

The Role of Social Media in Business Transformation Strategies

(Development and Validation of the Social Media Commerce Model)

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Abstract—The rise of social media in the digital era is considered important for anybody because it helps people to communicate and share information with each other online. Because it has become a necessity, it is not surprising that the number of social media users has increased. This also has an impact on increasing various online activities, including business activities. The ease of sharing information and communicating through social media can help entrepreneurs and consumers to conduct business activities or buy and sell online. This phenomenon is an inspiration for researchers to uncover the role of social media in Indonesia in business activities, knowing the factors that can influence a social media follower who initially "likes" to "buy", so that it can be developed into a social commerce model. By surveying users of social media, 547 data are collected that consists of social media entrepreneurs and social media buyers. Adapting He et al framework, the results of data analysis showed that there is enough evidence that social media has been used for business. The frequency of social media usage has strong links for a user to buy products or do business on social media. Young people such as college students tend to use social media for business more than those with higher levels of education who may already have permanent jobs. Multiple regression analysis resulted in proposed model of social media usage for business. There are five major factors that influence satisfaction and performance of doing business on social media. The results of this study are useful in the management of business operations or start-up companies that use social media. Social media helps businesses to reach consumers easily and quickly without needing to spend a lot of money and energy.

Keywords—social media, social commerce, digital era, business transformation, business operations

I. INTRODUCTION

Social media is a network and cellular based technology that functions as an interactive platform for individuals or groups to communicate and share information [1]. Social networking and communication activities are one of the most popular online activities. Social media is very popular in Indonesia and its use is expected to continue to increase as a source of revenue for businesses. Statista reports that in 2017, there were 2.46 billion social media users (Figure 1) [2,3].

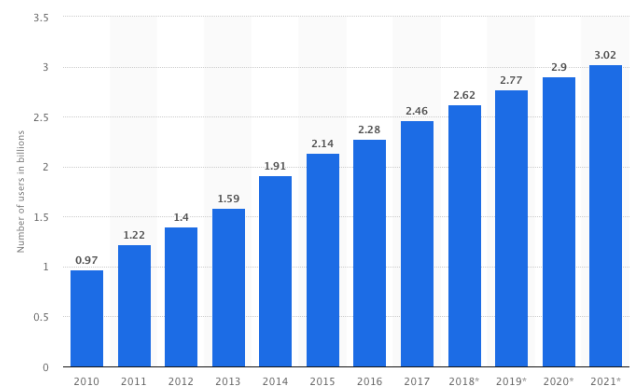


Fig. 1. Number of social media users (in billion) in the world since 2010-2021.

Social media can be classified into blogs, social networking sites, virtual social worlds, collaborative projects, communities and virtual gaming worlds [4]. There are indications that explain the role of social media increasingly varied, not only limited to tools for social communication [5], but also began to be used for business purposes. The importance of social media for business can be indicated from social media as a technology platform that is user friendly and can be easily used without the need for sophisticated technical experience, different from other internet applications, such as websites and e-commerce [6]. Creativity in utilizing social media enables someone to organize their company for promotion and sell their products through social media [7,8]. Through social media, companies can sell products and services effectively without the need for large costs. The company's marketing function can utilize social media to support the consumer's decision making process and their shopping behaviour [9]. The study by Lockett provides an illustration of the use of social media such as Facebook, LinkedIn, Twitter, and YouTube by businesses to promote corporate brands, connections and reach target consumers [10].

It is important to understand why and how social media was adopted for business and for what purpose [11]. Gavino et al see further research on relevant and validated measurements of the impact of social media use on business performance and corporate income [4]. Lockett found that SME businesses generally do not have the tools and strategies for using social media [10]. Rahbi and Abdullah added that unlike SMEs in

developed countries, SMEs in developing countries are still less aware of and understand the benefits of business innovation using social media [6]. He et al also argues that although many non-manufacturing SMEs have adopted social media and benefited business, they face many problems and challenges of using social media [11]. Burgess et al suspect that SMEs seem to only follow trends in using social media rather than strategic goals or planning [12]. SMEs adopt social media for no particular reason besides joining other SMEs that use them.

The purpose of this research is to explain the extent to which social media has been used to do business in Indonesia and to identify important factors that can be used by companies to change the company's social media followers from "like" to "buy". The outcome of this research is expected to contribute in guidelines for social media adoption plans include planning for the use of social media when making decisions to adopt the use of social media in business.

II. LITERATURE REVIEW

Social media is media that is used to communicate, share and collaborate information between users [5,13] using online technology [11]. However, in dealing with members in social media activities such as discussion, sharing and ongoing collaboration, content on social media needs to be updated frequently. Statista reports that there are 2.46 billion social media users worldwide and will continue to grow to 2.77 billion in 2019 [2]. Facebook, for example, has more than 2.1 billion active members, YouTube 1.9 billion and WhatsApp reaches 1.5 billion. In addition to using computers to access social media on the Internet, the use of smartphones and tablets with special social media applications such as Facebook, YouTube, WhatsApp, and others also continues to increase. This high use of social media is certainly a potential to make social media a means to sell or transact business.

A study by Legowo and Noer among university students in Indonesia found Facebook as the most used social media network for respondents, followed by Twitter [14]. Another study by Ekawati of students in the city of Denpasar Bali showed that 83% of adolescents in the city of Denpasar used the internet since 3 years ago, 67% of them used social media to meet all needs such as communication, college needs and fashion needs [15]. The factors considered most influential on the use of social media are saving time and being easy to use.

Social media has been used by various businesses both small, medium and large. Kahar et al found the main use of social media is to build and strengthen relationships with consumers [13]. For example, Fenton explains how social media helps football clubs to connect with their fans so that it becomes better known throughout the world [16]. Another study by Jussila et al also shows brand strengthening as the most common reason companies use social media [17]. Michaelidou et al added in his study that 91% of companies use social media to get new customers [18]. Social media such as Facebook, Twitter, Google Plus, YouTube and blogs have been widely adopted in various industries [11]. Examples are Dell, Domino's Pizza, Starwood Hotels, and Starbucks that have adopted social media since 2010 and have benefits such

as increased customer loyalty, sales, customer satisfaction, brand awareness and an increasingly better reputation. Social media influences and shapes consumers' perceptions of brand and business equity [4]. This is important for all businesses because it allows companies to take a different approach in communicating and listening to their consumers [17].

Culnan et al analysing the content of Fortune 500 company web sites and learning the extent to which social media is used by industry category [19]. Table 1 shows the results of the survey where, on average, each Fortune 500 company has adopted more than one social media platform.

TABLE I. DISTRIBUTION OF FORTUNE 500 COMPANIES

Industry (Number of Companies)	Twitter		Facebook		Blogs		Client- Hosted Forums	
	Yes	No	Yes	No	Yes	No	Yes	No
Distribution (23)	10	13	4	19	1	22	1	22
Energy (78)	28	50	15	63	3	75	0	78
Finance (72)	37	35	37	35	15	57	4	68
General Services (38)	18	20	16	22	9	29	0	38
Health (18)	11	7	7	11	1	17	1	17
IT (40)	34	6	32	8	22	18	25	15
Manufacturing (146)	67	79	60	86	29	117	13	133
Retail (54)	38	16	40	14	14	40	11	43
Transportation (17)	15	2	12	5	3	14	1	16
Other (14)	8	6	8	1	1	13	0	14
Total	266	234	231	269	98	402	56	444
	53%	47%	46%	54%	20%	80%	11%	89%

Rahbi and Abdullah argues that when social media is adopted in a corporate organization, it will change the company's activities in developing its business potential [6]. Ejupi explains that social media is very different from other marketing platforms [20]. For example, the sports apparel business is now focused on monitoring sales of products displayed on social media campaigns, other businesses such as food and drinks are starting to prioritize user-engagement measurements (i.e. likes, comments, shares) from social media. Therefore, it is important to understand why and how businesses adopt social media, and for what business purposes.

He et al proposes a theoretical framework or model that can be used when making decisions to adopt the use of social media for business, planning the resources needed for social media management and strategies to turn media fans into consumers who generate profits for the company [11]. They

argue that a decision to adopt the use of social media for business is influenced by four factors, i.e., perception of social media, personal characteristics, social influence, business performance/purposes.

Social media perception can be explained by consumers' opinions about their social media interactions [21]. He et al suggest three variables i.e., usefulness, ease of use, enjoyment [11] and Heller Baird and Parasnis suggest two variables i.e., personal relationships with friends and family and passion for business [21]. Personal characteristics consist of two categories, extrovert and introvert [22]. Extrovert person will use social media more often because they tend to have more friends than introverts [23]. Introverts are more likely to use social media only to keep up with friends. Another study by Correa et al argues that emotionally stable individuals will use social media less often than those who are more anxious or worried [24]. Individuals who like new experiences also tend to use social media more often. He et al adds several other personality factors such as age, education level, and knowledge in using social media [11]. Social Influence can be explained from the perspective of a positive influence on the outcome of the conversation between friends about a product through social media [25] and consumers' needs for uniqueness influence conversation between friends of social media, especially attitudes towards a product [26]. Business performance/purpose is an overall concept that is used to evaluate the level of achievement of organizational activities [27]. Variables that are commonly used are financial performance including profitability, and operating performance including market share. In addition, the use of social media for business is to provide services and establish relationships with consumers effectively.

Social media was initially used by business people to sell products and services on the basis of minimal cost motivation. Social media is believed to be the fastest way to grow a business [28]. He et al found that many SMEs gained business benefits in terms of better marketing or CRM after adopting social media [11]. Social media may help a business to connect with consumers and other businesses using social relationships and word of mouth. Creating conversational topics that have the potential to become a trend is important in the use of social media for business [29]. Topics that become a trend in corporate social media will make marketing activities more effective.

However, He et al identify some of the problems and challenges faced in using social media [11]. For example, the challenge of increasing "likes" and attracting new fans on social media. Another challenge is understanding and strategies to convert social media fans or the number of "likes" into buyers. HR needs in managing corporate social media are also important because there are choices to use full-time employees, part-time employees or outsourcing. Study by Jussila et al even identify companies that do not use social media because the benefits are considered difficult to measure, inadequate knowledge about social media technology / features, and lack of resources trained to carry out activities on social media as other reasons [17].

Therefore, further research on how social media is utilized for the benefit of the company's business [17]. Anderson and Miroso proposes the importance of further research for the discovery of innovative ways of changing fans on corporate social media from "like" to "buy" [26]. In addition, more in-depth research is also needed in establishing social commerce models, such as types of data relating to consumers, indicators of buying, selling, behaviour, and demographic data to understand conversations on social media, tracking not only what media users buy social, but also what their friends buy. In the context of the business world in Indonesia, further research is still needed on the potential use of social media for corporate business.

III. METHODS

This research aims to study how the business world in Indonesia perceives the potential, opportunities and challenges of using social media for business. The research method used is quantitative research using surveys as research instruments. Quantitative research to examine the use of social media is commonly used in previous studies, for example research by Michaelidou et al [18], Kahar et al [13], Jussila et al [17], Hatammimi and Sharif [7], and Simangunsong [30]. The selection of research methods that have been tested in previous studies is important to ensure the validity and reliability of the instruments used in this study. The stages of the research consist of determining the scope of the research that is relevant for research purposes, conducting a literature review to understand the latest research developments, identifying gaps in previous studies and the final stage is to make a research design and carry it out.

The researcher has previously conducted research on the use of social media both for individual purposes or for business [30]. A preliminary qualitative research has also been conducted with a research analysis unit: the food and beverage industry in Indonesia. The purpose of this preliminary research is to understand the extent to which social media has been used to fulfil a person's buying desire for food and beverage products. The results of the qualitative data analysis show that there is a desire to buy from consumers through social media. The most widely used social media by respondents is Instagram followed by WhatsApp. This is because Instagram is a social media based on images and photos that encourage curiosity for consumers, because the food on display looks very delicious.

A seven-point Likert scale ranging from very important to very unimportant was used to measure the respondents' expectations or expression of their perceived experience on various indicators of social media usage for business. Surveys are popular data collection methods used by previous researchers to explore the use of social media. The questionnaire prepared in this study will be distributed to respondents consisting of social media users and business owners who use social media. These two types of respondents are also the unit of analysis of this study. The questions in the questionnaire used measures and variables that were adapted from relevant previous studies such as He et al [11]. The use of questions and variables from previous research is important to improve the accuracy and reliability of data to be collected.

SPSS statistical software will be used to process the survey data obtained. Data will be calculated and analysed with descriptive and inferential statistical approaches such as independent sample t-test, ANOVA and multiple regression analysis to explain in detail the relationship between research variables and social commerce models so that they can meet the objectives of achieving this research.

IV. RESULTS AND DISCUSSION

The research questionnaire was distributed to respondents who used social media actively, including for business purposes. Using Google forms and conducting surveys directly to the population, a total of 546 respondents were received. The next process is descriptive data analysis and test of hypotheses using SPSS application. Profile of the respondents is summarized in Table 2 below. 282 respondents out of a total of 546 respondents (51.6% of the total respondents) were male and the other 264 respondents were female (48.4% of the total respondents). It was also found that 206 respondents (37.7% of the total respondents) had married status and 340 other respondents have unmarried status (62.3% of the total respondents). The profile of respondents indicates the suitability of the data for the purpose of this study.

TABLE II. GENDER AND STATUS OF RESPONDENTS

Gender	Freq	%	Status	Freq	%
Male	282	51.6 %	Married	206	37.7 %
Female	264	48.4 %	Single	340	62.3 %
Total	546	100 %	Total	546	100 %

The average age of respondents is 28.4 years old with median 26 and mode 20 years old. The youngest respondents are 17 years old and the oldest is 59 years old. This is a good age range of respondents. In terms of education (table 3), the majority of respondents' backgrounds are bachelor with 276 respondents (50.5% of total respondents) followed by 167 respondents who have a high school education background (30.6%). These are mostly university students. There are also 86 respondents who had a graduate education background (15.8%). The smallest frequency of respondents is respondents with Diploma backgrounds (3.1%).

TABLE III. MONTHLY EXPENSE AND EDUCATION OF RESPONDENTS

Monthly Expense	Freq	%	Education	Freq	%
0-1.000.000	32	5.9%	High school	167	30.6%
>1.000.000-2.000.000	75	13.7%	Diploma	17	3,1%
>2.000.000-3.000.000	146	26.7%	Bachelor	276	50,5%
>3.000.000-4.000.000	64	11.7%	Postgraduate	86	15,8%
>4.000.000-5.000.000	83	15.2%	Total	546	100%

Table 3. Cont.

Monthly Expense	Freq	%	Education	Freq	%
>5.000.000-6.000.000	7	1.3%			
>6.000.000-7.000.000	13	2.4%			
>7.000.000-8.000.000	20	3.7%			
>8.000.000-9.000.000	4	0.7%			
>9.000.000-10.000.000	35	6.4%			
>10.000.000	67	12.3%			
Total	546	100			

The following table 4 are details of social media usage of respondents. Almost all respondents (99.5%) own at least one social media account, only three respondents (0.5%) do not. From the analysis, it was found that 478 respondents (87.5 % of the total respondents) had purchased products or services through social media. 68 other respondents stated that they had never bought a product or service through social media (12.5% of the total respondents). From 546 respondents, half of them claimed to have never sold on social media (50.4%) and there were 271 respondents who claimed to have used social media for business (49.6% of total respondents). Most of the respondents (72.5%) were heavy users of social media who use it at least once every three hours. It is interesting to test whether this heavy usage of social media has correlation with business purpose.

TABLE IV. SOCIAL MEDIA USAGE OF RESPONDENTS

Have Account	Freq	%	Frequency of use	Freq	%
Yes	543	99.5%	Every hour	171	31.3%
No	3	0.5%	Every 1-3 hours	225	41.2%
Total	546	100.0%	Every 3-6 hours	97	17.8%
Buy Product			Every 6-12 hours	26	4.8%
Yes	478	87.5%	Once a day	19	3.5%
No	68	12.5%	More than 1 day	8	1.5%
Total	546	100%	Total	546	100%
Use for business					
Yes	271	49.6%			
No	275	50.4%			
Total	546	100.0%			

The next analysis is hypothesis tests. The first test is independent-samples t-test. Here, we want to test whether the frequency of social media usage can be explained by the gender of the respondents, the type of respondents who have and have not bought product/service from social media, and the respondents who use and not use social media for business.

The results of the independent sample t-test hypothesis are presented as follows.

An independent-samples t-test was conducted to compare the frequency of using social media between male and female respondents as in table 5. Sig. for Levene's test suggest equal variances not assumed and there is not enough evidence of a significant difference in the scores for male (Mean=2.18, SD=1.226) and female (Mean=2.06, SD=0.952); $t (df=527.8) = 1.32, p = 0.187$. These results suggest that gender difference has no effect on the frequency of using social media. Table 5 presents the test result. A lower mean score equals higher frequency of use of social media.

TABLE V. INDEPENDENT-SAMPLES T-TEST (MALE VS FEMALE)

Gender	N	Mean	Std. Dev	Std. Error Mean	
Male	283	2.18	1.226	0.073	
Female	264	2.06	0.952	0.059	
	Levene's Test for Equality of Variances	Test for Equality of Means			
Frequency of using social media	F	Sig.	t	df	Sig.
Equal variances not assumed	13.48	0	1.32	527.822	0.187

The second independent-samples t-test was conducted to compare the frequency of using social media between respondents who buy and or never buy through social media. Sig. for Levene's test suggest equal variances not assumed and there is enough evidence of a significant difference in the scores for buy (Mean=2.07, SD=1.051) and never buy (Mean=2.45, SD=1.378); $t (df=79.8) = -2.178, p = 0.032$. This result shows that respondents who buy through social media use social media more often than respondents who never buy. This may be because those who buy on social media have more variation in using social media than those who have never bought who might only use social media to socialize or network.

Further analysis is conducted to confirm the hypothesis that buying product/service on social media (as dependent variable) can be explained by social media usage frequency (as independent variable). A binary logistic regression was performed to find out the effects of social media usage on the likelihood of buying product/service on social media. Binary logistics regression is selected because dependent variable has nominal value (0 = ever, 1 = never). Hosmer and Lemeshow test of the goodness of fit suggests the model is a good fit to the data as (sig) p-value=0.788 (>.05). The coefficient of determination, R^2 - the proportion of variance in the dependent variable associated with the predictor (independent) variables - is approximated with Cox and Snell's R^2 ($R^2 = 1.9%$) or Nagelkerke's R^2 ($R^2 = 3.5%$). This means the explained variation in the dependent variable of our model ranges from 1.9% to 3.5%.

TABLE VI. CLASSIFICATION TABLE

Observed	Predicted		Percentage Correct
	Buy		
Buy	Ever	Never	
Ever	0	293	.0
Never	0	46	100.0
Overall Percentage			86.4

The cut value is .500

The Classification Table 6 (See above) shows the practical results of using the logistic regression model. As you can see our model is now correctly classifying the outcome for 86.4% of the cases or 3 out of 4 cases are correctly predicted. The Wald statistic is calculated to test the statistical significance of independent variables. Table 7 below shows small p-value ($p = .008 < 0.05$) which means the variable is significant to the model/prediction. A negative regression coefficient (B), means smaller score of the variable, the higher chance of buying product in social media.

TABLE VII. VARIABLES IN THE EQUATION

	B	S.E.	Wald	df	Sig.	Exp(B)
Frequency of using social media	-.368	.138	7.065	1	.008	.692
Constant	2.870	.433	44.013	1	.000	17.630

Variable(s) entered on step 1: Frequency of using social media

The third independent-samples t-test was conducted to compare the frequency of using social media among respondents who use social media for business and those who do not. Sig. for Levene's test suggest equal variances not assumed and there is enough evidence of a significant difference in the scores for have a business (Mean=1.87, SD=0.849) and do not have (Mean=2.37, SD=1.259); $t (df=483) = -5.401, p = 0.000$. These results indicate that respondents who use social media to do business use social media more often than respondents who do not. This can be explained because doing business on social media requires an active presence to carry out sales activities and respond to questions from potential buyers.

Because of the wide variety of respondents' education level, we would like to test whether using social media for business can be explained by differences in education level. The one-way ANOVA test was carried out to compare the effect of education level on using social media for business. The test result shows a significant effect of education level on using social media for business at the $p < .05$ level [$F (df 3, 452) = 9.271, p = 0.000$]. Because we have found a statistically significant result, we needed to compute a post hoc test. Post hoc comparisons using the Tukey HSD test indicated that the mean score for SMA (Mean = 1.34, SD = 0.476) was significantly different than Diploma (Mean = 1.71, SD = 0.470), Sarjana (Mean = 1.57, SD = 0.497) and Pascasarjana (Mean = 1.58, SD = 0.496). Overall, these results indicate that education levels do indeed influence the use of social media for

business. Specifically, our results show that young people such as college students (SMA education level) tend to use more social media for business compared to those with higher levels of education who may already have permanent jobs.

The final analysis is to test a model suggested in previous studies, i.e., whether the four factors (perception, personal characteristics, social influence, and business impact) can be used to predict satisfaction of doing business on social media. A multiple linear regression was calculated for each factor. For perception factor, previous studies suggest five variables. Results of the multiple linear regression indicated that there was a collective significant effect between perception factors and satisfaction, ($F (df=1, 259) = 19.414, p < .000$, with an $R^2 = 0.07$). The individual variables were examined further using stepwise regression analysis and indicated that “doing business using social media is fun” variable ($t = 4.406, p = .000$) were significant predictors in the model. This explains that the pleasure of business owners in using social media influences business performance through social media. The results of regression analysis also mean that there is not enough evidence that the other four variables contained in social media perception have a significant effect. Those variables are the use of social media for the relationship between friends and family, entrepreneurial talent, the perception of the benefits of social media for business, and the ease of use of social media does not significantly affect company performance on social media.

The second multiple linear regression was calculated to test how six personal characteristics able to predict satisfaction of doing business on social media. Results of the multiple linear regression indicated that there was a collective significant effect between personal characteristics and satisfaction ($F (df=2, 258) = 10.280, p < .000$, with an $R^2 = 0.074$). The individual variables were examined further using stepwise regression analysis and indicated that “energetic/talkative person” ($t = 4.214, p = .000$) and “easily agitated/worried person” variables ($t = -2.135, p = .034$) were significant predictors in the model. This explains that an energetic and talkative person has a positive effect on business performance through social media. A person who easily agitated or worried also has an effect on business performance through social media. The results of regression analysis also mean that there is not enough evidence that the other four variables contained in personal characteristics have a significant effect. Those variables are the use of social media for the relationship between friends and family, entrepreneurial talent, the perception of the benefits of social media for business, and the ease of use of social media does not significantly affect company performance on social media.

The third multiple linear regression was calculated to predict satisfaction of doing business on social media based on two variables of social influences. Results of the multiple linear regression indicated that there was a collective significant effect between social influence and satisfaction, ($F (df=1, 259) = 18.160, p < .000$, with an $R^2 = 0.066$). The individual variables were examined further using stepwise regression analysis and indicated that “Communication between friends about a product through social media” ($t = 4.261, p = .000$) was a significant predictor in the model. This explains the importance of communication between friends about a product

through social media because it brings positive influence on the outcome of the conversation and a positive effect on business performance. The results of regression analysis also mean that there is not enough evidence that the other variables contained in social influence have a significant effect, i.e., consumer needs for uniqueness.

The last multiple linear regression was calculated to predict satisfaction of doing business on social media based on three variables of business impact. Results of the multiple linear regression indicated that there was a collective significant effect between social influence and satisfaction, ($F (df=1, 256) = 11.336, p < .001$, with an $R^2 = 0.042$). The individual predictors were examined further using stepwise regression analysis and indicated that “increase market share” ($t = 3.367, p = .001$) was significant predictors in the model. This explains that increased market share is the main satisfaction indicator of doing business in social media compared to two other factors i.e., increased profit or increased relationship with customer.

V. ANALYSIS AND MANAGERIAL IMPLICATION

Figure 2 below summarizes the results of hypothesis testing of factors that have a causal relationship with business performance satisfaction using social media. Overall there are five variables that have managerial implications to the level of company performance. The variables are enjoyment perception, an energetic and easily worried personality, the frequency of product discussions, and an increase in market share.

The first major factor influencing business performance on social media is the pleasure of social media owners in using social media. The enthusiasm of social media account owners in conducting updates is very influential on business performance on social media. Previous study by Paridon and Carraher support this finding i.e., social media users who often create topics of conversation on social media has an important role to increase the effectiveness of social media marketing [29]. This is because in running a business, a social media owner does not feel any pressure in updating and connecting with potential customers.

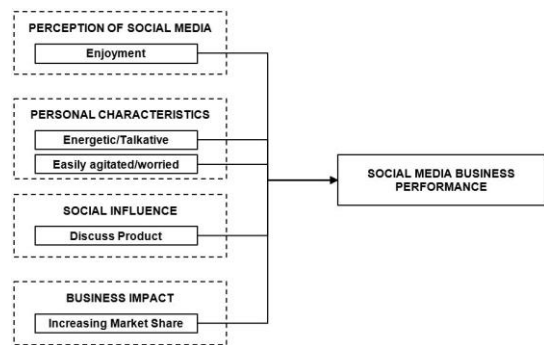


Fig. 2. Model of social media usage for business.

The other factor is the passion of business owners to make friends and talk a lot. It makes customers feel comfortable through friendliness of conversation or response on social media. This also shows that people who have many friends potentially able to improve their business performance on

social media. Directing the conversation on the social media platform to discuss the products sold by social media owners will increase the number of products discussed. The high product conversation on social media platforms is closely related to the success of business performance. This is important for all businesses because it allows companies to take a different approach in communicating and listening to their consumers [17].

Meanwhile, the variable anxiety of business owners on social media also influences business performance on social media. This is due to business owners who care and are easily worried about consumers will provide good service to consumers. This is certainly inversely proportional to the type of seller on social media who don't really care about their consumers.

The regression results provide enough evidence to support the importance of social influence through discussions about products on social media platforms. It seems that if many consumers talk about and discuss about the product will increase consumer interest in the product being discussed. This fact shows that the more often you talk about a product on a social media platform, consumers will remember about that product. Business owners on social media can take advantage of this by bringing up the topic of conversation so that it is related to the product they have.

The importance of market shares in doing business using social media has been discussed in previous studies. For example, Michaelidou et al added in his study that 91% of companies use social media to get new customers [18]. Social media was initially used by business people to sell products and services on the basis of minimal cost motivation. Social media is believed to be the fastest way to grow market of a business.

VI. CONCLUSION

This study finds enough evidence that social media has been used for business. There is no gender difference in social media usage. Male and female users have similar pattern in terms of frequency of social media usage. Test of hypothesis suggest that customer that tend to buy on social media correlate with their frequent use of social media. This may be because those who buy on social media have more variation in using social media, hence higher usage, than those who have never bought who might only use social media to socialize or network. Higher frequency of using social media also related to those who use social media for business. This can be explained because doing business on social media requires an active presence to carry out sales activities and respond to questions from potential buyers.

The one-way ANOVA test suggests enough evidence of education level related to using social media for business. SMA graduates or active university students was significantly different than other education levels (Diploma, Sarjana and Pascasarjana). These results indicate that young people such as college students (SMA education level) tend to use more social media for business compared to those with higher levels of education who may already have permanent jobs.

Finally, multiple regression analysis resulted in proposed model of social media usage for business. There are five major factors that influence satisfaction and performance of doing business on social media.

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