

The Impact of Social Media as a Marketing Tool for Small Business Entrepreneurs

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Abstract

In today's virtual world, Technology plays an important role. People are becoming more and more tech savvy. With the emergence of technology, Social media has become one of the important aspect of human and business world. 28 years ago World Wide Web was invented, only 14 years ago Facebook went online.

Within a short span of time, it is interesting to note how Social media plays an important role in our day to day life. Webster dictionary defines Social Media as "forms of electronic communication such as websites for social networking and microblogging through which users create online communities to share information, ideas, personal messages, and other content such as videos."

Majority of people are communicating with one another through various online mediums. The medium can be blogs, facebook, twitter, linkedin and so on. This new way of communicating is known as Social Media. The new generation tools have totally changed the way how corporate connects and relate to its customers. If today's customer is contemplating to buy a product, he or she could just post it on his social media profile page and invite his network of trusted connections to get feedback on various options available and their reviews instantaneously.

This paper explores the various means of social media that can be used as a marketing tool by the Small entrepreneurs in conducting their business. The researcher aims to find whether firms that have used social media as a platform in conducting the business have gained competitive edge over other firms and a positive impact on sales.

Keywords: Social media, Technology, Facebook, Twitter, Entrepreneurs, competitive edge

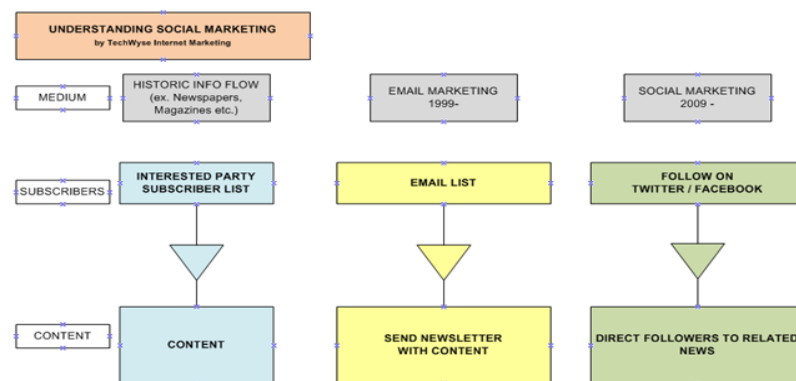
Understanding the concept of Social Media



Social media refers to two parts. *Social* signifying the need to be in contact with other people, and *media* indicating the technology used to make social connections with others. (Safko 2010, 4; Ahlqvist, Bäck, Halonen & Heinonen 2008)

People have a need to be around one another and feel like they belong in a group, sharing thoughts and ideas. We are social being to begin with, so by sharing what we are doing is in our nature. Social media is defined as the online communication channels dedicated to community-based input that has different examples; Facebook, Twitter, and Wikipedia.

Conceptual Model



Benefits of Social Media Marketing

Investing in a social media marketing service may have been identified as the missing link connecting small firms with the consumers. However for the others, who are still contemplating diving into the social marketing end, look no further than the following benefits.

Social media marketing increases firms brand's awareness. Small businesses use social media to attract new customers. Furthermore customers have identified social media as how they identify new brands, products and services.

Social media marketing helps to validate the brand. A company's social media presence, when done correctly, tells consumers that their brand is active and focused on thriving communication with consumers. Social media marketing has the power to increase customer loyalty. Consumers who received a quick response on social media would recommend the brand to others.

Social media channels are the life support that keeps the businesses stay upright even in shortcomings

Humans cannot stay alone and need to make personal and emotional connections with each other. Similarly, companies need to connect with the people and persuade them to become their prospective customers. Social media sites provide an excellent platform to humanize the brand by establishing a communication with the users across the world.

Social media channels establish a bond of trust between companies and customers

It is a general tendency that people believe those whom they can contact directly. When the customers are able to connect directly to the companies, it develops a sense of reliability for the brand. Similarly, the companies also prefer to stay in touch with the customers to establish day-to-day communication and receive feedback or suggestions related to the products or services. On the social platforms, customers provide reviews, share comparisons and raise issues that small business entrepreneurs should immediately respond with the answers.

Social media channels are the gold mines to avail business opportunities

This is the technological era. Smartphones, tablets and laptops are the devices that have become the important necessities of life. Furthermore, modern-day life will certainly find a hard time to sustain a day without the internet. Search engines and social media sites are the biggest platforms that receive million hits in a day.

Social media channels help small business become a key source of information, which is trusted by all

Develop content that is equipped with market information and business knowledge. This portrays your business to be an expert in the industry. Moreover, small entrepreneurs should create interesting and educational content to assist the customers avail tips related to the products and services. In turn, the customers might share the content over the different business networks.

Social media channels deliver results that are priceless for the business

Social media channels are an easy, fast, effective and low-cost alternative to reach the customers and inform them about the various features of a newly launched products or services. It is easy to post news, content, or business messages to develop trust and reputation among the partners, vendors and customers using the social media sites.

Statement of the problem

The emergence of social media as a marketing tool has resulted in a major change and has shifted the way how firms communicate to its customers. The increasing number of internet users provides lot of opportunities for the firms to create awareness about the launch of a new product, offers and so on to the existing and the prospective customers.

Studies show the cost incurred to give online advertising is comparatively cheaper. (Cost of traditional media marketing contrasting social media marketing Fou, 2013). Small firms can use this platform to connect to its customers in an economical way. Small business entrepreneurs usually cannot afford to spend more on advertising. Limited resources in terms of financial situations, time and marketing skill makes Small business entrepreneurs have low visibility and these impacts the small firms in the market. Talking about social media activities; Facebook, Twitter and LinkedIn are the various sites where everyone can share pictures, reviews, complaints and feedback frequently. Additionally, it also allows finding the potential business partners and vendors existing in the industry.

Given the context a study is undertaken how Small business entrepreneurs can take the advantage of social media as a marketing tool.

Objectives of the Study

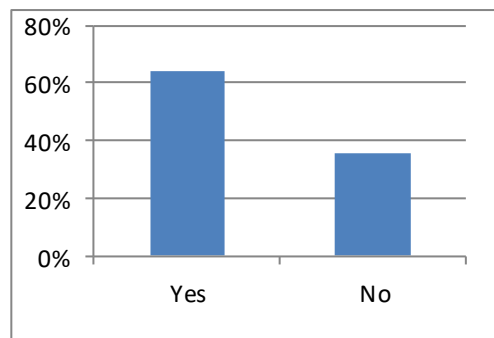
- To understand the concept of social media as a marketing tool
- To study how small firms can take the advantage of social media
- To find what drives the customers to do purchases online
- To find what encourages the customers to do repeat business
- To suggest based on the findings of the study

Scope of the study

The study covers 50 small firms which are identified based on their investment. For the study, firms whose investment is 1 crore in fixed assets are engaged in manufacturing, processing and servicing activities located in and around Bangalore are considered.

Research Methodology

The study extensively uses the published sources for collecting secondary data and primary data is collected by administering structured questionnaires to the entrepreneurs of select small firms.

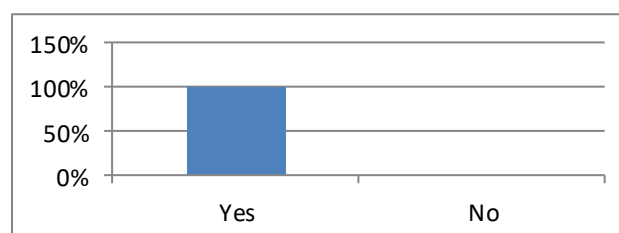


Limitations

The study is confined to select small firms located in and around Bangalore due to time and financial constraint. So the findings cannot be generalized.

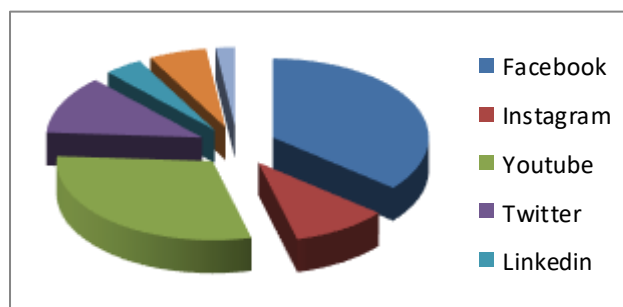
Discussion

Do you have any social commerce initiatives that are integrated with your website?

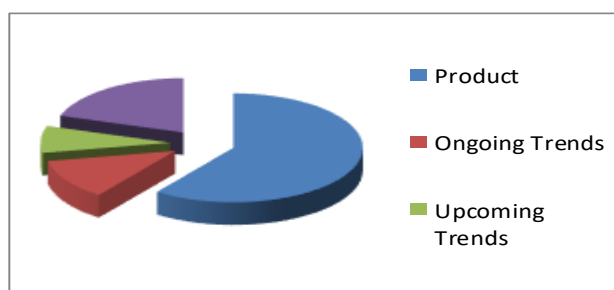


Do you find any impact by using social media tools?

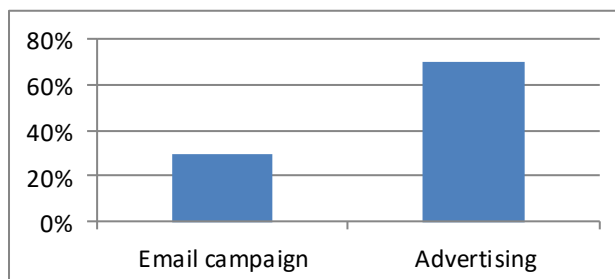
What platforms are you active on?



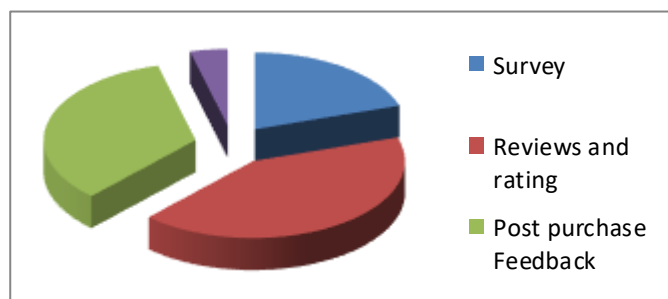
What kind of content do you publish on your social media channels?



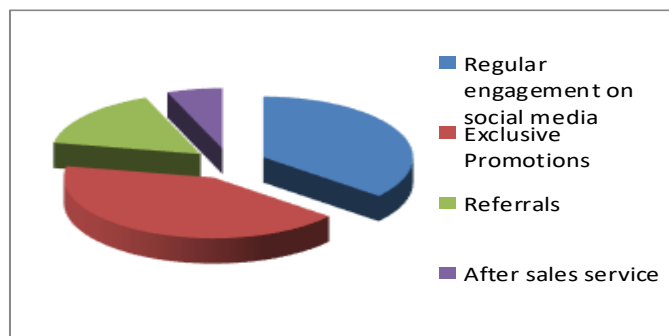
How do you attract potential and new customers?



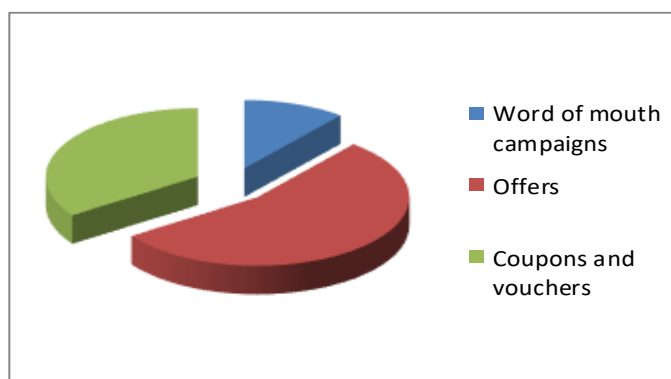
How do you collect customer feedback?



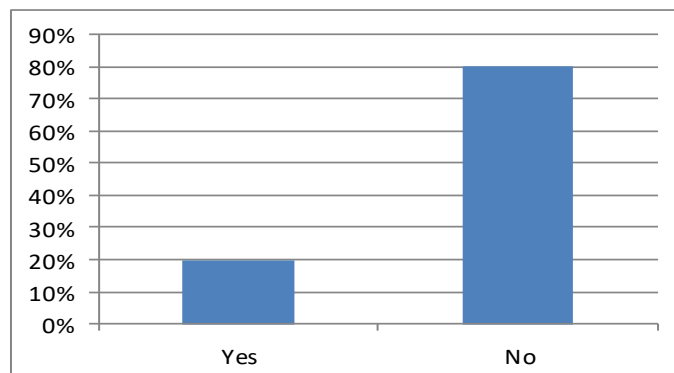
What drives your customers purchase online?



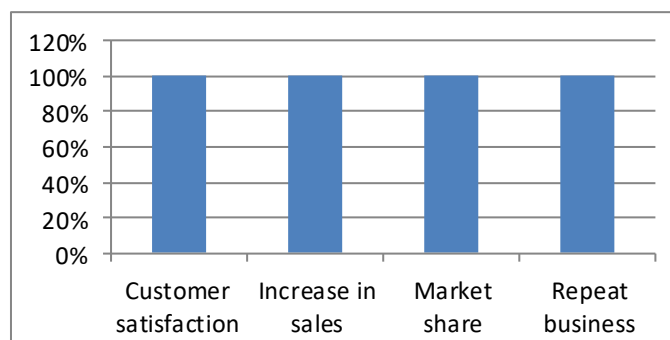
How do you encourage repeat business?



Do you measure ROI from Social Media?



What factors you consider to measure ROI?



Findings

- 64% of the respondents of sample firms have integrated with the customers online. The rest of the sample firms are not connected to the customers online.
- All the entrepreneurs of sample firms who are connected to their customers say that there is an impact on their business in terms of visibility, repeat business, new customers etc.
- Most of the sample firms say that they are active on Facebook, some are on Youtube Instagram and few are on Google+ and Pinterest.
- The primary data reveals that the most of the sample firms publish information relating to product and some others relating to ongoing and upcoming trends so as to keep the customers connected with them.
- Around 68% of sample firms say that they attract new/potential customers by giving advertisement and few others take up email campaign.
- Most of the entrepreneurs of sample firms use reviews and rating to get feedback from the customers the others get connected with email or phone survey.
- Most of the sample firms reveal that exclusive promotions on social media drives their customers to purchase online few others say that regular engagement on social media make their customers buy online.
- Most of the sample firms reveal that they encourage repeat business through offers, coupons and vouchers and rest few with word of mouth campaigns.
- Only 20% of sample firms' surveyed measure ROI from social media and the rest don't measure ROI from social media because of the complexities involved in doing so.
- The sample firms which measure ROI from social media consider factors like customer satisfaction, increase in sales, market share and repeat business.

Suggestions & Conclusion

It is suggested to use social media as a tool to educate the customers by giving relevant information which is useful to them. It is important to draw more traffic by giving information relating to product, offers and updating the information regularly to keep the customers interest intact. It is better to be careful not to exploit customers by giving fake information. It is a known fact that one bad review; one bad comment spoils the entire reputation of the firm.

It all comes down to the entrepreneurs how their marketing efforts change the buying behavior of customers. The firms have to be very creative when publishing content so that it gets noticed by the social media users that are already seeing a lot everything.

Based on the above discussion and findings it is appropriate to say that social media marketing is an effective marketing tool for small firms as it is highly effective and low cost channel. It underlines the risk that small firms faces such as loss of control, decrease in reputation if they do not use social media strategically. At the same time firms cannot have control over bad reviews and comments that take place in social media.

Entrepreneurs have to be involved daily in the SME group/blog: social networks can be powerful tools if the entrepreneur is active, honest and authentic. These qualities are vital to build a good e-reputation for the firm. They must change the position towards the consumer. SME entrepreneurs need to be more connected and valuable to consumers. Because of the

importance of consumer's virtual communities, they should be present on social networks in order to keep up with changing expectations. Finally, they should pay attention to the information posted on social networks because this information may quickly spread. It is also very important to control the security of data and confidential internal information.

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