

# The Effect of Social Media Marketing in Small Business Performance

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**Abstract:** The problem of research was to identify strategies to help SME's through the use of social media to interact with consumers, as there is a lack of use of these means in institutions. The aim of the research is to assess the impact of social media on small businesses, to identify social media strategies used in small businesses, to identify the application of social media to small businesses, and to define how social media can be applied to small businesses. The importance of research is important to study the impact of social activity on the performance of small businesses, in the social media environment where it is necessary for small companies to understand the strategies of using Face book, Twitter. The research followed the descriptive analytical method, by linking the variables theoretically and through the questionnaire to produce conclusions and recommendations useful in the field of scientific research and small business activity. One of the main findings of this research is that the analysis of the field study shows a positive relationship between the applied work and the small business. The implementation of the social media strategy leads to the growth of small businesses. The research recommendations should focus on increasing the use of social media in business, conducting more studies and researches on the application of social media in various businesses, spreading the culture of using social media in business.

**Keywords:** Social Media Marketing Integrated Marketing, Communication, Small and Medium Enterprise.

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## 1. INTRODUCTION

Social media plays a vital role in marketing and creating relationships with customers. With limited barrier to entry, small businesses are beginning to use social media as a means of marketing. Unfortunately, many small businesses struggle to use social media and have no strategy going into it. As a result, without a basic understanding of the advantages of social media and how to use it to engage customers, countless opportunities are missed. The research aims to acquire an initial understanding of how a small business recognized for using social media to grow the business, uses social media to engage customers (Cox, 2012).

## 2. PROBLEM STATEMENT

The main problem statement of this project is to identify the strategies that aid an SME's use of social media to interact with consumers. The project deals with two specific topics that are rarely discussed together: SME's marketing strategy and social media. The majority of academic literature discussing social media strategy in organizations only researches strategy in large organizations. The weakness of such literature, however, is that those same strategies do not necessarily work for small businesses. The study examines a small business recognized for its success of using social media. The research provides a set of techniques that the small business uses for their social media strategy, an analysis of these techniques, and lessons from the techniques that may benefit others (Cox, 2012).

### 3. SIGNIFICANCE OF THE STUDY

The importance of this study is to examine the effect of social media marketing on small scale business performance. In today's social media driven environment, it is essential that small businesses understand Facebook, twitter, and the strategies behind using social media for growing their business. Unfortunately, many small businesses do not have a strategy when they begin using social media (Adegbuyi & Akinyele, 2015). The objectives of this study include the following: to determine how effective employee training about social media of small to medium enterprises has increase brand awareness, to examine how employee participation in SME's operation has increase sales, to identify how continuous improvement of SME's strategies has improve customer service, and to examine how managerial commitment of SME's has increase the implementation of social media campaigns (Adegbuyi & Akinyele, 2015). The study reveals the different strategies the owner uses to build and maintain relationships with consumers and the study concludes with important implications for small businesses (Adegbuyi & Akinyele, 2015). Social media provides businesses the opportunity to engage and interact with consumers to create lasting relationships. The results gained from this study provide an initial understanding of how a small business uses social media to engage customers and build long term relationships, which helps the business grow (Cox, 2012).

### 4. RESEARCH QUESTIONS AND OBJECTIVES

The research aims to answer the following questions:

- How can social media be applied on small business?
- What are the social media strategies used on small business?
- What are the impacts of social media on small business?

The research aims to achieve the following:

- To identify how can social media be applied on small business.
- To determine the social media strategies used on small business.
- To evaluate the impacts of social media on small business.

### 5. LITERATURE REVIEW

#### 5.1 Social Media Marketing:

Social media is engaging with consumers online. According to Wikipedia, social media is internet-based tools for sharing and discussing information among human beings. Social media is all about networking and networking in a way that espouses trust among parties and communities involved. Any website which allows user to share their content, opinions, views and encourages interaction and community building can be classified as a social media. Some popular social media sites are: Facebook, YouTube, Twitter, Dig, and my space, stumble Upon, Delicious, Scribe, Flickr etc. (Neti, 2011). Social media has caused a significant change in the strategies and tools companies use for communicating with customers. Social media marketing enables companies to achieve a better understanding of customer needs in order to build effective relationships (Cox, 2012). Social media marketing is marketing using online communities, social networks, blog marketing and more. It's the latest "buzz" in marketing. Global companies have recognized Social Media Marketing as a potential marketing platform, utilized them with innovations to power their advertising campaign with social media marketing (Neti, 2011).

#### 5.1.1 Applied to Small Business:

Social media marketing enables companies to achieve a better understanding of customer needs in order to build effective relationships. The foundation of any business is the customer. Social networking provides small businesses with multiple opportunities to build closer and more profitable relationships with customers. However, not all social media are the same and some are better suited for certain marketing strategies than others (Cox, 2012). With social objectives in mind, a marketer "first monitors all vehicles for content of interest (e.g.,

mentions of a brand or product); then identifies individuals associated with that content (e.g., a customer indicating satisfaction or dissatisfaction); then decides whether to target those individuals and, if so, with what action (e.g., continue to monitor, engage in conversation, offer appreciation); then, ultimately, funnels them toward evangelism” (Weinberg & Pehlivan, 2011).

### **5.1.2 Strategy:**

A study conducted by The SMB (Small and medium sized business) Group found that one in five small businesses have no social media strategy. Without strategy or goals, a business is unable to determine whether or not they are gaining anything through their efforts, or simply wasting time. Those businesses without a strategy also reported being less satisfied with social media’s ability to generate new leads (SMB Group, 2012). Small businesses need to have a plan when using social media. Because social media is applied to marketing in various methods, no one strategy fits all (Cox, 2012). The tools and strategies for communicating with consumers have changed. Social media tools help companies communicate with individual consumers, which can in turn help establish long-term relationships. Social media tools such as forums, blogs, or chat rooms create an interactive dialogue for companies to engage consumers. However, consumers are able to produce information about a company and educate other consumers about products, brands, services, and more (Cox, 2012).

One may question the advantages of having a presence on social networking sites such as Facebook or Twitter when the business already has a website. The answer is reach. A business wants their message to reach as many people as possible (Cox, 2012). Social networks such as Facebook have a relatively short half-life of information and are deep. This social media can be used to influence and track beliefs and attitudes of consumers (Weinberg & Pehlivan, 2011).

### **5.1.3 Impact:**

A unique role of social media is that enabling customers to talk to one another is, in a sense, an extension of traditional word of mouth communication (Mangold & Faulds, 2009). Managers are faced with the question of how this power can be harnessed to benefit the organization. Although companies cannot directly control what consumers are saying, they do have the ability to influence the conversations consumers are having (Mangold & Faulds, 2009). Social media marketing (SMM) takes advantage of social networking to help a company increase brand exposure and broaden customer reach. The goal is usually to create content compelling enough that those users will share it with their social networks (Cox, 2012).

## **5.2 Defining Small Businesses:**

Generally, there is no universally agreed-on definition of small business or SME (Small and Medium Enterprise). Many efforts have tried to define the term small business, using criteria such as number of employees, sales volume, and value of assets. Much academic literature adopts the European Commission definition of SME (Cox, 2012). Small businesses are the backbone of the U.S. economy. They create employment opportunities and it is important for them to survive to sustain or increase their contributions to the economy (Cox, 2012). Marketing from a SME’s point of view is a way to inform the customer about the firm, its products, and services; and to create and maintain customer relationships (Reijonen, 2010). With the amount of resources available today, small businesses have numerous marketing opportunities available to them (Cox, 2012).

### **5.2.1 Marketing Opportunities of Small Businesses:**

Numerous marketing opportunities exist for small businesses, namely networking and word of mouth marketing. Not only do owner-managers of small businesses rely on their personal contact network, but they rely on the networks of their customers as well. Small businesses often rely on word of mouth recommendations for new customers (Cox, 2012). Word of mouth marketing provides small businesses with an opportunity to give customers a reason to talk about products, making it easier for word of mouth to take place (Cox, 2012). Networking is a widely cited marketing activity for SME’s and is important during their establishment, development, and growth (Walsh & Lipinski, 2009). as cited by Walsh & Lipinski, 2009 that in marketing their firms, SME’s rely heavily on their personal contact network. The Word of Mouth Marketing Association (2011) recognizes all word of mouth marketing techniques as being based on the concepts of customer satisfaction, two-way conversation, and transparency. The association describes the basic elements of word of

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mouth marketing as: “Educating people about your products and services; Identifying people most likely to share their opinions; Providing tools that make it easier to share information; Studying how, where, and when opinions are being shared; and Listening and responding to supporters, detractors, and neutrals”. Small firms are generally at an advantage because their small size makes it easier to get close to customers and obtain valuable feedback (Gilmore et al, 1999). Such an advantage enables small businesses to take advantages of the marketing opportunities networking and word of mouth marketing provide. But small business owners face many challenges when it comes to marketing as well (Cox, 2012).

**5.2.2 Marketing Challenges of Small Businesses:**

Researchers widely agree that marketing practiced in small firms is different from that of large organizations. According to Stokes (2000), in small firms,

marketing is used for immediate needs and little attention is paid to plans and strategies. SME’s direct their attention to sales in order to survive (Stokes, 2000). For all issues outside of advertising, such as customer satisfaction measurement and improvement and design of customer service and support, the sales function has a slightly greater influence (Walsh & Lipinski, 2009). One of the most prevalent areas in which a small business has problems is marketing (Huang & Brown, 1999). This is due to the inability to employ a marketer to carry out marketing activities for the business (Berthon, et al., 2008). Reijonen (2010) recognizes “marketing as tactics/methods focuses on the use of marketing mix (4 p’s: product, place, price, promotion); in other words, on the implementation of marketing strategy”. Because definitions of marketing generally interpret the marketing carried out by large businesses, there is no clear definition of marketing in SME’s (Reijonen, 2010). One solution to the marketing challenges faced by small businesses is Social media. Social media enables small businesses to overcome the Challenges of limited budget, lack of expertise, and positioning against larger competitors. Small businesses are not the same as big businesses and therefore cannot be expected to have the same marketing resources. Several models of marketing exist that provide guidelines for businesses to survive and grow (Reijonen, 2010). However, marketing theory that a large organization uses cannot be generalized to a small business which has different characteristics and requirements. As a consequence, small firms are moving from conventional marketing practices towards more affordable, interactive, and integrated marketing (Reijonen, 2010).

**5.3 Integrated Marketing Communication (IMC):**

Marketing practices have traditionally centered on the marketing mix Model (product, price, promotion, and place) termed the 4Ps of marketing. Integrated marketing communication (IMC) emerged in the past few decades as a response to the changes in the domains of marketing and marketing communications, changes brought about by the impact of information technology (Cox, 2012). Cay wood, Schultz, & Wang define IMC as a concept that combines the disciplines of general advertising, direct response, sales promotion, and public relations to provide clarity, consistency, and maximum communication impact (Cox, 2012). In the traditional promotional mix, the elements of the marketing mix (Advertising, personal selling, sales promotion, public relations, and direct marketing) are designed by businesses in coordination with paid advertising agencies and marketing firms (Mangold & Faulds, 2009). More recently, the arrival of social media has added a new dimension to the promotion mix. In a traditional sense social media enables businesses to engage their customers. In a nontraditional sense it enables customers to interact directly with other customers (Mangold & Faulds, 2009).

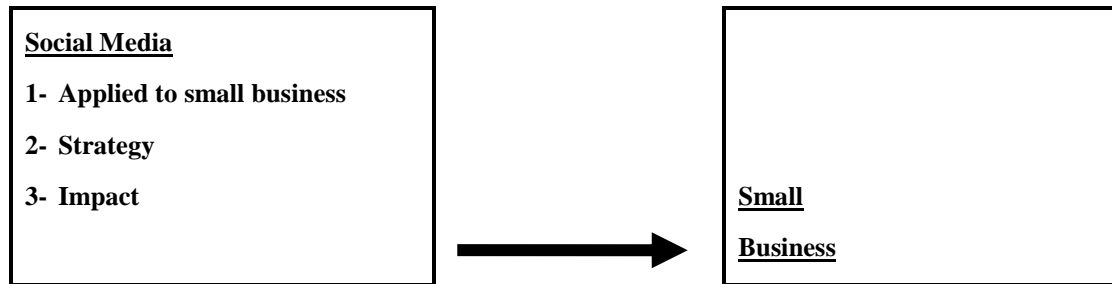
Several scholars suggest that, despite the constraint of resources, SME’s are likely to be more entrepreneurial, flexible, and innovative than their large organization counterparts. This enables them to be more responsive to customer needs and they have more of an opportunity to get close to customers and obtain valuable feedback (Gilmore et al., 1999). Such opportunities can be exploited through the use of social media, but it is also important to know how small businesses use social media to engage customers (Cox, 2012).

**6. METHODOLOGY****6.1 Research Framework:**

The proposed model ( Figure 1) of this study conceptualizes the relationship among Social Media and Small Business; the dependent variable is the small business. While the independent variable is the social media and its elements include the following: Applied to small business, Strategy and Impact. Relationship marketing, also called one-to-one marketing,

focuses on establishing a learning relationship with each customer, rather than a dominant focus on sales (Peppers et al., 1999). It is concerned with providing value to both the business and the customers. Small businesses often have the advantage of knowing their customers on a more personal level. Such relationships result in higher customer loyalty and higher levels of customer satisfaction. Small firms also have the ability to quickly react to customer needs. However, studies have shown that small firms have a short-term orientation and long-term perspective to market planning is unlikely (Coviello et al., 2000). Social media enables small business owner-managers to begin creating relationships with consumers in the beginning (Cox, 2012).

Figure (1) Model reflecting the relationship between the study variables



Source: Modeling illustration based on reviewed literature.

Based on the literature review and the information in the deductive method of data analysis, the following hypotheses were raised and tested using specific statistical tests. The hypotheses are described below.

H1: There is a positive significant statistical relationship between social media applied & small business.

H2: There is a positive significant statistical relationship between strategy of social media & small business.

H3: There is a positive significant statistical relationship between impact of social media & small business.

### 6.2 The types of Research Followed:

This type of study was an analytical study, and included qualitative and quantitative study, so that the individuals who can benefit from them in reaching good results.

### 6.3 Sample and data collection:

Purposive and convenient sampling methods were conducted in this study, The Khartoum study was conducted by Varisa Private Limited, Alsaqifa Travel and Tourism, Uttachue Travel and Tourism and Loomi Limited Co. the companies were selected purposively as a form of non-probability sampling in order to obtain a gross estimate of the results without wasting time, effort, and expense. A total sample of the companies' employees were selected conveniently to cover the full research of 60 employees matching selection criteria. 60 sets of questionnaires were distributed to the sample selected out of companies' employees using the convenience method. The questionnaire consist of 3 sections, part one is about demographic information, part two is about social media (independent variables) and part three is about small business (dependent variable). However, only 45 (75%) sets of questionnaires were successfully collected and completely answered.

### 6.4 Data Analysis:

The data was collected manually and then analyzed using a computer-aided program (SPSS version 21.2); multiple regression analysis was used to find the relationship between variables.

## 7. RESULTS AND IMPLICATIONS

### 7.1 Result of Regression Model Analysis Between Dependent And Independent Variables:

Table (1) shows the result of multiple regression analysis between Strategy, Impact, Applied Business and Small Business. The adjusted squared multiple correlation coefficient (adjusted R<sup>2</sup>) clearly explains 30.7% of the variance associated with the small business. The F statistic is also significant (F = 7.504). We also observed that the most

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important variable was strategy, which had the highest Beta value (.525) and highest t-value (4.022) this result shows a positive relationship between strategy and small business. The second most important variable associated with the small business was impact, the Beta value of this variable was (.176) with t-value (.826). The result also shows a positive relationship between impact and small business.

**Table (1) Multiple Regression Analysis**

Model	B	Std. Error	Beta	T	Sig.
(Constant)	2.064	2.391		.863	.393
Applied Business	.122	.178	.099	.687	.496
Strategy	.543	.135	.525	4.022	.000
Impact	.176	.213	.115	.826	.413

**7.2 Overall Hypotheses:**

Table (2) summarize the results of the four hypotheses of this research. The acceptance rule of factors ( $p$ -value  $< .05$ ), the significant value ( $p < .05$ ), further confirms that the variable is suitable and significant in relation to the dependent variable.

**Table (2) Overall Hypotheses**

No	Hypothesis	T-value	P-value	Result
H1	There is positive significant statistical relationship between Applied business and Small business	0.687	0.496	Not supported
H2	There is positive significant statistical relationship between Strategy and Small business	4.022	0	Supported
H3	There is positive significant statistical relationship between Impact and Small business	0.826	0.413	Not supported

**8. CONCLUSIONS**

This study began with the fundamental question of how a small business uses social media to engage consumers. Data from the study was presented. The study demonstrates that from the beginning, the participant recognized social media's importance and utilized it to the best of her ability. Although the participant had taken a marketing class that covered social media marketing strategies, the participant still had to learn how to use social media and struggled in the beginning. The study illustrates the choices a business has in deciding how to engage consumers and makes an argument for why each strategy should be used. The literature suggested that often small businesses do not have a strategy when they begin using social media. This can potentially end in wasted time and effort. It is important for businesses to recognize what they want to achieve by using social media. No longer is it enough to create a Facebook or Twitter account and post to or check it once a week. Businesses must be active participants on these channels and to do so they should have some knowledge on how to use them, including strategies for engaging the audience.

**9. LIMITATIONS AND RECOMMENDATIONS**
**9.1 Limitations:**

- Because a variety of companies exist, it was unfeasible for the scope of this research to cover every industry.
- The limitations of the collected data make it difficult to make generalizations across industries, companies, and locations.
- The research lacks a comparison between the practices of a company recognized for using social media marketing successfully and a company using it less successfully.
- Companies that have not used social media successfully will not be included in the research due to time constraints.

## 9.2 Recommendations:

- Social Media should adopt a strategy to provide their audiences with critiques that provides appropriate information to the consumers about products and services in the local market.
- Improving social media by creating different programs about what consumer wants and personal needs.
- Make social media usage supervised by critiques to give exact information which consumer's wants, as consumers in Sudan hardly trust information provided in social websites.
- Social Media should contribute more with providing information and creating well informed consumer society.
- Social media is able to level the small ones with the big ones. They compete as if they were equal.

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