Social media and firm performance: The voice of managers in European contexts

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Abstract

Studying the voice of 248 managers, operating in four European countries (Italy, Germany, Spain and France), this research aimed to investigate the evaluation of managers regarding the impact of social media on their firms' performance and to identify managerial choices that are associated with a positive impact. Findings indicate that the majority of managers in this study perceived a positive impact of social media on firm performance. Moreover, the probability of observing a positive impact turned out to be positively related to the choice to integrate the use of social media with other online and offline communication tools, and to the use of social media as a tool to reach new targets of customers. More generally, the research highlights that the use of social media appears more likely to be beneficial if they are used as complement of other communication tools.

Keywords: social media, performance, integration, new target of customers, budget allocation, Europe.

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Introduction

Since the modern ICT and social media have been introduced in the everyday lives of consumers, the environment where firms operate changed. Nowadays, social media represent a worldwide phenomenon, as, globally, 3.419 billion people are Internet-users and 2.307 billion people are active users of social media accounts. This means that almost 31% of

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the global population attends at least one Social Network Site (SNS) (Kemp, 2016). Moreover, these platforms show important rates of growth, due to the + 10% of active social media users in the last year. As a result, firms tend to populate different social media accounts in order to reach customers (Russell, 2009).

Due to the great importance of digital media 2.0, much attention has been paid to this topic in the academic literature, as many authors analyzed the use of these media by both firms and their customers (Kietzmann *et al.*, 2011; Nadeem, 2012).

The most relevant feature of social media platform is represented by their ability of connecting people through both formal and informal interactions and collaborations. This means that firms, employees and customers have greater opportunities of being connected in order to aid knowledge transfers and communications (Burkhardt, 2010). By cause of being an excellent medium that allows initiating to interact with users, SNS represent a tool that companies can foster even in a business environment, in order to favor people participation, collaboration and cooperation to different levels of activities, such as «word-of-mouth marketing, new product diffusion, brand marketing, advertising and CRM» (Kasemsap, 2014, p. 185).

As social media can facilitate networking capabilities, information sharing, problem solving, great attention has been paid in the literature to understand, for instance, how to establish long lasting relations with members of communities, to improve innovation and to enhance organizational performance (Kasemsap, 2014).

Compared to communication through other channels, the use of social media offers opportunities and creates criticalities and managerial challenges related to the active role of users that characterizes these media. In the previous literature on social media management, most of the studies investigated the role played by users, as many scholars examined the reasons that encourage people to create content and to interact with brands (Bruhn, Schoenmueller, and Schäfer, 2012; Okazaki and Taylor, 2013; Schivinski and Dabrowski, 2015) and the drivers and psychological factors that prompt consumers to create positive reviews and "electronic word-of-mouth" (eWOM) (Daugherty, Eastin, and Bright, 2008; Kozinets *et al.*, 2010; Latorre and Vernuccio, 2013; Muñiz Jr. and Schau, 2007).

A second, less developed stream of research investigated which are the challenges of strategies' implementation on SNS (Diga and Kelleher, 2009; Felix, Rauschnabel, and Hinsch, 2016; Valos *et al.*, 2014; Verhoeven *et al.*, 2012). Issues explored in this perspective include drivers and objectives related to the introduction of social media in the communication strategies, the level of integration of social media with traditional ones, the need to monitor user-generated contents, budget allocation, cost-benefits metrics and performance measurement (DiStaso, McCorkindale, and Wright, 2011; Milewicz and Saxby, 2013; Smits and Mogos, 2014).

With reference to this last point, the debate on the effectiveness of the use of social media is still open among both academics and practitioners, and the literature has just started to investigate which factors are associated with better performance (Ainin *et al.*, 2015; Fisher, 2009; Grüblbauer and Haric, 2013; Luo and Jiang, 2012; Michaelidou, Siamagka, and Christodoulides, 2011; Siamagka *et al.*, 2015; Valos *et al.*, 2014). As a matter of fact, even though social media represent a worldwide reality, it is not still clear which are their effects on the performance of firms and, especially, which are the managerial choices that allow obtaining better outcomes (Ainin *et al.*, 2015; Siamagka *et al.*, 2015).

In light of this emerging debate, this paper tries to provide a contribution by exploring the perceptions of managers with regard to the impact of the use of social media on their firms' performances. Furthermore, the managerial choices regarding social media management related to a positive impact on the firms' performance are investigated. The paper presents a research on a sample consisting of 248 managers operating in firms located in Italy, Germany, France and Spain. Through a questionnaire, these European managers were asked to evaluate how they perceive the impact on firm performance of the use of social media. We also investigated how sample companies use social media in terms of objectives pursued, budget allocated, use in substitution or in addition to other media, level of integration with other media and outsourcing or internalization of social media management. It emerged that in the majority of cases, social media managers perceived a positive impact on firm performance of the use of social media, but also that it is influenced by managerial choices.

The remainder of the paper is organized as follows. The following two sections are devoted respectively to a review of the literature and hypotheses development. In the subsequent section, the methodological approach is described. Thereafter findings are presented, followed by discussion and conclusions.

1. Literature review: Use of social media and firm performance

Although social media are broadly used by customers and in the marketing and communication strategies of firms, the evaluation of their performance is a topic widely debated, both from an academic point of view and from a managerial one (Luo and Jiang, 2012). A significant amount of authors and practitioners are struggling with the assessment of

SNS performance and the investigation of the factors that affect the outcomes of the use of social media, in order to successfully manage their communication mix (Fisher, 2009; Grüblbauer and Haric, 2013; Michaelidou, Siamagka, and Christodoulides, 2011; Valos *et al.*, 2014).

On the one hand, it is particularly important for managers to evaluate the effectiveness of these communication tools, in order to capture their value and the potential profits they could generate for firms. On the other hand, it emerges to be complex for firms to find appropriate metrics and to assess social media performance (Michaelidou, Siamagka, and Christodoulides, 2011; Peters *et al.*, 2013; Tsimonis and Dimitriadis, 2014). Indeed, as previous literature suggests, traditional metrics are unsuitable for «this dynamic and highly interactive environment» (Siamagka *et al.*, 2015, p. 90), and, due to this, firms are working to develop adequate tools to evaluate the effectiveness of social media management (Luo and Jiang, 2012; Siamagka *et al.*, 2015, p. 90).

The literature has started to analyze which is the impact of the use of social media on firms' performance. For instance, the Metcalfe's Law suggests that the value of a SNS increases in proportion to the square of its connections (Hanna, Rohm, and Crittenden, 2011), while Paniagua and Sapena (2014) found that 'followers' and 'likes' positively influence a firm's share value when their accounts achieve a critical mass (Paniagua and Sapena, 2014). Other works compared the effect on marketing performances, respectively, of social media communication (including both firm-created and user-generated contents) and traditional media communication, showing that traditional media have a stronger impact than social on the marketing outcome in terms of brand awareness creation, while social media are more effective on brand image (Bruhn, Schoenmueller, and Schäfer, 2012). Finally, Ainin and her co-authors studied the impact of social media at both financial and non-financial level, and they pointed out a positive effect of Facebook on the performance of small and medium enterprises in Malaysia. In particular, they found that the usage of this SNS allows firms to achieve objectives of cost reduction, enhancement of customer relationship, better information accessibility and organization performance (Ainin *et al.*, 2015).

Despite findings of the existing literature suggest that social media have a positive effect on the firms' performance, limited attention has been devoted to the study of the impact of different managerial choices on the effectiveness of these channels. Due to this, the research aims at analyzing which managerial aspects are related to positive performance of social media. In particular, the study focuses on those factors that the literature describes as crucial in the definition of marketing and communication strategies (and which are presented in detail in the following section).

2. Hypotheses development

2.1. Level of integration in the communication mix

As social media became an increasingly important tool to interact with consumers, firms are trying to include these media in their communication mix, in a way that allows marketing managers to adapt their traditional views of managing marketing communication, for example, by fostering traditional marketing and communication activities, such as advertising or events (Milewicz and Saxby, 2013).

Indeed, the effectiveness of social media performance is strictly related to the ability of marketers of combining the interconnectedness of social media with traditional ones, introducing their reach, intimacy and engagement in the overall integrated marketing communication strategies (Hanna, Rohm, and Crittenden, 2011). Due to this, the way to tie and relate the marketing and communication strategies on social and the traditional media, is an issue largely debated in the academic literature. For instance, many studies analyzed how to combine the use of different tools and which level of integration could be the best required between traditional and social media in the communication mix (DiStaso, McCorkindale, and Wright, 2011; Gandolfo and Lupi, 2014).

The strong interest about the communication strategies to adopt across channels is determined by the huge proliferation of new media and the growth in consumer empowerment, which impose marketers to become more effective at engaging with consumers in different Social Network Sites (Kozinets *et al.*, 2010; Mangold and Faulds, 2009; Milewicz and Saxby, 2013). Because of the increasing number of both online and offline touchpoints with consumers, firms strive to manage the media and they may get wrong treating them as disparate platforms that operate independently (Hanna, Rohm, and Crittenden, 2011). In their study, Hanna and his co-authors suggested that firms «should view their approach to social media as an integrated strategy that brings consumer experiences to the forefront», keeping in mind that digital media do not replace traditional ones (Hanna, Rohm, and Crittenden, 2011, p. 268). If firms manage traditional and social media in accordance with an integrated communication strategy, they can reach consumers on a myriad of platforms and they can achieve a better level of influence (Peters *et al.*, 2013).

Other contributions support the usage of the two types of communication, traditional and social media, in a complementary way (Weinberg and Pehlivan, 2011). In addition, many authors recommended different approaches to integrate the communication strategies across channels. For instance, Schivinski and Dabrowski (2015) proposed to apply similar advertisement practices in distinct tools, such as attractive photographs or videos which recall the same brand associations across media (Schivinski and Dabrowski, 2015). Furthermore, another method that allows developing an integrated communication strategy is the stimulation of content creation from traditional to social media, as suggested by Bruhn and his co-authors (Bruhn, Schoenmueller, and Schäfer, 2012). In fact, the authors advocated marketers to connect traditional media campaigns with social media activities in order to join these two instruments more in depth, as these two types of communication affect different marketing performance (Bruhn, Schoenmueller, and Schäfer, 2012). Finally, being social and traditional media deeply interrelated, the former has not to be implemented as a perfect substitute for traditional ones. As Weinberg and Pehlivan (2011) proposed, the usage of social media has to be developed through direct message to users but concentrating on traditional objectives (Weinberg and Pehlivan, 2011).

As previous literature suggests, developing an integrated communication strategy across traditional and social media (instead that managing them independently), allows firms to achieve a large number of benefits, such as reaching a higher number of customers and better marketing performance (Gandolfo and Lupi, 2014; Naik and Peters, 2009). In particular, the integration between social and traditional media lets firms achieving a more efficient marketing and communication performance through the exploitation of synergic effects, for instance, in terms of stimulation of content creation and engagement (Hanna, Rohm, and Crittenden, 2011).

On these bases, it is possible to hypothesize that managing traditional and social media in an integrated, synergic and complementary way, may allow firms to obtain better results in terms of impact on their overall performance.

Hp1: Firms that integrate the use of social media communication tools with traditional ones are most likely to observe a positive impact of the use of social media on firm performance.

2.2. New targets of customers

Many scholars advocated the importance of including social media within the marketing and communication mix of firms, thanks to their ability to bring companies at the same level of customers (DiStaso, McCorkindale, and Wright, 2011). More in details, through the implementation of social media communication, marketers are supposed to speak the "same language" of users, and, due to this, brands will be present where their stakeholders are, implying conversations and participation (DiStaso, McCorkindale, and Wright, 2011).

In particular, marketers can achieve a set of advantages related to customer relationship activities thanks to social media communication (Ainin *et al.*, 2015; Michaelidou, Siamagka, and Christodoulides, 2011). For instance, firms can monitor the contents of interest of consumers, identify the individuals associated with that content and, finally, target the users based on the information collected (Ang, 2011; Berthon *et al.*, 2007; Cova and Dalli, 2009; Faase, Helms, and Spruit, 2011; Weinberg and Pehlivan, 2011). In other words, firms can target their current and potential customers, according to their interests manifested online and they can establish targeted relations with clients (Bordoni and Marchi, 2011; Greenberg, 2010; Hennig-Thurau *et al.*, 2010). This may be particularly useful in identifying and reaching new potential customers. Furthermore, some authors claimed that the most innovative marketers use to employ social media as an important tool for customer relationship management, such as acquiring new customers and retaining current ones (Moretti and Tuan, 2014; Valos *et al.*, 2014).

In the end, social media allow firms to interact with users and to involve them, establishing new types of relationship because marketers can achieve the opportunity to engage with consumers and to influence their conversations through digital media 2.0 (Ainin *et al.*, 2015; Galano and Marchegiani, 2013; Sashi, 2012). Moreover, if firms build new and direct relationships with users, they can reach some advantages such as «identify new business opportunities, create communities, distribute content, collect feedback from customers, and generally to support their brand» (Michaelidou, Siamagka, and Christodoulides, 2011, p. 1155).

As previous literature suggests, the interaction with users allows companies to reach new target customers and this is one of the most important objectives of the use of social media (Michaelidou, Siamagka, and Christodoulides, 2011). Indeed, through the use of social media it is possible to reach new customers not previously touched by traditional media, and, in particular, firms are allowed to contact people that can be more sensitive to these channels and to this type of communication (Tsai and Lu, 2012). Due to this, companies that use social media in order to reach new target customers, could prosper the potential impact of the use of social media on firm performance.

It is thus possible to hypothesize that firms are more likely to obtain a positive impact if they use social media also with the objective to reach new targets:

Hp2: Firms that use social media in order to reach new targets of customers are most likely to observe a positive impact of the use of social media on firm performance.

2.3. Budget allocation

The aspect of budget allocation is a critical stage of marketing and communication processes, and it may turn out to be particularly complex in absence of clear performance measures, as it happens in the case of social media instruments (Fisher, 2009; Michaelidou, Siamagka, and Christodoulides, 2011; Valos *et al.*, 2014). Nevertheless, many studies found that the budget devoted to social media tends to be increased, demonstrating the involvement of companies in this communication tool, in BtoC and even in B2B organizations (Michaelidou, Siamagka, and Christodoulides, 2011; Siamagka *et al.*, 2015).

Regardless the dimension of firms and their type of business, most of the studies concerning the budget allocation's phase on social media channels are focused on the advantages in terms of costs required for using these tools compared to traditional ones (Bruhn, Schoenmueller, and Schäfer, 2012). In fact, traditional communication instruments are perceived as cost-prohibitive for many companies, while digital media 2.0 do not require the same amount of resources, being, most of the times, available for free (Hanna, Rohm, and Crittenden, 2011). Moreover, social media do not necessitate expensive investment in production or media, rather, they concern users and the interaction with them (Hanna, Rohm, and Crittenden, 2011). Finally, Schivinski and Dabrowski affirmed that social media, aside from being "cost-saving", seem to be "cost-effective" as they represent an alternative way for companies to access and gather consumer-to-consumer communication and, as a consequence, to obtain a great amount of information (Godes and Mayzlin, 2009; Schivinski and Dabrowski, 2015).

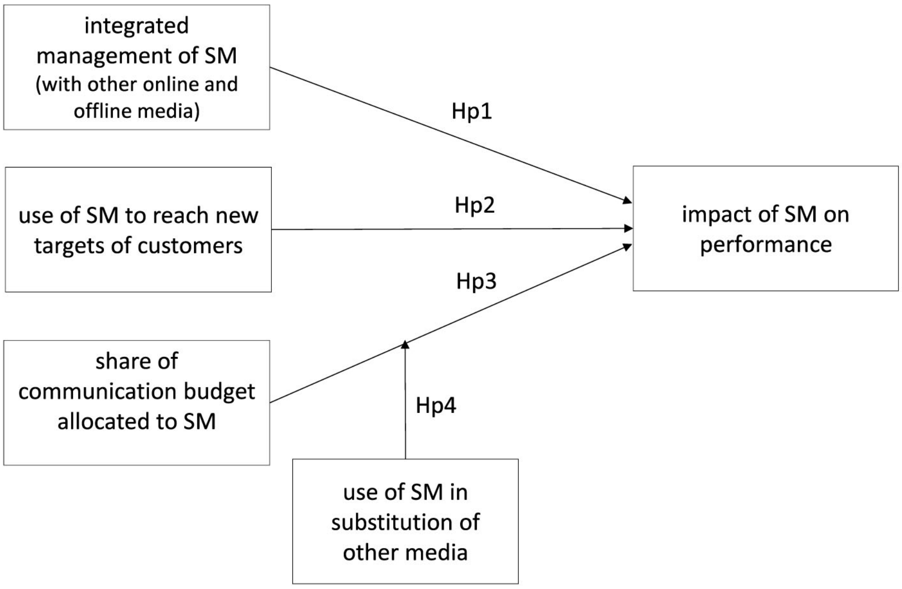
According to extant literature, social media appear to necessitate limited financial resources and to be more efficient in terms of capability in involving consumers and in collecting precious information from users (Bruhn, Schoenmueller, and Schäfer, 2012; Godes and Mayzlin, 2009; Schivinski and Dabrowski, 2015). If it is true, allocating a larger share of communication budget on social media accounts would allow firms to obtain better performances.

Hp3: The share of communication budget allocated on social media channels is positively related with the probability of observing a positive impact of the use of social media on firm performance.

2.4. Use of social media in substitution or as complement of other media

With regard to the budget allocation, it has also to be taken into account that the share of budget allocated on social media tools can be augmented

Graph 1 – A synthesis of hypotheses



both by investing new additional resources on social media or by shifting resources from traditional channels to social media. In the first case, the use of social media channels represents a complementary tool used in the communication mix in addition to the use of other media, whose budget allocated remains unchanged. This leads to an increase of the overall resources devoted to communication. In the second case, instead, the share of budget allocated on social media increases since resource previously invested in traditional media communication are reallocated on social media. In this situation, social media are used as a substitute – and not a complement – of other communication tools.

Previous literature has underlined the potential benefits related to the integration of traditional and social media tools and to a conjoint use of these channels (Hanna *et al.*, 2011; Peters *et al.*, 2013). Thus, it is possible to hypothesize that the relation between the share of communication budget allocated to social media and the impact of the use of social media on firm performance is moderated by the mode of using social media (as substitutes for traditional tools or as additional tools). More precisely, it is expected that the use of social media in addition to traditional ones (and not in substitution) enhances the positive association between the share of communication budget allocated on social media channels and the probability of observing a positive impact of social media on firm performance. On the contrary, we expect that, when social media are used in place of other media, the increase of their weight on the communication budget will reduce the probability of a positive impact.

Hp4: The relationship between the share of communication budget allocated on social media channels and the probability of observing a positive impact of the use of social media on firm performance is negatively moderated by the use of social media in substitution of other media.

Graph 1 synthesizes the hypothesized relationships between managerial choices regarding the use of social media and their impact on performance, as well as the moderating effect of the choice to use social media as a substitute or a complement of other media.

3. Methodology

A web survey based on a questionnaire has been developed in order to test the hypotheses. The questionnaire was sent with a Computer Assisted Web Interviewing (CAWI) modality to a population of firms located in Italy, France, Germany and Spain. Firms were identified and contacted from ilFAC database – TBS Group, which collects information on firms that invest in advertising. Firms in the database are distributed among the four countries studied as follows: Italy (32.2%), France (30.5%), Germany (14.8%) and Spain (22.5%). As regards the sector of activity, 3% of these firms operate in primary, energy and mining sector, 45% in industrial sectors and 52% in services. Through the collaboration with the owner of the database (TBS Group), the questionnaire was sent to the managers of firms located in the selected four countries, who operate in organizational units strictly involved in marketing and communication activities (such as marketing managers, communication managers, brand managers and social media managers). The first round of emails was sent in December 2015 followed by two follow-ups respectively in January and February 2016, obtaining 290 valid questionnaires.

The questionnaire contains questions regarding specific aspects of social media management such as identification of the main firms' activities developed through social media, organizational and managerial choices related to the use of social media platforms, integration with other communications tools, identification of new target of customers, use of quantitative metrics to evaluate social media effectiveness and, finally, managers' opinions concerning the influence of the use of social media on firms performance. Appendix 1 presents questions corresponding to the various variables analyzed in this research and the corresponding encoding.

The large majority of respondent sample (265 out of 290) declared to be active in the use of social media. The few companies that reported not to be active on social media were excluded by the sample, since they could not answer to the part of the questionnaire about the mode of using social media. In addition, questionnaires presenting missing data were removed from the dataset studied, in order to obtain a significant sample for the analysis. The number of questionnaires in the final database is 248, which can be considered acceptable for this kind of research and methodology (Michaelidou *et al.*, 2011; Michaelidou and Christodoulides, 2011; Schniederjans, Cao, and Schniederjans, 2013; Schwens, Eiche, and Kabst, 2011; Siamagka *et al.*, 2015; Slangen and van Tulder, 2009).

As Table 1 shows, the sample under investigation is heterogeneous in terms of firms' size (from micro to very large corporations). In terms of country, more than 1/3 of the sample is located in Italy (37.5%), followed by Spain (25.4%), Germany (22.2%) and France (14.9%). Finally, more than half of the sample operates in the tertiary sector (66.2%), followed by industrial (29.8%) and primary, energy and mining sector (4.0%).

Table 1 – Sample composition

Size	**%**	**Country**	**%**	**Sector**	**%**
< 10	8.1	Italy	37.5	Primary, energy, mining	4.0
10 – 50	18.5	France	14.9	Industry	29.8
51 – 100	14.1	Germany	22.2	Services	66.2
101 – 250	18.1	Spain	25.4		
251 – 500	10.5				
501 – 1000	11.3				
> 1000	19.4				

N = 248.

Since the purpose of this research is to investigate the influence of the modes of using social media on firms' performance, a logistic regression was developed. The analysis seeks to understand whether and how specific business choices are related to the impact of the use of social media on firms' performance. The results obtained have been validated through the Receiver Operating Characteristic (ROC) curve based on Area Under the receiver operating characteristic Curve (AUC) as suggested from previous researches (Chawla *et al.*, 2002; Zhang, Varshney, and Wesel, 2002).

The dependent variable expresses the perception of managers about the impact of the use of social media on firm performance. This is a subjective measure of the impact on performances and thus it might be biased, since managers' answers might be not neutral, for instance due to their desire to defend their position within the firm. In order to minimize this risk of bias, we have ensured the anonymity of the questionnaire without disclosure inside and outside the firm. The evaluation of the impact of social media on firm performance was originally expressed on a 5-point Likert scale (negative impact, slightly negative impact, no impact, slightly positive impact, and positive impact) and then it has been transformed in a dichotomous variable (0 = "absence of positive impact" and 1 = "positive impact"). In particular, all observations corresponding to slightly positive impact and positive impact have been grouped in the class 1 (positive impact), while all observations corresponding to slightly negative, negative, and no impact have been grouped in the class 0 (absence of positive impact).

The following independent variables were included in the analysis:

- the level of integration with the other communication activities and, in particular, the development of an *integrated management* with both online and offline communication tools; this variable is dichotomous (1 when the communication management through social media is integrated with both offline and online communication channels; 0 otherwise);
- the *share of communication budget* allocated to social media channels;
- the usage of social media in substitution or in addition to other media; this variable (*in substitution of other media*) is binary: 1 when firms use social media platforms in substitution (even partially) of other media; 0 whether firms use social media only in addition to other media;
- the choice of the firm to use social media in order to reach *new target of customers*; the variable has value 1 whether the use of social media pursues the objective to reach new targets of customers; 0 otherwise.

Some control variables were also included in the model:

- the *time* elapsed from the moment when firms adopted social media;
- the *size of the firm*, measured through the number of employees (more precisely firms were grouped into seven classes on the bases of the number of employees);
- the management of social media platforms in *outsourcing*; this variable is dichotomous with value 1 when the management of social media is outsourced (even partially); 0 otherwise;
- dummy variables for countries;
- dummy variables for industries.

4. Findings

In order to test the hypotheses two logistic regression models were run – the first without the moderating effect and the second with the moderating effect (introducing the variable *Share of communication budget*

X In substitution of other media). In particular, the second model aims at testing whether the relationship between the share of communication budget allocated for the use of social media platforms and their impact on firm performance is moderated by the mode of using social media (in addition or in substitution of other communication tools).

Table 2 shows the results of both logistic regression models. Both models fit the data well. However, the goodness of fit of the moderating model (AUC = 78.68%) is more accurate than the first one (AUC = 76.48%).

Table 2 – Logistic Regression (Dependent variable = perceived impact of the use of social media on firm's performance; 1 = positive impact, 0 = absence of positive impact)

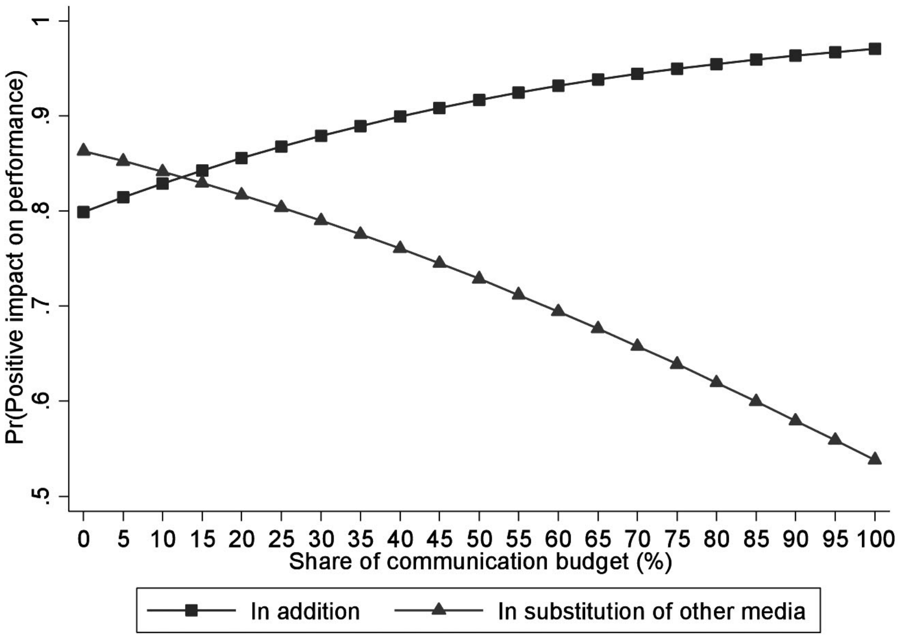
Variables	**Empty Model**	**Model 1**	**Model 2**
Cons	1.590	-0.656	-1.092
Independent variables:			
Integrated management		0.873*	1.047*
Share of communication budget		0.000	0.024
In substitution to other media		-0.745	0.550
New target of customers		1.596***	1.470***
Control variables:			
Time		0.232	0.262
Size		-0.121	-0.125
Outsourcing		-0.122	-0.270
Italy		-0.014	0.287
France		-0.573	-0.429
Germany		-0.703	-0.675
Industry		1.162	1.079
Services		1.216	1.140
Moderating effect:			
Share of communication budget x In substitution to other media			-0.044*
Model fit:			
AUC	50.00%	76.48%	78.68%
N	248	248	248

$P < 0.05$ (*), $P < 0.01$ (**) and $P < 0.001$ (***).

According to the results of model 1, Hypothesis 1 and Hypothesis 2 are supported. Firms that integrate the use of social media with traditional communication tools are most likely to observe a positive impact on firm performance perceived by their managers. In addition, it seems that, when social media are used in order to reach new targets of customers, the probability of observing a positive impact on firm performance is higher. Hypothesis 3 is not supported which means that allocating a higher share of communication budget on social media channels seems not having significant effects on the perceived impact on firm performance.

Finally, Hypothesis 4 is supported, indicating that the relationship between the share of communication budget allocated on social media and the probability of observing a perceived positive impact of the use of social media on firms' performance is negatively moderated by the use of social media in substitution of other media. Graph 2 shows the relationship between the share of communication budget allocated to social media and their impact on firm performance (evaluated by firms' managers) in firms that use social media, respectively, in addition or in substitution of other media.

Graph 2 – Moderating Effect



Firms that allocate a higher share of communication budget on social media in addition to other communication tools seem to have higher probability to observe a positive impact on firm performance. In contrast, firms that use social media platforms in substitution (even partially) tend to observe a reduction of the probability of a positive impact on firm performance when the share of budget allocated increases.

5. Discussion

The study was aimed at studying how the mode of using social media for marketing communication activities influences their efficacy in terms of impact on the firm performance. Through a questionnaire, we asked a sample of European managers to evaluate the impact of the use of social media on the overall firm performance. We also investigated the managerial choices of sample firms regarding the use of social media, in order to identify which choices are related to a perceived positive impact on corporate performances. Based on our sample of Italian, French, Spanish and German firms, two factors emerge to positively influence the probability of observing a positive impact of the use of social media on firm performance:

- the adoption of integrated communication strategies;
- the choice to use social media in order to reach new targets of customers.

As concerns the first aspect, our results support our first hypothesis, showing that the likelihood to observe a positive impact on performance (evaluated by firm's managers) is related to the integration of social media communication with both the other forms of online communication and the traditional offline corporate communication. The efficacy of social media appears thus to be enhanced by the decision of the firm to manage in a coordinated way all the channels that it uses. In particular, it emerges the importance of extending the integration and coordination efforts not only to online tools, but also to offline communication. This may be due to the fact that this extension may help the firm to obtain consistency of communication and to exploit potential synergistic effects related to the joint use of different channels and tools. While an integrated management of different forms of online communication is quite common, the discriminant element appears to be the effort to integrate the communication on all the media.

As regards the second point, the probability to observe a perceived positive impact on firm performance turns out to be higher in firms that declare to use social media in order to reach new targets of customers and not to limit their use to the communication with targets of customers that they already reach with other channels or tools. This supports our second hypothesis and seems to suggest that the impact of the use of social media is related to their specificities and, in particular, to their differential capability to reach some specific targets. In fact, some customers may be more exposed to social media than to other media or may attribute more importance to forms of engagement and two-way communication that social media allow. Better results are obtained by firms that exploit these characteristics and use social media not only to reinforce communication and relationships with targets that they are already in contact with, but also to communicate with new targets of customers.

Another factor examined in our study was the share of the communication budget allocated to social media. We hypothesized a positive relationship between the budget's share allocated and the probability of observing a positive impact of the use of social media on firm performance. The main effect of this factor turns out to be non-significant, not supporting our hypothesis. Thus, the positive impact on firm performance reported by managers is not directly related to the relative weight that these media have in the communication budget. Previous literature has identified potential economic advantages related to the use of social media in their relative low costs and thus in the possibility to contact and engage customers in a more efficient way compared to other tools. Results suggest that the positive impact on firm performance seems not to be strictly due to this relative lower cost, since it cannot be obtained simply by allocating a larger share of budget to this form of communication.

However, it is interesting to observe that the relationship between the share of communication budget allocated to social media and their perceived impact on firm performance is moderated by the mode of using these media: in addition, or, at least in part, in place of traditional media. As shown in Graph 2, in firms that use social media as additional tools, a higher share of communication budget allocated to social media tends to correspond to a higher probability to observe a positive impact on firm performance perceived by managers. On the contrary, in firms that have indicated to use of social media as substitute for traditional ones, we observe a negative relationship between the share of budget allocated to social media and the probability to observe a positive impact. The different relationships observed in the two cases may explain why it does not emerge a clear significant relationship when analyzing the whole sample.

This moderating effect suggests that adding resources to the communication budget and allocating them on social media communication, increases the likelihood of obtaining a positive impact, while the simple reallocation of resources from other media to social media is not beneficial. Even if social media are considered less expensive and cost-effective, using them in place of other media tend progressively to influence results in a negative way. More precisely, enlarging the share of resources reallocated reduces the probability of observing a perceived positive impact on performance. A possible explanation may be that, when a firm substitutes other media with the use of social media, the potential benefits in terms of cost reduction are more than compensated by the reduced efficacy of the communication mix.

The effectiveness of social media appears thus to be related to their use as a complementary tool in the communication mix, which allows the firm to benefit of their potentialities in addition to those of other channels. Firms that substitute other tools with social media, instead, tend to register less frequently a perceived positive impact. This may be interpreted as a sign of the actual complementarity of traditional and social media. If different media allow reaching different targets or have a different efficacy with regard to different targets, best results will be obtained using them jointly. Moreover, using in association various communication media and tools may help reinforce messages and relationship with customers. On the contrary, substituting one communication tool media with the other might lead to improve one dimension of communication, but, at the same time, it might weaken another.

6. Conclusions: implications, limitations and future research

This paper aims to provide a contribution to the literature on social media marketing by adopting a perspective that differs from the one that characterizes the majority of studies on this issue. In our study, the attention is not focused on customers, but on firms. We analyzed the perceptions of managers with regard to the impact of social media use on firm performance and investigated the managerial choices concerning the use of social media that may have an influence on this impact.

It emerges that the benefits obtained by firms that use social media are influenced, on the one hand, by the choice of the firm to develop an integrated communication system that includes both online and offline communication and, on the other hand, by the decision to use social media also in order to reach new targets of customers. The capability of the firm to use the social media in combination with other tools seems thus to be crucial, as well as the capability to identify and exploit the specificities and different potentialities of the various media used for corporate communication.

The study also contributes by highlighting that the impact on performance of the use of social media is not strictly related to their relatively lower cost and that performance improvements cannot be obtained simply by reallocating resources from traditional communication to social media communication. On the contrary, in firms that use social media as a substitute for other tools and media, an increase in the share of budget allocated to social media tends to decrease the probability to observe a perceived positive impact on the firm performance.

Overall, results obtained appear to suggest that social media can potentially impact in a positive way on the firm performance and that this positive effect is emphasized by managerial choices aimed at using social media in a complementary way with respect to other media and tools. Social media emerges thus as a tool that can be exploited by firms to reinforce their actual communication, by reaching new targets and by offering new contents and modes of communication that allow enlarging the communication mix and thus to improve their efficacy.

These findings have relevant practical implications, since they suggest to managers the importance of adding social media to their communication mix and to integrate their use with all the other media and tools, including traditional offline ones. They also provide clear indications regarding the potential benefits associated with the use of social media as a tool to reach new targets of customers.

The study has also limitations that suggest the need for future research. The first limit is related to the variable used to measure the impact of social media on firm performance. It is a subjective measure that expresses the perception of managers regarding the impact of the use of social media on their firms' performance. As all subjective measures, it is influenced by individual perceptions, and it might be biased by the interest or desire of respondents to provide a certain image of social media efficacy or of their own organizational position. However, the choice of using this measure was due to the fact that it would be very difficult to measure this impact through objective metrics. Traditional measures of firm performance cannot be used, since they are influenced by several factors and do not allow to isolate the effect of single communication tools. The measure used in this study allowed us to partially overcome these limits and explore the factors that may have an influence on the impact of social media on firm performances. Future research might try to identify different measures of the impact on firm performance. A possibility is the use of the more sophisticated metrics that firms are starting to develop and adopt in order to measure the efficacy of their activities on social media.

Moreover, this research has analyzed some specific aspects of the mode of using the social media. Further research is needed to identify which are other relevant managerial choices regarding the use of social media and to investigate their impact on firm performance. A first example of an aspect that could be analyzed in more detail concerns outsourcing of social media management activities, which in this study has been introduced as a simple control. Future research could investigate the effect of choices regarding the kind of activities outsourced, the selection of the external partners and the modes of interacting and cooperating with them. Other managerial choices that could be studied in order to understand their relative efficacy and efficiency are those regarding the number and types of social media used, as well as how the presence on different social media is coordinated. In addition, it would be interesting to investigate the effect of different choices regarding the kind of messages posted and the modes of interaction with customers developed by firms.

Finally, this study has been conducted in four countries – Italy, Spain, Germany and France – and, thus, offers a first perspective on practices and perceptions of European managers. Future studies might enlarge this perspective by analyzing samples that include companies from other countries and, in particular, from non-European areas.

Appendix 1

Selected questions

Questions	*Variables name and Encoding*
Overall, what is the impact of social media on your company's performance?	*Perceived impact of the use of social media on firms' performance*
- A negative impact - A slightly negative impact - No impact - A slightly positive impact - A positive impact - I don't know	0 (negative, slightly negative and no impact) 1 (positive and slightly positive impact) The cases with answer equal to "I don't know" were removed from the database
The management of social media communication is:	*Integrated management*
- Integrated with all other communication tools (both offline and online) - Only integrated with online communication tools - Independent from each other	0 (only integrated with online communication tools and independent from each other) 1 (integrated with all other communication tools – both offline and online)
Given that the budget for communication is 100, what percentage is dedicated to social media?	*Share of communication budget* Continuous variable

In what way is social media used in your company, with respect to traditional communication tools?	*In substitution to other media*
- As a substitute (social media have in part replaced other communication channels/tools) - In addition to /as a complement to traditional communication channels/tools	0 (in addition to/as a complement to traditional communication channels/tools) 1 (as a substitute – social media have in part replaced other communication channels/tools)
With respect to targets already achieved through other channels/tools of communication, has your company set itself the goal of reaching new target customers through the use of social media?	*New target of customers*
- Yes - No	0 (no) 1 (yes)
How long has social media been used in your company?	*Time*
- Less than 1 year - From 1 to 3 years - From 3 to 5 years - More than 5 years	1 (less than 1 year) 2 (from 1 to 3 years) 3 (from 3 to 5 years) 4 (more than 5 years)
How many employees does your company have, in the country in which you work? By employees we intend, those that work continuously for your company in a paid capacity.	*Size*
- < 10 - 10 – 50 - 51 – 100 - 101 – 250 - 251 – 500 - 501 – 1000 - >1000	1 (< 10) 2 (10-50) 3 (51-100) 4 (101-250) 5 (251-500) 6 (501-1000) 7 (> 1000)
Who manages the social media inside your company?	*Outsourcing*
- Only the company's internal people - Only the company's external people - Both internal and external company people	0 (only the company's internal people) 1 (only the company's external people and both internal and external company people)

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