

The impact of social media marketing capabilities on new firm performance

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Abstract

Purpose of the article The purpose of this research is to investigate the impact of social media marketing capabilities on new firm performance. The emergence of social media has significantly changed the tools and strategies for communicating with customers (Mangold & Faulds, 2009) and enabled firms using social media to support marketing functions. According to Kaplan and Haenlein (2010), social media empower firms to reach end customers at lower costs and higher efficiency compared to traditional media, which allows supposing that social media marketing capabilities are vital for new firms with limited resources.

Methodology/methods Quantitative research method (online surveys) was chosen to test the proposed hypotheses. Social media marketing capabilities were operationalized using an adapted scale from Trainor et al. (2013), social media marketing performance was measured using an adapted scale from Bruhn et al. (2012) and overall new firm performance was measured using an adapted scale of Lusch and Laczniak (1989). The research sample consisted of 248 newly established firms. Structural equation modelling (SEM) was used in the analysis.

Scientific aim The scientific aim of the research is to examine the impact of social media marketing capabilities on new firm performance. A conceptual model is based upon resource-based view (RBV) theory (Day, 1994).

Findings Results show a significant impact of social media marketing capabilities on overall new firm performance through a mediating effect of social media marketing performance. Additionally, the results of one sample t-Test indicate that social media marketing capabilities of new B2C firms are significantly higher than those of new B2B firms.

Conclusions This research confirms the supposition that social media marketing capabilities are essential for new firms with limited resources and should be deployed in order to improve performance.

Keywords: social media marketing capabilities, social media marketing performance, new firm performance

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