How Do UK B2C High-Tech Start-ups Utilise Innovation Through Social Media to Improve Business Performance and Outcomes?

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ABSTRACT

This article describes how social media in the business world today has been one of the major trends that highly affects business transactions worldwide. Existing literature focused on how businesses can leverage social media to better interact with their customers, and how to use of social media by companies to drive innovation. However, not much had been done to examine how B2C high-tech start-ups utilise innovation through social media to improve business performance. As such, this article attempts to fill a research gap that examines the extent of social media usage by B2C high-tech start-ups in London to drive innovation and hence improve their performance and business outcomes. Due to the complexity of innovation as a concept, qualitative research was chosen as an appropriate method to understand the view of high-tech start-ups on the matter using semi-structured interviews.

KEYWORDS

1. INTRODUCTION

The rise of social media in business has been one of the major trends in recent years. However, the existing literature within the field focused mainly on how businesses can leverage social media to better interact with customers and encourage them to participate in new product development (Martini et al., 2014; Bugshan, 2015). Meanwhile, any researchers had identified a fundamental need for entrepreneurs to build communities and relationships through social media, internet marketing, viral marketing and e-marketing tools in order to draw knowledge and ideas. Among these researchers and scholars: El-Gohary and El-Gohary, 2016; Kask and Linton, 2013; El-Gohary et al, 2008; El-Gohary, 2009; Ma, et al., 2014; El-Gohary, 2012; El-Gohary, 2011; El-Gohary, 2010; Hamad et. al., (2016); Hamad et. al., (2015); Raghubansie et. al., (2015); El-Gohary and Eid (2013); Eid and El-Gohary (2013); El-Gohary et. al., (2013); El-Gohary (2012b); El-Gohary (2012c); El-Gohary and Eid (2013b); El-Gohary and Eid (2012); Millman and El-Gohary (2011); El-Gohary (2010); El-Gohary (2010b); El-Gohary (2010c); El-Gohary et. al., (2009); etc.). However, existing literature falls short of fully exploring the implications of social media as a form of innovation for businesses and how it can be leveraged to improve business performance and outcomes.

While building on existing research, this study will aim to address this topic and analyse the extent to which the use of social media as an innovation tool can contribute to an organisation’s success. The study will specifically focus on high-tech Business to Consumer (B2C) start-ups. The term high-tech

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has been used to describe industries, as well as products of these industries and people who work in this sector. According to Mohr, et al., (2010, p.10); high-tech can be defined as ‘engaged in the design, development, and introduction of new products and/ or innovative manufacturing processes through the systematic application of scientific and technical knowledge.’ This study focuses on the high-tech industry because existing literature has not focused on this particular industry.

2. LITERATURE REVIEW

2.1. Innovation in Business

Innovation encompasses changing or refining business processes, ideas and products to make them more effective with the underlying idea of making the business more successful (Colombo & Grilli, 2007; Mergel, 2012). Innovative businesses are more productive which is often reflected in their overall performance (Backes-Gellner & Werner, 2007; Zolkepli & Kamarulzaman, 2015). Existing literature further suggests that innovation enables the business to be more flexible and adaptable in a rapidly changing environment (Sahut & Peris-Ortiz, 2014; Criado, et al., 2013).

Innovation now plays an even important role in an arena influenced by fast technological advancements (Ooms et al., 2015; Mount & Martinez, 2014). Innovation should be entrenched within the strategy of the business and should be reflected in the culture. This enables everybody working in the corporation to contribute towards the creation of innovative ideas (Kask and Linton, 2013; Ma et al., 2014).

It is vital for start-ups to create a team of employees who are creative and innovative thinkers (Fritsch & Aamoucke, 2013; Hall & Wylie, 2014). Start-ups should conduct analysis of the market environment, determining what customers want and need, and gain more insight into their competitors (Festel, 2013; Audretsch, et al., 2014). This analysis in previous decades was carried out using traditional approaches such as using research agents. The growth and popularity of the internet has now made such analysis convenient, fast, detailed and affordable (Colombo et al., 2014; Bugshan, 2015).

2.2. Social Media

The concept of social media is one that companies have leveraged to help them succeed in various areas of their business (Colombo & Grilli, 2007; Mergel, 2012). This sub-section discusses the evolution of information exchange and the increased use of social media by businesses to improve their outcomes.

The extensive usage of the internet has led to augmented acceptance of social media. There has been an argument in the literature around the definition of social media. However, the most common definition was given by Kaplan and Haenlein (2010, p. 61), which states ‘social media is a group of internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content.’ In the business realm, social media has become a significantly important avenue where businesses use various formats to improve different aspects of their business processes (Backes-Gellner & Werner, 2007; Zolkepli & Kamarulzaman, 2015).

Adequate research material exists on social media particularly in connection with the increased use of online platforms (Sahut & Peris-Ortiz, 2014; Criado et al., 2013). Technological advancements over the years have resulted in traditional approaches to information flow being passed by easy access and faster spread of information via the internet. Meanwhile, social media allows and facilitates collaboration between customers and the business.

Technological advancements have proved to be instrumental towards the development of new enterprises as alternative entry points into different industries have made traditional barriers to entry irrelevant (Groen, et al., 2008; Chesney & Lawson, 2015). Uber has quickly established a huge customer base in over 35 cities globally by increasingly leveraging technology (Price, 2015). However, it did not have to overcome the traditional barrier to entry of acquiring several hundred vehicles and hiring several hundred drivers.
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