methods (2008). Table 5 displays the final results. With the help of the bootstrapping technique, we calculated the standard errors of the direct effect, the indirect impact, and the overall effect. The presence of mediation is indicated by a substantial secondary effect if $p < 0.05$, and if the direct effect is also significant ($p < 0.05$), Partial mediation is demonstrated, however if the direct effect is insignificant,

($p > 0.05$), it indicates full mediation. The findings from the table 5 revealed that marketing capabilities has an indirectly standardized path coefficient ($\beta = 0.165$, $p < 0.000$) in mediating the relationship between social media marketing strategies and performance of B2B e-commerce companies. It is therefore established that marketing competencies moderate some of

the connection between social media advertising approaches and results. These findings support the acceptance of hypotheses H4. The partial mediator proves that the path of SM to P is significant but during indirect relation the path coefficient is decreasing compared to direct path, confirm the importance of mediators.

Table 5: Bootstrapped Results of Indirect Effects

Test of mediation (Bootstrap samples =2000, Confidence interval= 95% and BC method)					
Relationship	Standardized indirect effect	BC method LB & UB	Standardized direct effect	Standardized total effect	Results
SM → MC → PM	0.165 ($p=0.001$)	0.116- 0.246	0.346 ($p=0.002$)	0.510** ($p=0.001$)	Partial mediation

Source; The authors

5. Discussion

This study aimed at investigating the influence of social media marketing adaptation on performance of B2B e-commerce companies, along with marketing capabilities as mediating variable between these two variables. The structured model developed results into confirmation of research hypothesis. The result indicates that social media marketing adopted by B2B e-commerce companies leads to their performance. These findings are in line with study of Kozlenkova et al., (2014) and Social media has a major impact on performance and growth, as found by Garrido-Moreno & Lockett (2016).

The results are in line with the study of Tajvidi & Karami (2021) since the marketing capabilities positively influencing performance of e-commerce companies. These findings suggest that innovative marketing practices and involvement of branding strategies results into greater performance.

The study also confirmed the partial mediator role of marketing capabilities between social media marketing and performance of B2B e-commerce companies. These findings indicate that social media marketing should combine with innovative strategies for enhancement in business growth or profitability. Having access to digital resources, like the internet and social media, is not the same as making effective use of them. In order to take advantage of the social media platforms, B2B e-commerce companies need to strengthen their capabilities in brand building and innovation marketing.

Conclusion

Having access to the internet and social media does not equate to making effective use of such tools. Firms can't make effective use of social media platforms until they improve their branding and innovation marketing strategies. However, we discovered that organization's marketing capabilities, particularly their branding and

innovation capacities, are enhanced through the use of social media, which in turn leads to improved performance. In terms of theory, this research adds to the small and medium-sized enterprise (SME) literature on the topic of social media networking and marketing. The marketing disciplines of innovation and branding have been conceptualized in this research. This research lends credence to the idea that branding and innovation capacities serve as intermediaries between B2B companies' usage of social media and their financial success. When it comes to social media, B2B companies need to get more in tune with client behaviour. Some industries, like those providing technology services, consultancy, and professional services, are more likely to use social media to communicate internally than others. Some businesses may benefit from forming partnerships with prominent bloggers and other opinion leaders who can disseminate relevant information to potential customers.

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