

Contribution of Marketing Capability to Social Media Business Performance

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Abstract

This research examines the contribution of marketing capabilities to the social media business performance of Thai firms. The outside-in and inside-out capabilities of Day (1994)'s marketing capabilities framework are used to develop five aspects of marketing capabilities related to social media business, including (1) market-sensing capability, (2) customer-linking capability, (3) channel-bonding capability, (4) technology development capability, (5) and employee development capability. Questionnaire data were collected from 364 entrepreneurs who sold products via social media channels. The results from the partial least squares structural equation modeling show that when all five aspects of marketing capabilities are analyzed separately, all of them significantly account for social media business performance. However, when all five aspects of marketing capabilities are analyzed together, only technology development capabilities and employee development capabilities turn out to be the most influential factors accounting for social media business performance.

Keywords: marketing, capabilities, social media, strategic management, e-business

1. Introduction

In Thailand, social media such as, for example, Facebook and Instagram have become popular channels through which firms market their products and services. With the increasing social media activity of Thai consumers, businesses in most sectors tend to rely increasingly more on social media for their marketing activities (Leesa-Nguansuk, 2016). According to data from the Digital Advertising Association of Thailand (DAAT, 2017), digital advertising spending in social media platforms has grown substantially, particularly on Facebook. Data from the Electronic Transactions Development Agency (ETDA, 2017) indicates that in Thailand, in 2015, businesses with assets valued at less than 50 million baht mostly relied on social media channels for marketing. This has created tough competition for firms that sell through social media channels. Sasatanun and Charoensukmongkol (2016) argue that many firms used social media to sell products simply because they just followed what other companies did. These firms, however, do not have well-planned strategies to help them effectively utilize social media. Since most firms in Thailand are at the early stage of the social media marketing adoption, it is therefore essential for them to understand the importance of firm capabilities related to social marketing. This is crucial for them to successfully implement social media marketing strategies that outperform competitors.

The objective of this research is to determine the contribution of firms' capabilities related to social media marketing. First, the conceptualization of marketing capabilities related to social media is based on an outside-in and inside-out marketing capabilities framework. This framework identifies five capabilities, which include (1) market-sensing capability, (2) customer-linking capability, (3) channel-bonding capability, (4) technology development capability, and (5) employee development capability. This research examines

the association between each marketing capabilities and the level of performance that firms gain from social media businesses. The main research question is whether firms that exhibit these aspects of marketing capabilities tend to attain a more favorable performance via their use of social media businesses. The theory this research relies upon to explain the linkage between marketing capabilities and firm performance. is Barney's (1991) resource-based views of firms.

This research contributes to the literature in several ways. Although prior research has examined the contribution of social media utilization to business performance, most of it only focused on the broad utilization of social media without considering how social media are utilized and integrated with the marketing capabilities of firms (Braojos-Gomez, Benitez-Amado, & Llorens-Montes, 2015; Culnan, McHugh, & Zubillaga, 2010). The conceptualization of marketing capabilities related to social media will provide valuable insights to fill this research gap. From a practical perspective, this study will also provide guidance for Thai firms to understand how to effectively utilize social media to build competitive strength. More specifically, this contribution is consistent with the "Thailand 4.0" governmental initiative which emphasizes the capability development of Thai firms by focusing on the integration of technology to create the competitive strength of firms. The results from this study will provide guidance regarding the strategy of firms to effectively integrate social media technology with marketing activities to enhance competitiveness according to the policy.

2. Literature Review

The framework of marketing capabilities in social media business is considered first. Next, this section discusses outside-in and inside-out capabilities.

2.1 Framework of Marketing Capabilities in Social Media Business

Gunelius (2011) defines social media marketing as "any form of direct or indirect marketing that is used to build awareness, recognition, recall, and action for a brand, business, product, person, or other entity" (p. 10). According to Tuten and Solomon (2013), social media marketing is the adoption of social media platforms to influence consumer behavior. Firms adopt social media marketing to achieve their marketing objective, which is to generate value for the customer, by integrating social media marketing with other marketing communication tools (Dahnil et al., 2014). However, research suggests that firms that can successfully implement social marketing to create the superior performance need to possess resources and capabilities to support the operation (Trainor et al., 2014). Theoretically, the contribution of firm resources and capabilities can be explained by the resource-based view (RBV) of a firm as proposed by Barney (1991).

RBV predicts that the ability of firms to outperform competitors depends not only on the possession of superior resources that are difficult for other firms to develop but also on their need to have the ability to transform those resources into capabilities (Barney, 1991). Capability can be defined as a firm's ability to deploy resources to achieve the firm's objectives (Dutta et al., 1999). Especially in the area of marketing, studies showed that firms with a strong marketing capability can effectively mobilize their resources to create appropriate strategies and to implement their strategies to gain a competitive advantage (Day, 1994). Prior evidence also showed that firms equipped with superior marketing capabilities tended to achieve a higher performance than firms that did not (Chang et al., 2010; Nath et al., 2010). Although there are various frameworks of marketing capability in literature, this research adopt the marketing capabilities framework of Day (1994).

This framework is regarded as a comprehensive framework of marketing capabilities that has been widely adopted by many researches (Chahal & Kaur, 2014). Specifically, the outside-in capabilities and inside-out capabilities of the framework are selected and used to apply to social media marketing activities.

2.2 Outside-In Capabilities

Outside-in capabilities are capabilities of firms that enable them to understand market requirements better than their competitors. They also help firms build good relationships with customers and channel members (Day, 1994). Outside-in capabilities also facilitate proper implementation and reaction to changing market conditions, which help firms to meet customer expectation and achieve a better performance (Chahal & Kaur, 2014). These capabilities can be classified into three types: (i) market-sensing capability, (ii) customer-linking capability, and (iii) channel-bonding capability (Day, 1994; Mu, 2015).

(i) Market-Sensing Capability

Market-sensing capability refers to a firm's ability to acquire and disseminate customers, competitors and market information and utilize market knowledge to forecast and monitor market changes (Day, 1994). Market-sensing capability in social media marketing represents a firm's ability to perform these tasks (Quesenberry, 2016). For example, firms can utilize Facebook by creating their own page and encourage Facebook users to "Like" their page so that firms can access users' information. This allows marketers to obtain basic customer information from their profile page (Sasatanun & Charoensukmongkol, 2016). At the same time, marketers can spot market trends from Facebook because when people click "Like" on company page, it allows marketers to monitor online conversations that people share with their friends and to understand consumers' opinions about the firm or the firm's activities (Schweidel & Moe, 2014). Furthermore, competitors' information can be accessed through Facebook and Instagram channels when the marketer likes or follows their competitors' Facebook page or Instagram. This allows marketers access to information of their competitors' movements, such as new products and marketing activities. *

(ii) Customer-Linking Capability

Customer-linking capability represents the ability of firms to both identify customer needs and build and maintain customer relationships (Day, 1994). From this perspective, this study views customer-linking capability in a social media marketing context as a firm's ability to identify customer needs by connecting and interacting with customers, as well as their ability to create and to strengthen customer relationships by using social media platforms. As social media has distinct functions that allow users to generate the content and to communicate and share information among their online network, it increases opportunities of interaction between customers and businesses, enables customer participation, and provides customer support through social networks (Pentina & Koh, 2012). For example, firms can create an official social media page that allows customers to give feedback through comments, which allows firms to learn more about customer needs and preferences (Trainor et al., 2014).

(iii) Channel-Bonding Capability

Channel-bonding capability represents a firm's ability to connect and leverage a firm's resources and capabilities with partners or channel members, such as suppliers and distributors (Day, 1994). From this definition, channel-bonding capability in social media marketing represents the ability of a firm to use social media as a tool to interact and communicate in order to build relationships with channel members. Today, the emergence of social media technology allows firms to easily interact, communicate, build trust, and strengthen relationships with their channel members at a lower cost (Michaelidou et al., 2011). Suppliers can also utilize social media platforms to create more interpersonal

connections with retailers (Sasatanun & Charoensukmongkol, 2016). They can share information such as company profiles, events, incentives, and promotions with channel members through various social media platforms.

2.3 Inside-Out capabilities

Inside-out capabilities focus on the roles of internal resources that involve different functional activities within an organization. According to Trainor et al. (2011), inside-out capabilities can be developed by integrating three organizational resources consisting of IT resources, business resources, and human resources. Inside-out capabilities also include activities such as production and transformation, logistics, cost control, financial and human resources management, and technological development (Chahal & Kaur, 2014; Day, 1994; Hooley et al., 2005; Santos-Vijande et al., 2012). Based on the conceptualization of Day (1994), this study focuses on two aspects of inside-out capabilities that are related to social media marketing: (i) technology development capability and (ii) employee development capability.

(i) Technology Development Capability

Technology development capability refers to the firm's ability to develop new technology to respond to the rapid change of the technological and competitive environment (Song et al., 2005). In this study, technology development capability in a social media context presents a firm's ability to make effective utilization of technical skills and knowledge to develop and improve existing social media related-technologies as well as to generate new technical skills and knowledge to respond to the rapidly changing technological and competitive business environment. In this regard, it is important for companies to effectively use and develop social analytical technology to collect, store and analyze the large amount of data obtained from social media channels (Chen, Chiang, & Storey, 2012; Dinter & Lorenz, 2012). In this sense, the firms that possess the ability to develop and improve social media technology and effectively utilize this technology to evaluate customer insights are likely to achieve a superior business performance (Choudhury & Harrigan, 2014; Greenberg, 2010; Woodcock et al., 2011).

(ii) Employee Development Capability

Trainor et al. (2011) view human resources as an essential element of e-marketing capability that positively influences firm performance. This capability includes providing employees with training, increasing employee motivation through rewards, and encouraging employees to make decisions on their jobs (Orr et al., 2011). In social media marketing, employee development capability can be built by offering regular training to employees about social media marketing tools and market trend in order to enhance their social media marketing skills. In addition, employees can be motivated and be empowered to make decisions on social media marketing tasks. Furthermore, management can provide employees with regular performance feedback and appropriately provide rewards for employees' achievements.

3. Hypothesis Development

Grounded in RBV, this research proposes that all aspects of outside-in capabilities related to social media can show a positive association with social media business performance. Firstly, firms with a high level of *market-sensing capability* are able to effectively utilize social media applications to acquire and disseminate customer, competitor, and market information, as well as to spot market opportunities by using the information obtained from customers' online conversations and feedback via social media channels (Castronovo & Huang, 2012; Trainor et al., 2014). Consequently, these firms can easily access customers, competitors, and market information, which allow them to learn more about their customers and competitors

as well as market trends (Slater & Narver, 2000). Secondly, *customer-linking capability* facilitates strong relationship development and maintains relationships between firms and customers (Hooley et al., 2005). Firms that effectively and appropriately use social media platforms to identify customer needs, and also interact with their customers in order to build and maintain relationships are likely to have better performance (Sasatanun & Charoensukmongkol, 2016; Kevin J Trainor et al., 2014). Thirdly, *channel-bonding capability* represents the ability of firms to connect and leverage resources and capabilities with their channel members (Mu, 2015). Thus, firms that can use social media platforms appropriately can strengthen relationships and build strong trust with channel members (Swani et al., 2014). This might lead to a high level of coordination among channel members and, subsequently, benefit firm performance. Therefore, we can hypothesize that:

H1: *Market-sensing capability positively associates with social media business performance.*

H2: *Customer-linking capability positively associates with social media business performance.*

H3: *Channel-bonding capability positively associates with social media business performance.*

This research proposes that two aspects of inside-out capabilities which firms develop can also relate positively with social media business performance. First, regarding *technology development capability*, prior research suggests that technology allows firms to interact and connect with customers effectively, which can lead to customer satisfaction and relationship development (Jayachandran et al., 2005). Thus, firms with the ability to identify and utilize new social media technologies that is capable of supporting business processes can interact and build good relationships with customers, which, in turn, can ultimately benefit firm performance (Trainor et al., 2011). Lastly, *employee development capability* can also support the social media performance of firms. This is because when employees have high levels of social media technology skills and competencies, they tend to be more effective in implementing marketing activities through social media which creates favorable customer experiences and helps firms increase performance. Therefore, the following hypotheses can be formed.

H4: *Technology development capability positively associates with social media business performance.*

H5: *Employee development capability positively associates with social media business performance.*

4. Methodology

Sample Selection and Data Collection Method

To date, there is no official list of the firms in Thailand that sell through social media. Therefore, convenience sampling was used for the sample selection. Data were collected from a group of entrepreneurs who participated in seminars and training programs organized by the Ministry of Commerce in various locations in Thailand. The study used self-administered questionnaire surveys to collect data. To confirm that they were qualified as a valid sample, entrepreneurs were asked, prior to the questionnaire distribution, whether their business sold products through any social media channel (e.g. Facebook, Instagram). A total of 697 entrepreneurs met this criterion and questionnaires were distributed to them in person. They were asked to fill in it at their convenience and return it back to the researcher in person. In the end, the researcher received a total of 364 usable questionnaires, which was a 52.22 percent response rate.

Table 1: Characteristics of Samples

Variables	Descriptive statistics
Firm Age (years)	Mean: 11.14 S.D.: 13.79
Firm Size (number of full-time employees)	Mean: 95.96 S.D.: 423.42
Social media marketing experience in business (years)	Mean: 3.03 S.D.: 2.39
Business Sectors	Manufacturing: 78 (21.4%) Service: 104 (28.6 %) Wholesales: 47 (12.9 %) Retail: 118 (32.4 %) Restaurant: 5 (1.4 %) Real-estate: 3 (0.8 %) Other: 9 (2.5 %)
Presence of Physical Store	Yes: 188 (52 %) No: 168 (46 %) Missing: 8 (2%)

Measurements

Since, to date there is no scale available in the relevant literature to measure social media marketing capability, the measures of each aspect of social media marketing capability have been developed based on existing marketing capabilities scales. The question statements were modified to make them relate to social media marketing activities.

- *Market-sensing capability* was measured by using the scale adapted from Fang et al. (2014); the scale consists of three items.
- *Customer-linking capability* was also measured by using the scale adapted from Fang et al. (2014); the scale consists of four items.
- *Channel bonding capability* was measured by using the scale adapted from Mu (2015); the scale consists of five items.
- *Technology development capability* construct was measured by using the scale adapted from Zhou and Wu (2010); the scale consists of three items.
- *Employee development capability* was measured by using the scale adapted from Orr et al. (2011); the scale consists of five items.

All items were rated on a five-point Likert scales ranging from 1 (*Strongly Disagree*) to 5 (*Strongly Agree*). All questions were content validated by social media marketing experts who had experience with social media marketing. A pilot test was then conducted with a small group of entrepreneurs to make sure that the question statements were clear to the respondents. An exploratory factor analysis (EFA) and the Varimax orthogonal method were used with the final data. *Social media business performance* was measured subjectively. Prior research suggests that a subjective measurement of firm performance can be used instead of objective measurement when data are collected from emerging countries where businesses tend to be unwilling to disclose objective performance (Peng, 2000).

Prior research also provides evidence about a high correlation between subjective and objective measures of performance (Brouters et al., 2009). The scale for social media business performance developed by Sasatanun and Charoensukmongkol (2016) was selected. The respondents were asked to indicate to what extent they are satisfied with five aspects of performance from social media business including: (1) sales volume, (2) sales growth, (3) profit, (4) profit growth, and (5) return on investment. All items were rated on five-point Likert scales ranging from 1 (very dissatisfied) to 5 (very satisfied). The quality of internal consistency was satisfactory ($\alpha=.954$)

Control Variables

The characteristics of firms that might affect firm performance were put as control variables in the data analysis. These characteristics are *firm size*, *firm age*, *social media marketing experience*, and *presence of physical store*. *Firm size* was measured by the number of full-time employees. *Firm age* was measured by the number of years that a firm has been established. *Social media marketing experience* was measured by the number of years that a firm has been doing business through social media. Lastly, *presence of physical store* was measured as a dummy variable, whereby firms that have a physical store were coded 1.

Statistical Analysis Method

Partial Least Squares Structural Equation Modeling (PLS-SEM) was used to analyze data. First, PLS requires a smaller sample size than other SEM techniques (Chin, 1998). Secondly, PLS requires fewer statistical specifications than the covariance-based strategy, since it does not require normally distributed data (Chin, 1998). Because the results from a normality test showed that many variables in the model were not normally distributed, PLS was considered as an appropriate method for this research.

5. Results

The results listed in Table 2 show that all question items loaded correctly into their underlying factors and also exhibited a satisfactory level of internal consistency.

Table 2: Results from Exploratory Factor Analysis

Items	Technology development capability	HR development capability	Channel bonding capability	Customer-linking capability	Market-sensing capability
We can discover competitors' strategies and tactics by using social media.	.231	.113	.101	.136	.704
We can learn about the macro-market environment by using social media.	.242	.123	.105	.124	.814
We can identify and understand market trends by using social media.	.168	.187	.193	.100	.795
We learn about customer needs and requirements by using social media.	.150	.033	.178	.262	.737
We are good at maintaining and enhancing relationships with customers by using social media.	.168	.118	.146	.788	.126
We have a strong relationship with key target customers by using social media.	.118	.167	.181	.786	.167
We are good at using social media to understanding what customer's need and require.	.216	.093	.197	.740	.228
We are good at establishing relationships with customers by using social media platforms.	.271	.081	.207	.769	.112
We routinely provide employees with opportunities for training in social media marketing-related area.	.169	.827	.062	.093	.121
We systematically provide employees with regular feedback about their social media marketing performance.	.194	.868	.087	.093	.104
We provide regular opportunities for developing employee skills to perform social media marketing tasks.	.161	.800	.062	.141	.135

We regularly reward on social media marketing performance as a means of increasing employee motivation.	.159	.797	.230	.074	.076
We regularly empowering employees to make decisions about their social media marketing tasks.	.158	.739	.194	.081	.052
% of Variance explained	38.661	10.101	8.395	6.968	6.202
Eigenvalues	9.272	2.424	2.015	1.672	1.489
Cronbach's alpha	0.844	0.866	0.864	0.908	0.896

All the latent-variable scales were checked for validity and reliability. The convergence validity was assessed using factor loadings and the factor loadings of all the variables were found to be higher than the minimum requirement of .5. The discriminant validity was assessed by seeing whether the square root of the average variance extracted (AVE) was greater than correlations between the constructs (Fornell & Larcker, 1981). The results shown in Table 3 indicate that the variables met this requirement. The construct reliability was assessed using Cronbach's alpha coefficient. The results show that all of the variables exceed the minimum requirement of .7 (Nunnally, 1978). Lastly, the multicollinearity was determined using the full variance inflation factor (VIF) statistics. Petter, Straub, and Rai (2007) recommend that the full VIF should be lower than 3.3. The findings in this study research passed this requirement.

Table 3: Correlations among Variables and Convergent Validity

Variables	MSC	CLC	CBC	TDC	HRDC	SMBP	AGE	SIZE	SBE	PS
MSC	(.831)	.461**	.415**	.474**	.325**	.192**	.068	.107	.038	.105
CLC		(.846)	.496**	.487**	.334**	.213**	.046	.105	.084	.079
CBC			(.809)	.482**	.38**	.222**	-.042	.092	-.011	.046
TDC				(.846)	.458**	.299**	-.031	.093	.027	.023
HRDC					(.846)	.358**	-.075	.118*	.028	.064
SMBP						(.898)	.174**	-.026	.033	.069
AGE							(1)	.342**	.369**	.245**
SIZE								(1)	.187**	.08
SBE									(1)	.166**
PS										(1)

Notes: * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$;

The average variances extracted from the latent variables are shown in parentheses.

MSC=market-sensing capability; CLC=customer-linking capability; CBC=channel bonding capability; TDC=technology development capability; HRDC=human resource development capability; SMBP=social media business performance; AGE=firm age, SIZE=firm size; SBE=social media business experience; PS=presence of physical store.

Table 4 shows the results from the PLS-SEM analysis. Standardized path coefficients and p-values are reported. First, each aspect of the marketing capabilities was analyzed separately (as shown in Models 1-5) to examine their contribution independent of each other. Then, all five aspects of the marketing capabilities were included together (as shown in Model 6) to examine which aspects of the marketing capabilities exert stronger influences when compared to one another. The results from Model 6 were used for hypothesis testing.

Table 4: Results from PLS Estimation

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
<i>Hypothesis Variables</i>						
Market-sensing capability	.195***	n/a	n/a	n/a	n/a	.024
Customer-linking capability	n/a	.208***	n/a	n/a	n/a	.04
Channel bonding capability	n/a	n/a	.209***	n/a	n/a	.025
Technology development capability	n/a	n/a	n/a	.288***	n/a	.136*
Employee development capability	n/a	n/a	n/a	n/a	.338***	.247***
<i>Control variables</i>						
Firm age	-.251***	-.243***	-.229***	-.223***	-.192***	-.192***
Firm size	.013	.012	.006	-.001	-.022	-.033
Social media business experience	.101*	.087	.102	.091	.085	.082
Presence of physical store	.092*	.097*	.098*	.102*	.082*	.079
R-square	.09	.096	.096	.135	.163	.19

Notes: * $p \leq .05$, ** $p \leq .01$, *** $p \leq .001$;
Standardized coefficients are reported.

The first five columns of Table 4 separately show the results from the estimation that analyzes the relationship between each aspect of the marketing capabilities and social media business performance. The results support a positive contribution of market-sensing capability ($\beta=.195$; $p<.001$), customer-linking capability ($\beta=.208$; $p<.001$), channel-bonding capability ($\beta=.209$; $p<.001$), technology development capability ($\beta=.288$; $p<.001$), employee development capability ($\beta=.338$; $p<.001$); all of which were statistically significant. The last column of Table 4 lists the results incorporating all five aspects of the marketing capabilities in the estimation. Only the contribution of technology development capability ($\beta=.136$; $p<.001$) and employee development capability ($\beta=.247$; $p=.021$) are positive and statistically significant. Thus, it can be concluded that only hypothesis 4 and hypothesis 5 are significantly supported.

6. Discussion and Conclusion

The objective of this research is to study the contribution that marketing capabilities make to the social media business performance of Thai firms that sell via social media channels. The conceptualization of marketing capabilities was initially developed based on Day's (1994) outside-in and inside-out marketing capabilities framework. Marketing capabilities were classified into five aspects: market-sensing capability, customer-linking capability, channel-bonding capability, technology development capability, and employee development capability. The measurement scales of these aspects of marketing capabilities were then developed and also proven to have good psychometric properties.

Regarding the contribution of marketing capabilities, the results from the PLS regressions show that all five aspects of the marketing capabilities have a positive and significant association with social media business performance when analyzed separately. These results suggest that firms that demonstrate more satisfactory social media business performance tend to exhibit each of these five marketing capabilities. However, when all of these five aspects of marketing capabilities were included together in the analysis, only technology development capability and employee development capability were the aspects of marketing capabilities that still significantly explained social media business performance.

This suggests that among all five aspects of the marketing capabilities, these two aspects seemed to exert a stronger impact on social media business performance than the other aspects of the marketing capabilities did. In general, the results regarding the contribution of marketing capabilities were consistent with RBV theory, which highlights the importance of firm-specific capabilities and the critical role they play in helping organizations utilize resources to build competitive strength (Barney, 1991). In particular, it can be concluded that the ability of firms to develop marketing capabilities for social media businesses may help them create competitive strengths and allow them to achieve a more satisfactory performance than other firms.

The results were also in line with prior research which supported the contribution of marketing capabilities to the performance of a firm (Chang et al., 2010; Nath et al., 2010). Moreover, they were consistent with the study of Sasatanun and Charoensukmongkol (2016) which suggested that firms cannot achieve better performance just by the use of social media to sell products, unless they are able to incorporate social media business applications with the firm's strategy. However, there are some limitations that need to be discussed. Firstly, the data were collected from a small number of business owners who participated in trainings and seminars, which may not be a precise representation of the population of firms in the country. Secondly, using a self-report measurement of firm performance could possibly make the data susceptible to subjective bias. Thirdly, because cross-sectional data were used for data analysis, the results could only be interpreted in terms of association rather than causation.

The findings from this study provide a significant contribution to prior research in the field of social media business. In particular, the conceptualization and measurements of social media marketing capabilities based on Day's marketing capabilities framework provide additional insight regarding the means by which social media can be incorporated into the marketing strategies of firms that allow them to achieve a better performance in social media business. Moreover, future research may use the scales developed in this research to extend the study by examining the role of marketing capabilities related to social media business in other groups of samples. As managerial implications, the results from this research provide some useful suggestions for companies that sell through social media channels.

Today, an increasing number of companies have begun to use social media platforms to sell their products. This has made competition more intense than ever before. If firms cannot provide buyers with a favorable buying experience that is different from other sellers, it might be difficult for them to attain superior performance in this business. Therefore, it is vital for firms to identify some sources of competitive advantage which can help them compete more effectively. In particular, companies need to learn to implement social media marketing strategies to differentiate themselves from other competitors. Based on the main findings of this study, companies might need to develop marketing competencies, particularly in the areas of technology utilization and staff training which are the areas that are most relevant to social media business performance.

First, regarding the role of technology utilization capability, it can be concluded that just using social media as a channel to sell a product is not enough. It is therefore critical for firms to have an in-depth understanding about how social media technology can be applied to enhance marketing strength. For example, they will need to learn how to effectively use and develop social analytical technology to collect, store and analyze the large amount of data obtained from social media channels in order to guide their marketing decisions.

Secondly, regarding the role of employee development capability, companies will need to provide employees with training about social media marketing in order to increase their ability to handle marketing activities in the most effective and efficient way. Companies also need to motivate employees to take part in social media marketing implementation and reward them appropriately for their achievements. As employees are the persons who take key responsibilities in handing the operational tasks of the firm, having a competent and knowledgeable workforce to implement social media marketing can potentially enhance the ability of firms to be successful in social media business.

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