

## Modeling and Adoption of Social Media Marketing in Small and Medium Firms in North-Eastern Bosnia and Herzegovina

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### Abstract

The purpose of this study is to research whether the market in Bosnia, with the focus on north-eastern Bosnia and Herzegovina region, poses enough capacity, and whether social media marketing could be adopted as an efficient way of advertising and promoting goods. It is obvious that Bosnia and Herzegovina is one of the poorest countries in Europe, and firms in the country believe in traditional marketing. There is a small percentage of firms that is rising by year, that are trying to develop an efficient way of promoting their goods by social networks and a small percentage that are getting into touch with social media marketing for the first time in any possible way. Researcher chooses survey method to be the main research tool. Model which will be used for adoption will be consisted of 5 stages: awareness, interest, evaluation, trial, and adoption (or rejection). Researcher found that brand awareness, website traffic, customer satisfaction, positioning a brand, and youth population, as a variable for research, all play roles in the adoption process of social media. At the end through the theoretical framework and results gained, study will help to identify which organization will or can adopt social media marketing as an improved way of their company.

**Keywords:** Bosnia and Herzegovina, Social media, Adoption, Model, Company

### Introduction

*Have you had a good conversation lately? What do you remember about it? Who you enjoy having conversation with?*

Conversations require people, and the purpose of social media is to empower and enable conversations digitally (Chris Brogan, 2010). Considering the recent recession, firms tried to develop a new cost-effective marketing strategy. Strategy was all about social media, phenomena with remarkable advantages in business area. Social media refers to online communities that are participatory, conversational, and fluid. These communities enable members to produce, publish, control, critique, rank, and interact with online content (Tracy L. Tuten, 2008). Social media marketing offers the one largest chance for entrepreneurs, small businesses, medium companies, and large corporations to build their

brands and their businesses. The “social” in “Social Web” implies more than technology, more than the networks where people post photos and review books: It’s less about the “what” and more about “how, why, and among whom” that distinguishes the Social Web from earlier, transactional online technologies (Dave Evans & Jake McKee, 2010)

Due to its particularly cost-reducing affects, it’s considered that it has become the most preferred marketing driver among business environment under economic turmoil. For this reason, firms have preferred to employ social media as the best way to reach their customers after the global recession, as the recent economic crisis. Researches about the issue also show that both small and big firms have allocated more resources to social media (A. Kazım Kırtış, Filiz Karahan, 2011). Pandemic of the social media and networks based on Web 2.0 didn’t miss the Western Balkans, or the countries in transition, primarily Bosnia and Herzegovina, which, considering the population, can boast that every third inhabitant is registered on the planetary popular Facebook. YouTube, MySpace, Twitter, Hi5 and others social networks (media) also have their supporters, and it is not unusual that one person has more profiles (accounts) on several social media at the same time (Sejn Husejnfendic, Mirza Mehmedovic, 2011).

At the beginning of this study, relevant literatures including articles, books and internet were reviewed. Based on that literature review, researcher developed a model of five stages including awareness, interest, evaluation, trial and adoption (or rejection). Those stages will be tested through results from survey. Survey is consisted of three parts: identification of the social media use in northeastern BiH, perceptions of the employees on the effect of social media and the demographics part. It is consisted of 18 questions. Part two consist from 5 questions that include variables chosen in the research for final outcome and possible adoption of social media. Those variables are already mentioned in abstract section, brand awareness, brand positioning, customer satisfaction, and website traffic and youth population effect. Finally, data analysis will be provided based on research framework, then findings and conclusions at the end.

## Literature Review

Ultimately, everything social media enables is a new form of word of mouth. And word of mouth trumps most other forms of communication in influence on many purchased decisions and opinions. For brands, social media is an imperative way to embrace, in any way they can, the power of word of mouth (John H. Bell, 2009). A major dilemma in the use of social media is where to position it in the organization. Does it belong to marketing? Customer service? Or is this a strategic issue? Most models for implementation of social media are step by step models. Forrester research has developed method to carefully setup social media in an organization. Forrester (POST) model is four-step approach to the social strategy which represents people, objectives, strategy and technology. It’s time to stop doing social because it’s cool. It’s time to start doing it because it’s effective (Josh Bernoff, 2007). How can organizations develop effective, rather than just ‘shiny’, social media ideas? In response to the demands of planning and evaluating social media campaigns Leo Ryan developed a framework for managing this. KUDOS is the acronym that represents knowledgeable, useful, desirable, open, and sharable. Lon Safko and David Brake (2009) describe the (ACCESS) model in their book *The Social Media Bible – tactics, strategies and tools for business success*. The model can be described as a guideline for setting up and implementing a Social Media Strategy. The mnemonic ACCESS

stands for Audience, Concept, Competition, Execution, Social Media and Sales Viability. OASIS framework is also one more interesting, which stands for define your objectives, know your audience, develop a strategy, plan the implementation and think about sustainability (Patrick Mason, 2008). In discussions about new media, you will often hear the division of media opportunities as Paid, Owned, and Earned media (P.O.E.M.). Brian Solis (2011) studied the various categorization of media from a few perspectives, 1) that of traditional content creation, owners, budgets, and metrics, 2) how social networks cater to consumption and sharing, 3) how progressive businesses are approaching content strategies in social media and how they're rethinking departments, intentions, metrics and budgets, and 4) also how media opportunities are packaged and sold by each network and who's buying them and why. He found that media is not limited into three groups, but instead categorized into five key segments: Paid, Promoted, Owned, Shared and Earned.

For this study, the framework for exploring firm's acceptance of the social media is the Adoption Process. It is often assumed that the consumer or in this case firm or organization moves through five stages in arriving at a decision to purchase or reject a proposal. Those five stages are awareness, interest, evaluation, trial and adoption (or rejection). Researcher reviewed all frameworks and benefit from them. Yet, he used 5 different variables which could possibly give a final step answer for the northeastern firm's usage of social media marketing. Variables are respectively Brand Awareness, Brand Positioning, Customer Satisfaction, Website Traffic and Youth Population.

## **Research Method**

Researcher will use survey method to explore adoption of social media marketing in northeastern Bosnia and Herzegovina. Survey method is chosen because of novelty of social media marketing in firms, in Bosnia and Herzegovina. Purpose of the study is to get some insights about usage of social media in firms, and to find out employees' basic perceptions about use of social media in this specific region.

Survey is consisted of three parts, 1) identification of the social media use in northeastern BiH, 2) perceptions of the employees on the effect of social media (brand awareness, brand positioning, customer satisfaction, website traffic and youth population), 3) demographics and company specific questions. Survey has 18 questions, 10 of them are open-ended questions, 3 of them are multiple choice questions, and 5 of them are closed questions, formed upon Likert scale with endpoints 1-strongly disagree to 5-strongly agree. Survey is distributed personally by the researcher, to the employees of these several firms in the northeastern BiH region. Survey is anonymous. Sample collected are 206 correct answered surveys.

After data is collected, it is entered into the SPSS (software package used for statistical analysis) and analyzed.

## **General Findings**

This section will provide statistical overview in the terms of usage of social media, type of benefits from social media, perceptions of the employees on the social media usage and the demographics part in percentage. The survey participants at the beginning are asked two logical

questions, whether their firm uses social media, and whether they personally use social media. From the sample of 206 employees from different firms across northeastern region of Bosnia and Herzegovina, when they are asked: "Does your firm use social media?", 64.1% of the participants answered positive and 35.9% answered negative. And when they are asked: "Do you personally use social media?", 74.8% answered positively and just 25.2% answered with negative outcome.

When those participants with positive answer on the question whether their firm uses social media, needed to answer on the two more questions: "How long does your company use social media?", 45.5% answered that their firm using social media for one or less than one year. 49.2% answered that their firm using social media about two years, and just 5.3% answered that their firm using social media for about three years. Second question was: "Approximately, how much hours does employee spend using social media in one week?", and the participants answered by following ratio, 36.4% answered their employees using 0-5 hours social media, 49.2% answered their employees using 5-10 hours, and 14.4% answered for 10-20 hours usage of social media for their employees.

One of the most important question of the survey for those employees whose firm using social media was: "Did your firm had benefits from social media", and the ratio was, 27.3% answered that their firm had significant benefit from social media, 67.4% answered their firm had benefit and only 5.3% answered their firm did not have benefit from social media. Results show that employees agree firms could have further benefit, but they are quite unsure about significant improvement in marketing by help of social media.

Goal of the part two of the survey was to identify employee's perceptions about 5 variables mentioned before in the research method section. "Using social media through social networks has significantly improved brand awareness", 60.7% participants answered they agree with the statement, 14.6% answered by strongly agree, 19.9% was not sure about it and only 4.9% disagree with the statement. "Use of social media gives an advantage in positioning brand on market over the competitors", 27.2% participants strongly agree, 47.6% agree with the statement, 20.9% was unsure, and only 4.4% participants disagree with the statement. "Use of social media allows firm to listen customers more frequently", 49.0% participants agree with the statement, just 3.9% have answered strongly agree, 37.9% are unsure about the statement, and 9.2% participants disagree with the statement. "Using social media through social networks, blogs, youtube and other social networks increases website traffic", 47.6% participants agree with the statement, and just 4.4% of the employees strongly agreed, 34.5% was unsure, 13.1% of the participants disagree and 0.5% did answer as strongly disagree. "Youth population using social media through social networks could freely talk about their ideas, with using their pure youth creativity and in that way help firm in achieving and approaching new ideas", 50% of the participants did agree about the statement, just 3.4% participants strongly agree, 29.1% of the participants were unsure about the statement, and 16.5% did answer with disagree on the statement, 1% of the participants answered strongly disagree.

When we take a summary from part two of survey, in general employees agree that social media improve brand awareness and brand positioning over the competitors, but when it comes to customer satisfaction, website traffic and youth population effect, specific in-survey question, employees have different opinions. About 50% agree or strongly agree it has benefits on these

three variables, but again there is lot of employees that are not sure about efficient benefit from social media based on those three variables.

Part three gives us demographics and company specific questions. 61.7% of the participants were male and 38.3% were female employees. When it comes to age structure, the most common age group was 26-33 with 32.5% of the employees, then 34-40 with 28.2%, then 41-50 with 14.6%, and then respectively 50+ with 12.6% and youngest age group of the employees 18-25 had 12.1%. Education part provide following results, Employees with the finished High School was the most common to answer survey with 56.3%, then College group with 40.3%, and then respectively Phd with 1.5%, Master and Elementary with 1% of the participants. Type of business section had following results, the most surveyed employees work at the wholesaler or retailers with 38.3%, then by the descending percentage go to tourism 15.5%, "Other" than 6 business offered in the survey with 17.0%, construction 12.1%, catering 8.3%, agriculture 4.9% and health and social work 3.9%. And the last question was annual turnover of the firm; results are following, 500.000-1.000.000KM 38.3%, 100.000-500.000KM 34.5%, 13.1% 3.000.000+KM, 1.000.000-3.000.000KM 12.1% and 0-100.000KM with 1.9%.

In the conclusion part researcher will use the results from survey to test the 5 stages of adoption process.

## **Conclusions**

The purpose of this study was to identify use of social media and the perceptions of the employees in the firms of northeastern BiH region on the effect of social media. However, the sample of the surveyed employees is rather small to represent huge factor in adoption process, but it will provide some useful insights for further research.

Depending on the results from survey, 64.1% of the firms use social media in one way or another and the 74.8% of the employees personally use social media, which represent every third participants use social media. First stage of adoption process, awareness represents whether firms are aware of the social media effect on the modern world. Our results show that firms are using social media about 49.2% for 10-20 hours a week and 36.4% for 0-5 hours a week. Adding to that, employees perceived social media which represents huge factor in identifying brand awareness. According to those results, first stage awareness is obviously represented in the firms of this certain region.

Interest stage according to the results from survey is increasing and becoming more adopted. Results show that three years ago only 5.3% of the firms used social media, and then next year additional 49.2% of the firms started using social media. In the last year, another 45.5% added social media to their firms as a way of marketing.

Awareness and interest stage provide platform for evaluation stage which could immediately take us to the end of the process by rejection, depending on the results. In this study that was not the case. Evaluation stage is more complex than the first two described. When participants of the survey were asked whether their firms benefit from social media, the answer was very positive, and 27.3% had opinion that their company benefits significantly, and other 67.4% answered their firm did have benefit. According to those results evaluation stage is positively related to the

adoption process.

When it comes to trial stage, once again it needs to be evaluated before the final stage of adoption. According to the findings from survey, most of the firms are getting in touch with the social media in the last two years. So they are yet to fully adopt it. We can approve those 84.7% firms surveyed, which started using social media through last two years, as a trial stage all long. When participants are asked: "for what purposes does your firm use social media", the most of the answers were for promoting firm. Then thoughts are combined in customer care, networking and creating company name but in much less ratio than is answer for promoting the firm. Several firms answered their purposes for use of social media is employing the workers. Summing up the findings, firms that have significant benefit from social media according to all variables contained in the survey could adopt social media marketing as an improved way of marketing.

Employees are very satisfied with the benefits social media approved to their firms, at least those which firms are using social media. When they are asked: "in which way firm had the most benefit", employees were very common about one thing, customers are communicating with the firm more frequently and easier. They were also positive about reducing the cost, and improving overall productivity with minimum requirements.

To sum up, employees are very content with the social media effect on their firms. According to the findings on the brand awareness and brand positioning, most of the employees agree social media has positive effect on those variables. Findings on customer satisfaction, website traffic and youth population effect are less positive, but yet enough positive, to approve adoption of the social media marketing to the firms.

All stages are positively related to the use of social media marketing, but yet because of novelty of the study in this region, these findings provide useful insights for future research. Model presented in the study will be further developed and improved in the future study which will apply more than one research techniques for more important results.

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## Appendix A – Survey Questions

Perceptions of the Employees on the Social Media Effect in the Firm in Northeastern BiH

### First Part:

1. Does your firm use social media?  
-Yes      -No
2. Do you personally use social media?  
-Yes      -No
3. Which types of social media does your firm use?  
-Facebook -Twitter      -Linkedin      -Youtube      -Skype -Google+      Other
4. How long does your company use social media? (numbers represent years)  
-1 2      3      4      5+
5. Approximately, how much hours do employees spend using social media?  
0-5      5-10      10-20      20-30      30+
6. For what purposes does your firm use social media?  
-Promoting firm      -Creating firm name      -Networking      -Employment      -Customer care

-Other

7. Did your firm have benefits from social media?

-It had significant benefit -It had benefit -Didn't have benefit -It had negative effect

8. In what way did your firm have the most benefits?

-Customers easily communicate with the firm -Improved overall productivity  
-Reduced costs -Increased website traffic -Improved reputation of the firm

## Second Part

9. Using social media through social networks has significantly improved brand awareness of the firm

-Strongly disagree -Disagree -Not sure -Agree -Strongly agree

10. Use of social media gives an advantage in positioning brand on the market over the competitors

-Strongly disagree -Disagree -Not sure -Agree -Strongly agree

11. Use of social media allows firms to listen to customers more frequently

-Strongly disagree -Disagree -Not sure -Agree -Strongly agree

12. Using social media through social networks, blogs, YouTube increases website traffic

-Strongly disagree -Disagree -Not sure -Agree -Strongly agree

13. Youth population using social media through social networks, could freely talk about their ideas with their pure youth creativity and in that way help firm in achieving ideas

-Strongly disagree -Disagree -Not sure -Agree -Strongly agree

## Third Part

14. Gender

-Male -Female

15. Age

18-25 26-33 34-40 41-50 50+

16. Education

-Elementary -High School -College -Master-Phd

17. Type of Business

-Wholesalers and retailers -Construction -Agriculture -Catering -Tourism -

Health

and social work -Other

18. Annual turnover of the firm

0-100.000KM 100.000-500.000KM 500.000-1.000.000KM 1.000.000-3.000.000KM  
3.000.000+KM