

Research on Social Media Marketing Strategies of Chinese Small and Medium-sized Enterprises in the Post-epidemic Era

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Abstract. This paper investigated how social media marketing strategies may help SMEs in China recover in the post-epidemic era. SMEs are crucial to the economics of China since their development can affect GDP growth. In this paper, a survey and case study are used. It has been found that social media marketing can not only help SMEs to recover in the short-run but also bring long-term benefits to them and help build a steadier relationship between the firms and the customers. However, it also has drawbacks, such as the uncontrollability and unpredictability of markets and barriers to entry. To solve the problems, it is suggested to establish relevant supervision departments and rules, and relevant training programs can also be offered to SMEs. From the microeconomics perspective, this study can provide an idea to all the firms about how to adapt to the current market and use the most suitable marketing strategies at the moment. This paper also helps achieve economic growth and a low unemployment rate from the macroeconomics side.

Keywords: social media; Marketing Strategies; Enterprises; Post-epidemic Era.

1. Introduction

1.1 Research background

1.1.1 Current Situation SMEs Are Facing

Small and medium-sized enterprises in China are mainly distributed in the tertiary industry [1]. The crisis they are facing during the epidemic includes (1) the sudden Stop Work Order decrease productivity and increases the cost of production, including the wages of workers who do not produce and the rent. (2) The loss of customers. In terms of retailers and wholesalers, it prevents them from emptying the stocks and leads to the accumulation of goods. Thus, they cannot gain economic effect. For the service business, the loss of customers directly leads to the inability of enterprises to operate. (3) Declining corporate credit. The debt risks increase, and some firms even need to pay breach of contract damages, directly impacting the capital chains [2]. Therefore, during the post-epidemic era, the biggest problems they suffer from are the difficulties when expanding the customer bases and constructing the capital chain.

1.1.2 Own Drawbacks of SMEs

From the microeconomics perspective, there are many problems with small and medium-sized enterprises themselves. (1) Financing difficulty. The breakage of the capital chain may happen anytime, for banks would not risk lending to them. (2) Lack of innovation capability. Most small and medium-sized enterprises do not have this awareness. Thus, they are easy to be substituted and lack pricing power when first entering the market. Thus, the long-term and fundamental solution is to enhance the innovation capacity of enterprises after hitting by the epidemic. However, this requires bringing in innovative talents and huge money. Theoretically, SMEs can access money in two ways: Borrowing from banks and customer spending. However, due to chronic loss, banks probably do not easily lend to them. It is easier to gain from customers. By expanding their customer base, the firms can gain more, increase their productivity, increase corporate strength, and thus improve lending credit, which more stable capital chain can be acquired. Therefore, in both the short-term and long-term, expanding customer bases and establishing steady relationships with them is the first choice for SMEs.



Fig 1. The Relationships between Firms and Banks as Well As Firms and Customers.

1.1.3 Current Situation of Social Media

In recent years, the development of social media has been very rapid. The use of social media is especially popular among young people, and the customer base of small and medium-sized enterprises is gradually getting younger. Social media has many characteristics: (1) Information can spread widely. (2) Fan's economy indicates that influencers might have great attraction and influence. (3) Big data can recommend the information accurately to the target audience. (4) Low promotion cost. Based on the features above, utilizing social media strategies might be a feasible plan for SMEs to solve the crisis in the post-epidemic era.

1.1.4 Examples of Application of Social Media Marketing Strategies

Combined with the current social media marketing application in China, this paper summarizes some specific marketing methods in table 1.

Table 1. Different Social Media Marketing Strategies with Explanation.

Application of Social Media Marketing Strategies	Explanation
Live-streaming e-commerce	Inviting influencers or celebrities to introduce a product via live streaming, and customers can purchase the product directly through the link posted in the live-streaming room.
Blog marketing	On platforms like Weibo and RED, the firms employ some influencers to comment on the products, in most cases, positive comments.
Short Video marketing	On the platforms like Tik Tok, Bilibili, RED, and Weibo, firms recruit people and shoot videos with attractive story-line to promote products. This strategy is similar to embedded advertising.
WeChat official account marketing	Some firms established them on official accounts, and customers can interact with the firms and acquire information about products via them.

1.1.5 The Significance of SMEs.

Small and medium-sized enterprises play an important role in China's economic development. There is a positive correlation between the growth of small and medium-sized enterprises and the regional GDP growth. At the provincial level, for every 1% increase in the number of small and medium-sized enterprises, operating income, and employees, the GDP of the province will increase by 0.12%, 0.14%, and 0.24%, respectively. At the prefecture-city level, for every 1,000 increases in the number of small and medium-sized enterprises, the GDP of this city will increase by 1.43% [3]. Hence, this paper aims to study the innovative use of social media strategies consistent with the trend to help small and medium-sized enterprises overcome difficulties to promote the recovery of the regional economy and the overall economy in the post-epidemic era.

1.2 Literature Review

Wei and Zhang found that due to the inventory backlog of small and medium-sized enterprises, online live broadcasting has become normal in the advertising and marketing industry [4]. Zhang found that using new media in marketing can strengthen the two-way communication between enterprises and consumers. The enterprises can timely and accurately grasp consumer information and demand, and then sufficient information is brought and help support R&D, production, and marketing. Therefore, helping promote the further development of enterprises and increase the economic benefits of enterprises [5]. Hou starts with consumers' purchasing decisions on social media, analyzes the influence of social media on consumers' purchasing behaviors, analyzes the problems that may occur when enterprises use social media marketing, and puts forward suggestions [6]. Han found that the social media marketing strategies are different from those traditional marketing strategies like 4P, 4R, and 4C but cover the strategies from P to R and R to C [7].

1.3 Research Gap

A literature search found few academic studies on the social media marketing strategies of Chinese small and medium-sized enterprises in the post-epidemic era. Some scholars have studied the social media strategies used by some large businesses. In contrast, there is still a lack of specific research on how SMEs can utilize social media marketing strategies. Especially under the epidemic situation in China, it is almost a blank page.

1.4 Research Framework

Firstly, this study will introduce different social media marketing strategies. Secondly, use the survey and case study methods to analyze the acceptance and feasibility of social media marketing strategies. Thirdly, this paper will make a further discussion and finally conclude.

2. Method

2.1 Survey method

The descriptive survey method involves acquiring primary data by questioning the respondents directly and then analyzing their responses [8]. This paper analyzes customers' multi-dimensional evaluation of social media strategies, judging whether SMEs would be effective when utilizing SMEs to recover operations.

The steps are as follows: Firstly, design the questions in the questionnaire. It would be 7 multiple-choice questions and an open question in total.

2.2 Case Study Method

The case study method is an analysis of a real-world example. Researchers can compare the information collected and the subject studied from the specific case to further analyze the similarities and differences. In this paper, a small representative enterprise, "New Oriental" will be analyzed, which includes how it utilized the social media marketing strategies, what kind of success it achieved, and whether it helped expand the customer base and did help in the recovery of the firm.

The steps are as follows: (1) Analyzing the difficulties "New Oriental" faced during the epidemic and post-epidemic era. This includes the data of the firm's net revenue and net profit. (2) Analyzing the current marketing strategies "New Oriental" are using from "4R theory" perspective. "4R" are "Relevance", "Reaction", "Relationship" and "Reward". 4R emphasized establishing a long-term relationship between firms and customers and achieving a win-win between enterprises and customers [9]. (3) Using feigua.cn to analyze the data from June 5, 2022, to July 5, 2022. And the data range from the growth of fans and commodity sales. (4) A further evaluation.

3. Results

3.1 Results of Survey Method

The visual experience is the focus of enterprise needs to create Fifty-nine valid data were collected in this survey. 10-36 years old people account for about 52.24% of the total number of respondents. 76.67% of respondents watched the live broadcasting before, and 46.47% of people bought products during watching.

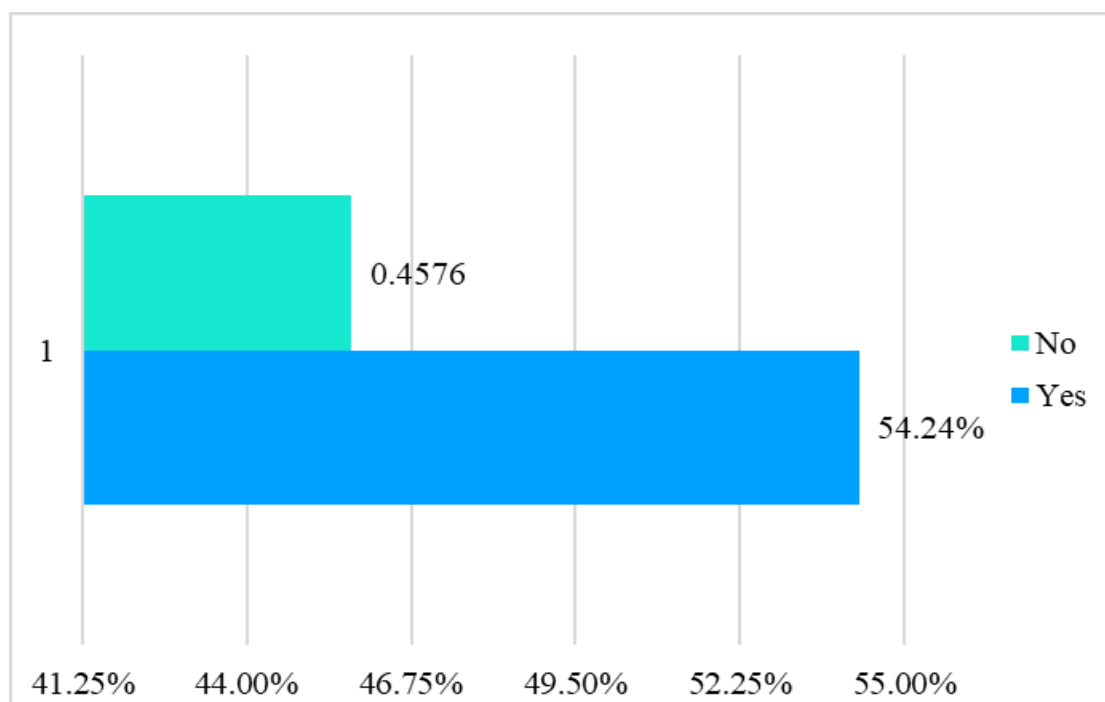


Fig 2. Percentage of People Who Consumed in Social Media Platforms.

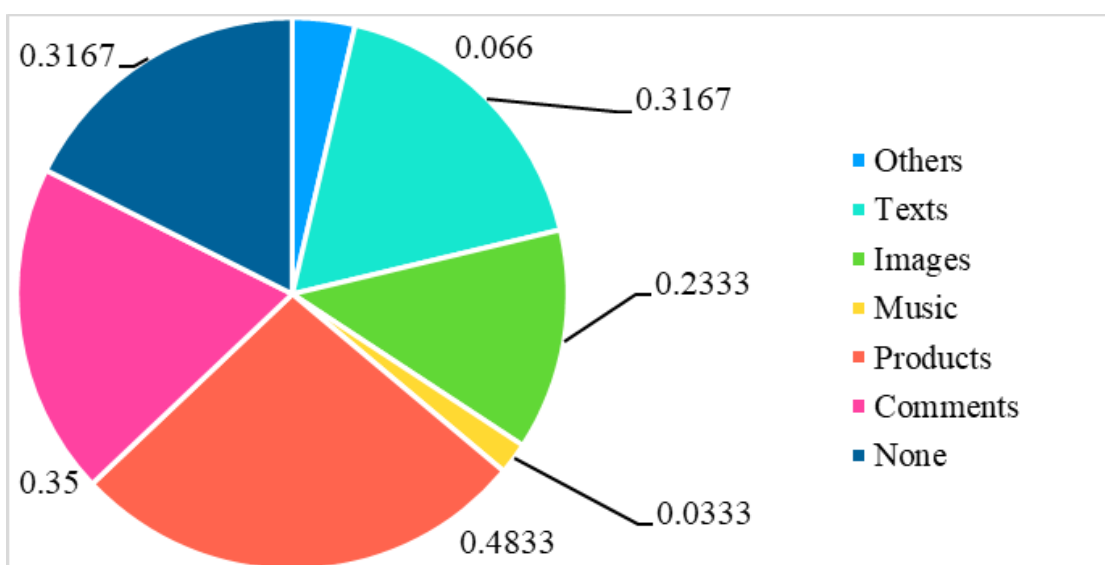


Fig 3. Elements Which Attract People Most In a Video or a Blog.

Figure 2 illustrates that more than half of the respondents were persuaded to buy something after using social media. More than half of respondents bought goods via using social media platforms (54.24%), which indicates that the acceptance of social media marketing is relatively high. Figure 3 demonstrates what elements attract people most in a blog or video which promotes the products. 88.33% of people emphasize the content of the video and blog. The content includes the texts, images,

and music, of which the percentage are 31.67%, 23.33%, and 3.33%, respectively. Moreover, 35% of people would be affected by the comments. This implies that the content would be the most significant thing during the whole process of using social media marketing strategies. Hence, SMEs need to strengthen their content and make them attractive to the target audience. Furthermore, they should respond to all kinds of comments appropriately, which may interact more with customers and build a positive corporate image.

3.2 Results of Case Study Method

3.2.1 Difficulties “New Oriental” faced

New Oriental’s financial report for the fourth quarter of the fiscal year 2020 ended May 31, 2020, demonstrated a 5.3% year-on-year decline in net revenue and a 69.5% year-on-year decline in net profit. In addition, in the fourth quarter of the fiscal year 2020, the number of students enrolled by New Oriental decreased by 6.2% compared to the same period last year. Therefore, it can be seen that the negative impact of the epidemic on enterprises is huge.

3.2.2 Social Media Strategies “New Oriental” Is Using

At the end of 2020, New Oriental registered an account in Tik Tok called “Dong Fang Zhen Xuan”. The original teachers in “New Oriental” became influencers and broadcast daily. The underlying logic of their marketing is using a bilingual broadcasting mode. The audience can purchase the products they like and gain knowledge, especially unusual knowledge. Hence, what connects customers and enterprises is not only goods but also an enhanced sense of experience. Also, enterprises and customers are now highly relevant. At the same time, with this strategy, customers can interact directly and respond highly to enterprises/streamers through Danmaku. Customers have changed from listeners to interactive participants. From the perspective of “rewards”, enterprises also issue coupons regularly for people to rush. Thus, the social media strategies correspond with the “4P theory”.

3.2.3 Theoretical model

The independent variable, in this case, is the usage of live-streaming strategies, which is a categorical variable and is presented as a type of creative introduction here. The dependent variable is the customer base, measured by sales volume. It is a ratio variable. Mediator customers’ credibility is an ordinal variable and can be defined as the satisfaction of the live-streaming watching experience. The moderator customer engagement is another ordinal variable, which is the participation degree of customers. According to Figure 4 below, the types of creative introduction would impact customers’ credibility. Customers’ credibility would impact the sales volume. The types of the creative introduction would impact sales volume, and customer engagement level would adjust the relationship between types of creative introduction and sales volume. Data can prove the theoretical propositions. From June 5 to July 5, the fan base generally kept growing. Live broadcasting attracts most fans. From June 10 to June 20, the data soared and then plunged because of the “618 shopping festival in China”. The sales generally also increase from 995,120 RMB to 19,057,846 RMB.

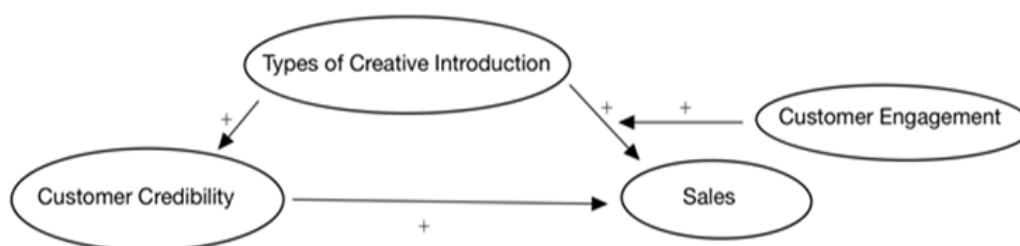


Fig 4. Theoretical Model of the Effects after “New Oriental” Utilized Live Streaming Strategy.

According to the information above, the small and medium-sized enterprises in China, social media marketing strategy has great development prospects. The problem is that they need to find their product positioning and target audience to find their characteristics. We should also establish contact with the audience through individual characteristics and pay attention to customers' overall sense of participation and experience. SMEs should also establish contact with the audience through individual characteristics, and pay attention to the overall sense of participation and experience of customers.

3.3 Potential problems with the usage of social media marketing strategies

3.3.1 Uncontrollability

In the process of promotion, public opinion cannot be avoided. In some cases, the product's properties may be exaggerated in the promotion, resulting in uncontrollable false advertising. This would lead to a decline in customer credibility, a decrease in sales, and a loss of customers. Slander by competitors may also occur.

3.3.2 Barriers to entry

Currently, large firms still take the dominant position in the social media publicity market. In reality, it becomes particularly important to find own characteristics of SMEs themselves.

3.3.3 The market is unpredictable, and it is difficult for SMEs to adjust their strategies in time

The external environment, like fashion trends, is changeable. Even many enterprises buy fake reviews, which damages the image of the whole market and makes it impossible for other enterprises to keep track of their competitors.

4. Discussion

4.1 Establish Relevant Supervision Departments & Relevant Rules

To tackle the issue of the uncontrollability, this paper suggests the government establish specific departments to set social media policies for different stakeholders. Currently, many countries already have specific authorities to regulate social media, which are concluded in table 2.

Table 2. Main Government Organizations That Regulate social media [10].

United States	Federal Trade Commission
Canada	Competition Bureau
United Kingdom	Competition and Markets Authority
Australia	Australian Competition and Consumer Commission
European Union	Competition and Markets Authority
Global	International Consumer Protection and Enforcement Network
United States	Federal Trade Commission

However, China does not have a special agency to regulate social media or a unified and comprehensive policy.

Responses and management measures for bad comments can be covered in this policy. For example, if businesses suffer from intentional bad comments by competitors, they can respond to them, follow up on the incident, and publicize the solutions and results to consumers. The relevant departments can list reasonable processing procedures for enterprises to refer to in the policy. If the follow-up processing is timely, or the maliciousness of the comments is revealed, it can also increase consumers' credibility for the businesses.

At the same time, it is also possible to urge social media platforms to apply artificial intelligence and other technologies to review all comments. If obvious malicious comments are detected, for example, similar bad comments from the same person are found, a second manual review can be

performed to determine again. Those relevant comments can be deleted or even ban those IDs if they are confirmed to be slander.

4.2 Offer Training Programs For SMEs

To combat the barriers to entry and unpredictability of market, the most crucial thing for an SME that decides to do the social media marketing is to consider how to build a brand image and use different strategies effectively. This paper suggests building a general-purpose model for every enterprise to refer to and should conform to the market in China. The relevant training programs can be provided cheaply or free for SMEs who may not have sufficient money to hire a team of professionals.

The design of the general-purpose model is according to the existing “Strategic Thinking Model for Social Media Marketing” and is shown in Figure 5 [11].

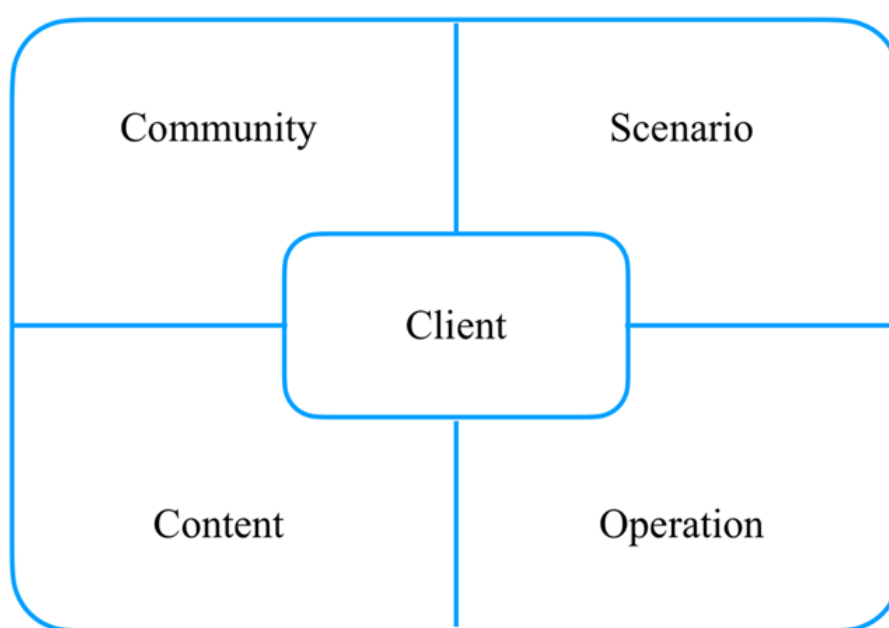


Fig 5. Strategic Thinking Model for Social Media Marketing.

However, this model is abstract; what SMEs should do is put the theory into practice. SMEs face issues such as drastic competition, limited time, and possibly breaking the capital chain anytime. Thus, a more practical model is more suitable for them to follow. The author divides the general marketing process into three phases.

(1) Preparation. After the research and development of new products, the marketing team in the enterprise should first do the survey and find out the target customers, including their age and income level. Then, confirm which community their potential consumers are in. After that, they could brainstorm to determine and evaluate the budget to select the available marketing strategies and then strengthen the content by associating the scenario, the community's division, and the business purpose's determination. For different conditions, there are different content design methods. (2) In the promotion. The firm should constantly interact with customers, including dealing with their problems, changing them from buyers to consumers, and even further to promoters. (3) After the promotion. The team needs to analyze all kinds of data in the promotion process and collect relevant information through return visits to seek the optimization of product development and promotion next time and build customer loyalty.

To perform each stage detailedly, training is necessary. For instance, the content design in stage 1: Assume one business will promote the new instant coffee powder. They first choose to utilize short video marketing strategy. Their target customers are the young working people. They can create a story about how this coffee can help release the stress of young people in the rapid pace of life, which

can also reflect the understanding and care of the brand and help build a positive brand image. So as to increase their sales and attract more consumers.

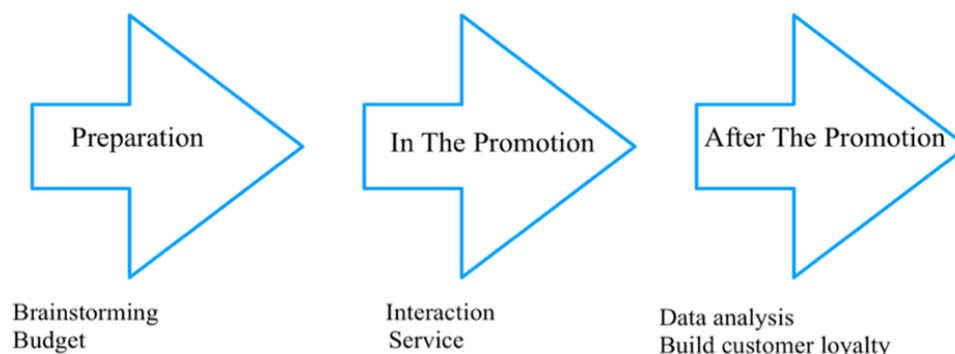


Fig 6. General-purpose Model of Utilizing Social Media Marketing.

5. Conclusion

In summary, China's social media marketing strategies can effectively help SMEs recover in the post-pandemic era. This paper investigated randomly selected samples and found that people highly accept social media marketing and pay much attention to product quality and marketing content. The improvement of the quality of the product itself may involve R&D and other factors, which is long-term. In the short term, however, the results demonstrate the feasibility of social media marketing and the importance of the quality of marketing content. At the same time, the article also analyzed a relatively successful case of small and medium-sized enterprises using social media marketing in the post-epidemic era, namely "Selling products through live streaming by New Oriental". From the data acquisition and theoretical model establishment, it can be seen that social media marketing effectively increased sales and built a closer connection with Clients.

However, at the same time, it is found that there are still some problems with social media marketing, and corresponding solutions are also proposed in this paper. There is no relevant regulatory agency or complete policy in China, so the marketing market is still chaotic. This article suggests that external constraints are necessary and needful. A complete policy will benefit different stakeholders, especially consumer groups. Offering training courses and establishing a practical system can help enterprises quickly find appropriate social media marketing methods in a short time. This helps enterprises reduce costs and helps small and medium-sized enterprises recover effectively and quickly.

This research has played a role in promoting the industry's development and helped solve the problem of product promotion in a short period that small and medium-sized enterprises are currently facing. This helped alleviate the capital chain's tension, thus achieving long-term development. From a macro point of view, it is helping to promote the recovery of the economy, increase the gross national product, and alleviate the rising unemployment caused by the epidemic to a certain extent.

However, there are still some limitations with the methodology in this paper. A comparison between the effects of utilizing social media marketing and traditional marketing is lacked of. Future studies can access more primary data through the A/B testing to further investigate the possibility of combining social media marketing and traditional marketing, which may improve SMEs' development.

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