Research Communication

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

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Abstract: Previous studies do not investigate the factors affecting small and medium enterprises (SMEs) competitive intelligence through Facebook in the context of Malaysia. This article surveys the use of Facebook for Competitive Intelligence in the context of Malaysia. Data were collected based on the following factors: Logo, wallpaper, Pictures and Description, Inbound Communication, Aesthetics and Visual Quality, Network Scope and Reach, Interaction Quality and Language Use through Facebook. Five SMEs located in Malaysia were selected for the research. It was found that Pizza Hut Facebook page has the largest network scope and reach with 763,114 followers. The success of having this followership could be attributed to competitive prices and promotions offered by the SMEs, Use of translator to translate Chinese language to English which makes it possible to communicate with other races not necessarily in Malaysia, quality and description of pictures displayed on the cover page of Pizza Hut's Facebook page, short and minimally interactive post on the Facebook page. The major factors that deserved more attention from SMEs for successful competitive intelligence are Language use, quality pictures and description, inbound communication and, aesthetics and visual Quality.

Keywords: Competitive Intelligence, Small and Medium Enterprises, Language use, Facebook

Introduction

In the literature, different authors have discussed competitive intelligence (CI) according to their view, for example, (Linghua 2009) defines CI as the process of gathering, analysing, and applying information about products, domain constituents, customers, and competitors for the short term and long term planning needs of an organization. On the other hand, (Calof and Wright 2008) points out that CI is regarded as a system of environmental scanning which integrates the knowledge of everyone in the company. However, (Chu 1999) believes that CI is understanding a competitor's activities and trends, which often begins with information collection and analysis, followed by distribution of the analysis results to decision-makers. In another study, (Rouach and Santi 2001) argued that CI is an art of collecting, processing and storing information to be made available to people at all levels of the firm to help shape its future and protect it against current competitive threat. However, the authors believe CI should be legal and respect the codes of ethics. This is consistent with the view of (Bernhardt 1994) who believes that CI include the transformation and disaggregation of competitor, industry, and market data into actionable strategic knowledge about the competitor's capabilities, intentions, performance and position. It is clearly indicated that CI have no universally accepted definition, several authors defined it according to their point of view.

With changes taking place in the business environment, the requirement for businesses to compete and market their products and services intelligently in the market will be more prevalent. As such, it can bring the need to develop ongoing CI functions within the company to the fore. (Brod 1999) pointed out that such functions provides a company with competitive advantage and leverage in determining their business strategies, provided information is supply on critical and timely manner. It can assist decision- and marketing planning.
Social networking have advance to the extent of using it as marketing tool that can enable businesses to have access to market, detect customer behaviour’s patterns and have the opportunity of communicating directly to customers (Holzner, 2009). Several social networking sites exist including YouTube, connect neighbour online, twitter, LinkedIn, MySpace, Google plus +, Deviant art, Live journal, Tagged, Cafe mum among others. However, Facebook emerged as the top ranking social networking with over 500 million active users in 2010. As such Facebook is presently considered as the world leading social networking platform. Therefore, Facebook is a pool of customers, a site to mine customer’s information and serve as a means of creating the presents of market (Hsu, 2012). Currently there are 94036416 number of fans of Malaysian population actively using the Facebook (Socialbakers 2013). Despite the opportunity created by Facebook in gathering a pool of customers, it does not guarantee investors to easily get the customers; indeed it requires systematic planning and thorough implementation of strategies in order to attract the customers to the investors advantage (Stokes, 2009). (Hsu 2011) study the use of Facebook as an international e-marketing tool, which had focused only on Taiwanese hotels without considering the food industry despite their significance in the society.

Study that investigates factors responsible for successful CI in the context of Malaysian SMEs, through Facebook is scarce in the literature. In view of the hug market potentials in Facebook, population of Malaysians actively using Facebook and lack of studies in the context of Malaysia SMEs CI through Facebook. Thus, this study, investigate the current use of Facebook by small and medium enterprises (SMEs) in Malaysia as a CI tool in order to identify factors responsible for successful CI through Facebook.

Other sections of the paper are organized as follows: Section 2 provide theoretical background of the study. In section 3 detail description of the methodology use to achieve the stated objectives of the research is presented follow by results and discussion in section 4 before concluding in section 5.

Theoretical Background

Competitive intelligence on the Internet

The use of internet as a primary tool of CI has been stressed by (Cronin, Over felt et al. 1994). It has also been found that many companies, large and small, are already using the Internet to gain an edge in an increasingly competitive business environment, both domestically and internationally. It may well be that the Internet is the next major phase in the evolution of the CI function in advanced organizations, especially as commercialization of the network intensifies. However, (Chu 1999) stressed the important role of competitive intelligence using the Web for marketing and business transactions. These business applications are known to be available on the Web for a purpose and could be a signal that indicates that the competitor is offering a new service or entering a new market.

This shows that the web has become a powerful tool of marketing where companies choose to market online. However, the internet technologies can help companies gather and disseminate information; it takes people to promote the value of competitive intelligence. Therefore, (Bose 2008) believes that exploring the wealth of information online requires direct search from the array of search engines and other sources of information such as news groups, which can be commercial news organizations, or informal news and discussion groups. Brod (1999) has also suggested development and implementation of internal CI program using outsourced assistance (consultants) to provide an objective outlook on the company’s CI acts.

The CI process (CI cycle)

According to (Bernhardt 1994), the United States Central Intelligence Agency (CIA) describes the intelligence process, or cycle, in terms of five interdependent phases which are: (1) Planning and direction (or ‘tasking’) (2) Collection (3) Processing (4) Analysis and production (5) Dissemination. On the other hand, competitive intelligence according to the
Society of Competitive Intelligence Professionals (SCIP), as the process by which raw information is acquired, gathered, transmitted, evaluated, analyzed and made available as complete intelligence for policymakers that could be used in decision making and action (Bose 2008). They also indicate that CI involves five phases which include (1) planning and direction; (2) collection (3) analysis (4) dissemination and (5) feedback. Using competitive intelligence requires quite a number of supporting tools such as internet management tools examples of which are SharePoint, Text analyst etc(Bose 2008).

**Planning and direction**

According to (Bernhardt 1994) collecting data for competitive intelligence will require articulating an explicit intelligence need by asking the following three important questions;

1. What do we need to know?
2. Why do we need to know it?
3. What kind of decision has to be taken or action taken, once we know it?

Knowing that the major reason for undertaking competitive intelligence is to underpin and enhance strategic decision making at the business unit level, the answers to the question must be framed in a way that will be strategically relevant to the firm. i.e. prompting the most important question of how their competitors are trying to beat them and therefore, how the company is going to beat its competitors. In fact, (Freeman 2001) believes that being different in the market place will require an organization to have the ability to monitor the activities of its competitor and provide accurate up-to-date knowledge that would be a top level strategic skills. Thus, planning and direction in competitive intelligence requires the ability to anticipate and respond to intelligence needs. Therefore, managers should have a clear understanding of what competitive intelligence is and what it is not during planning and decision making. Therefore, the planning and direction phase requires the company executives to define the information requirement of the company? Why is it needed? When is it due? This task will be performed iteratively by involving both the CI analysts and decision makers(Bose 2008)

**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 as well as researching and gathering the right data legally and ethically from all available sources as well as putting it in an orderly manner. Rapp, Agnihotri et al. (2011) addressed the notion of Organization Competitive Intelligence (OCI), where the salesperson engage in active information gathering, acting on behalf of the organization and passes the details back to the organization. Although this raises the question on what criteria will be used to determine the CI-relevance of a particular piece of information and how to act on it, having salesperson training in the company will help address this issue. Thus,(Weiss 2002) suggests that sources of information could therefore include companies, employees, customers, suppliers, newspapers, trade journals, magazines, government publications, corporate annual reports, company publications, consultants and presentations at professional meetings can also provide valuable information. Importantly, Murphy (2006) warned against sporadic data collection acts that are merely knee-jerk responses towards significant developments in the market, which will only lead to unreliable, if not out-of-date, data. Data collection, according to him, should represent a systematic and consistent routine that focuses on providing an in-depth outlook on the market trends and its future.

**Analysis**

This is the value added element of competitive intelligence. According to (Bernhardt 1994) at this stage, analyses and recommendations are used for strategy formulation and decision-making purposes by managers. Described as being the catalyst for making further
business decisions, the managers apply values when analyzing and synthesizing the data, converting them to actionable information (Gross 2000). Additionally, (Bernhardt 1994) believes that managers must be receptive to intelligence—especially when the ‘news’ is not what they expect, or wish, to hear. This is consistent with the arguments of (Bose 2008) who believes that analysis stage involves analyzing collected data in order to identify patterns, relationships, or anomalies in it. This is usually done to enhance planning and decision making. Brod (1999) pointed out that actionable strategies developed from sound information with respect to CI, will affect the business positively in terms of business strategy, tactics and operations as well as leading to smart marketing of the company’s products.

**Face book as CI platform**

Marketing through Facebook is the process of marketing products and services through social networking site (Holznri, 2009). Among Facebook users there are application developers, marketers, users that use the Facebook for personal reasons among others (Treadaway and Smith, 2010). Diversification of the use and application of Facebook makes it a platform where by SMEs can create opportunities for CI by utilizing the huge number of active potential customers using the Facebook. Also, SMEs can create a hug network in the Facebook for connecting with various customers in different locations. In this period of time it’s an opportunity for SMEs to take advantage of the social network i.e Face book as the social network as points out in (Tread away and Smith, 2010) that the social network is not permanent which means the opportunities offered by the site can drastically diminished or vanish with time. For this reason the SMEs has to take advantages of the platform to understand the behaviour of their customers, priority and patterns of patronization. The opportunities offered by Facebook includes (Tread away and Smith, 2010): out bound communication, managing complains emanated from the customers, publication of positive feedback, recommendations and suggestions from the customers, connection with fan clubs and viral marketing of product and services. For SMEs to effectively utilize Facebook for their gain, comprehensive CI approach has to be planned and well executed to achieve the stated objectives.

**Methodology**

**Case Study**

The SMEs selected for the purpose of this study are Secret Recipe, Baskin Robbins, Big Apple Donuts & Coffee, Starbucks and Pizza Hit Malaysia, they have been chosen for this study because of their established presence in Malaysia’s business scene as both a local and international brand. In addition, they all actively use the Facebook for marketing their products to customers on Facebook. This makes them an appropriate focus for a case study in analysing their CI use through the Face book in their respective business practices.

Secret Recipe is a lifestyle café chain specializing in cakes and fusion food and has grown internationally, with over 150 outlets throughout the South East Asia region. The chain has won many awards, most notably the *Home-grown Franchise of the Year Award* in 2007. Big Apple Donuts & Coffee another local café chain specializing in donuts and coffee, is also another certified brand in Malaysia. Baskin Robbins, Starbucks and Pizza Hut are all internationally-recognized 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 are observed and the data is collected qualitatively using several sets of criteria. The observe criteria’s are (Hsu, 2012):

Facebook presence

Features selected
Quality and volume of content
Aesthetics and visual quality
Network scope and reach
Interaction
Language use

Data Collection

The observation of Facebook use by SMEs involved in the Food industry focused on 5 established restaurant brands. They are Pizza Hut Malaysia, Big Apple Malaysia, Baskin Robbins Malaysia, Starbucks Café and Secret Recipe Malaysia which uses a single Facebook account for the purpose of business. Therefore, they were selected for the study due to their suitability as they are already established in the Facebook with single account which make it easy for monitoring their business activities and patterns of their 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 the data collected based on observations from Facebook activities are reported in Table 1.

<table>
<thead>
<tr>
<th>Facebook Pages of Fast Food Restaurants in Malaysia</th>
<th>Pizza Hut Malaysia</th>
<th>Big Apple Donuts &amp; Coffee</th>
<th>Baskin-Robbins Malaysia</th>
<th>Starbucks Malaysia</th>
<th>Secret Recipe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joined Facebook since...</td>
<td>1995</td>
<td>12 March 2010</td>
<td>11 March 2009</td>
<td>5 October 2009</td>
<td>11 January 2010</td>
</tr>
<tr>
<td>Features used</td>
<td>Fanpage, logo as profile picture, events, and profile information</td>
<td>Fanpage, logo as profile picture, events, and profile information</td>
<td>Fanpage, logo as profile picture, polls, events, and profile information</td>
<td>Fanpage, logo as profile picture, events, and profile information</td>
<td>Fanpage, logo as profile picture, events, and profile information</td>
</tr>
<tr>
<td>Outbound contents</td>
<td>Location, phone, website link to share feedback, website link to main page, website link to Pizza Hut website, website link to twitter, website link to Youtube, founded, products, history by year, and Pizza Hut signature</td>
<td>Fanpage rules, mission, order for your donut, company overview, website link, founded (May 2007), location, award, products, phone number, and email address</td>
<td>Employment opportunities, mission, company overview, website link to homepage, website link to order, and products</td>
<td>Website link to twitter, website link to Youtube, location, opened in 17 December 1998, and history by year</td>
<td>Founded in 1997, company overview, website link to main page</td>
</tr>
</tbody>
</table>
Investigation of Factors that influence....

<table>
<thead>
<tr>
<th>Inbound contents</th>
<th>Wall posts and comments, photos and notes, promotion, and video</th>
<th>Wall posts and comments, photos and notes, promotion, and video</th>
<th>Wall posts and comments, photos and notes, promotion, and video</th>
<th>Wall posts and comments, photos and notes, promotion, and video</th>
<th>Wall posts and comments, photos and notes, promotion, and video</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aesthetics</strong></td>
<td>Template colours and vibrant colours</td>
<td>Template colours and vibrant colours</td>
<td>Template colours and vibrant colours</td>
<td>Template colours and vibrant colours</td>
<td>Vibrant colours</td>
</tr>
<tr>
<td><strong>Number of posts/month (August 2012)</strong></td>
<td>60 posts</td>
<td>7 posts</td>
<td>37 posts</td>
<td>170 posts</td>
<td>4 posts</td>
</tr>
<tr>
<td><strong>Languages used</strong></td>
<td>English and Malay</td>
<td>English and Malay</td>
<td>English and Malay</td>
<td>English and Malay</td>
<td>English and Malay</td>
</tr>
</tbody>
</table>

**Results and Discussion**

**Wallpaper**

The cover photo in the Facebook pages of Secret Recipe and Big Apple Donuts & Coffee includes people in the photo. Secret Recipe puts images of food and drinks besides preparation of the food on its Facebook page wall. Big Apple Donuts & Coffee puts picture of people buying the product, preparation of the food as well as the donuts. Other than that, Starbucks Malaysia and Baskin-Robbins Malaysia include their ice-cream products, image of the nature, and hot balloon in their cover photo.

**Logo**

Some cover pages also include the logo of the company at the left side in the small box of the cover page i.e., the profile picture. The logo is important for visitors to easily remember the picture so that they know the kind of product that they are buying as well as to let them know that the product comes from which restaurant. Therefore, they could recognise the product easily if they remember the logo from the profile picture. Based on the observation, logo is included in all the restaurants’ Facebook pages. During the Eid Ramadhan (celebration after the fasting month), only Starbucks posted a greeting on the celebration whereas Pizza Hut, Secret Recipe, Big Apple Donuts & Coffee, and Baskin-Robbins did not post any greetings in their Facebook fans page. Greeting for the religious celebration is one of the 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 put at the “About” tab. This can be seen in the Facebook fans pages of Starbucks Malaysia, Big Apple Donuts & Coffee, and Secret Recipe. The halal logo in the fans page of Pizza Hut can be seen in their official website, which is directly linked from the Facebook fans page. Next, Baskin-Robbins’ halal statement can be seen in their official website, which is also attached to the Facebook fans page.

**Pictures and Description**

The pictures displayed on the cover page of Pizza Hut’s Facebook page are more eye-catching than the pictures in the Facebook pages of Big Apple Donuts & Coffee, Starbucks Malaysia, and Baskin-Robbins Malaysia. The pictures displayed on the cover page of Pizza Hut’s Facebook page are sharp and attractive, and the message is well-delivered. Among all the restaurants, only Starbucks Malaysia has posted a statement about fasting month in their Facebook page, which was written in Malay language.
Inbound Communication

(Hsieh, Chiu et al. 2005) highlight that prices are the primary drivers for customer’s patronage with a certain outlet. The food outlets consistently create online posts featuring pictures of their menu and sometimes special dishes that are not featured in the original menu. However, for posts promoting a newly opened branch at a certain location, people are more likely to click the “Like” button rather than commenting on the posts or sharing it with their contacts. Inbound communication can be seen 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. Number of posts in August for Starbucks Malaysia = 170 posts, Pizza Hut = 60 posts, Secret Recipe = 4 posts, Baskin-Robbins Malaysia = 37 posts, and Big Apple Donuts & Coffee = 7 posts. For these restaurants, it is really important for them to post high number of updates in their Face book page to get more people to share the information with their friends, and for the restaurants to keep in touch with their customers.

Aesthetics and Visual Quality

The Facebook fans pages of Pizza Hut, Secret Recipe, Big Apple Donuts & Coffee and Baskin-Robbins Malaysia change the colour and layout template provided by Facebook. The template for a user page is colourful for the Facebook banner, grey for the sections of the pages, and white as background of contents. The typical fans page has the profile picture on the upper left side. Pizza Hut and Secret Recipe each has a very sharp image as their Facebook banner unlike the less sharp image used in the fans pages of Big Apple Donuts & Coffee, Starbucks Malaysia, and Baskin-Robbins Malaysia. It is important to have attractive pictures, colour, and image to get good first impression from customers. Good presentation in Facebook might attract international and local people to get the food or the drink from the restaurants after they have made some survey from the websites. Moreover, in the Facebook layout design, below the profile is basic information and list of fans. Beside the profile is the list of contents and the wall. The distinction of a fan page over one another is the profile picture and the pictures or videos posted on the wall. The Pizza Hut, Secret Recipe, Big Apple Donuts & Coffee, and Baskin-Robbins Malaysia utilised vibrant colours in their profile picture to create attractive contrast.

Network Scope and Reach

Up to August 2012, Pizza Hut Facebook page has 763,114 followers, Secret Recipe Facebook page has 165,502 followers, Big Apple Donuts & Coffee Facebook page has 30,888 followers, Baskin-Robbins Malaysia Facebook page has 86,410 followers, and Starbucks Malaysia Facebook page has 96,318 followers. The followers come from different races including Malays, Chinese, and Indians, although the number of international fans in the Facebook page is low. Majority of the followers of the Facebook pages for the restaurants are from Malaysia. (Jensen and Arnet, 2011) examined transition to adulthood among adolescents age 13-19, emerging age is 20-29 years old and young to midlife adults age 30 years to 55 years old. Usually adults are the group of people who normally send like, comments, and post. Children have been identified sending less response than the adults. Thus, more adults are attracted to the Facebook pages compared to children, who are not actively involved in Facebook. The majority of followers of the Facebook pages of the restaurants come from Malaysia. The Facebook pages also provide store locator available around Malaysia. Even though Secret Recipe has more stores than Pizza Hut, the number of followers for Pizza Hut in Facebook is greater than the number of followers of Secret Recipe. In summary, the number of stores does not conclusively indicate the number of followers in Facebook page.

Interaction Quality
The posts made in the Facebook pages of the restaurants in August 2012 are mostly short and minimally interactive except for Starbucks Malaysia. The Big Apple Donuts & Coffee and Secret Recipe, Pizza Hut has short interaction mostly between fans. All the restaurants receive likes and comments even though only short items are posted, such as by Big Apple Donuts & Coffee, Secret Recipe, and Pizza Hut. The comments and responses are all in English and slightly in Malay.

**Language Use**

Using English to communicate and interact with local customers will likely reach wider local network that eventually increases the number of potential customers. Major races in Malaysia such as Indian, Chinese, and Malay are keen to write in English rather than Malay language. However, for Facebook users with low English proficiency, it makes it difficult for them to communicate and thus it is less likely that they will give their comments in the Facebook posts. Alternatively, they will just click “Like” at the posts. Chinese users show more feedbacks compared to Malay and Indian. It has been observed that Indian and Malay Facebook users are the lowest in showing their interest to give comments, to share, and to click “Like” button.

It is well-known worldwide that English is the first language that can be used to communicate with people from different races and backgrounds. In the case of Malaysia, in order for them to expand their market internationally, the fast food restaurants have to make full use of the language. International market allows them to be more competitive and allows them to get wider networks around the world. Therefore, they need to hire employees who have the ability to write, speak, and use the language. It is really useful to have someone capable of using the language for Facebook to move far instead of using translation application such Bing application. In this study, it has been observed that Pizza Hut translates 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 summary, from the discussion, it was found that Pizza Hut Facebook page has the largest network scope and reach with 763,114 followers. The success of having this followership could be attributed to competitive prices and promotions offered by the SMEs. Use of translator to translate Chinese language to English which makes it possible to communicate with other races not necessarily in Malaysia, quality and description of pictures displayed on the cover page of Pizza Hut’s Facebook page, short and minimally interactive post on the Facebook page and aesthetics and visual Quality. The resulting findings of this research within a Malaysian context, given the increasing number of countries in Asia and Africa that exhibit similar market conditions with Malaysia and share similar structures and strategies, the current study might be relevant as a benchmark for future replication studies. This statement is particularly true in investigating other factors that are capable of influencing competitive intelligence of SMEs.

**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 SMEs in Malaysia uses Facebook for their CI. It was observed that logo is included in all the SMEs Facebook pages. The pictures displayed on the cover page of Pizza Hut’s Facebook page are more eye-catching than the pictures in the Facebook pages of other SMEs. Inbound communication can be seen 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. It is important to have attractive pictures, colour, and image to get good first impression from customers. The Pizza Hut, Secret Recipe, Big Apple Donuts & Coffee, and Baskin-Robbins Malaysia utilised vibrant colours in their profile picture to create attractive contrast. Pizza Hut Facebook page has the largest network scope and reach with 763,114 followers more than all other SMEs selected for this study and it was observed that number of stores does not conclusively indicate the number of followers in Facebook page. The posts made
in the Facebook pages of the restaurants in August 2012 are mostly short and minimally interactive except for Starbucks Malaysia. The SMEs considered for this study have achieved success in establishing network in the domestic market whereas internationally they are lacking behind due their use of Malay language instead of the English language in dissemination of information to customers and making post in the Facebook.

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