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Dr. KK Sabarirajan
Assistant Professor,
Department of Business
Administration, Annamalai
University, Tamil Nadu, India

Social media strategies for small businesses

Dr. KK Sabarirajan

Abstract

The primary objective of the research is to study and understand the concept of social media marketing and its role in small business as MSME sector. Also it is intended to study the correlation between the increased sales obtained by small businesses and the time spent on social media marketing and to study the social media marketing strategies used by these MSMEs for customer retention. Data was collected from 50 Small business (MSMEs) using convenient sampling. The results show that social media has a strong influence on brand awareness and brand trust, which in turn, has a strong influence on customer retention. Also, there is a strong positive correlation between increased sales and the time spent on social media. Finally, social media marketing strategies have a positive influence on customer retention and to increase in market share.

Keywords: Social media, brand trust, customer retention, social media marketing

Introduction

In Indian economy, small businesses are a million little integral parts of a lavish car which help the engine keep running but all that someone can see from the outside are the four tyres (giant corporations) that give the car speed. It is confirmed that 65-75% of the innovations in India come from the industry of small business.

Nowadays, small business uses social networking sites that offer retailers can extend their marketing campaigns to a wider range of consumers. Chi (2011, 46) defines social media marketing as a "connection between brands and consumers, while offering a personal channel and currency for user centred networking and social interaction". The tools and approaches for communicating with customers have changed greatly with the emergence of social media. Therefore, small businesses must learn how to use social media in a way that is consistent with their business plan. This is especially true for small businesses striving to gain a competitive advantage.

Review of literature

Social media are defined as "a second generation of Web development and design, that aims to facilitate communication, secures information sharing, interoperability, and collaboration on the World Wide Web". There are numerous social media sites; among the most popular are Facebook, LinkedIn, and Twitter. In 2010, Facebook announced it had over 500 million users; in the same year, Twitter reported 75 million users. On average, consumers spend more than 5.5 hours per day participating on social media websites. With their increasing use, these sites are perceived as tools for creating online communities of users who share interests, activities, and objectives. The Internet has revolutionized communication, allowing individuals and organizations to overcome geographical and time constraints, which in turn allows consumers and companies to connect around the world at any time. Social Media and online communities allow people to gather together on the Internet for various reasons, including searching for and sharing information, discussing communal issues, and making inquiries. With rapid changes in information technology, these online activities are now performed via a new form of communication technology known as "Web 2.0" or social media.

Social media is a place where consumers can learn more about their favourite companies and the products they sell. Marketers and retailers are utilizing these sites as another way to reach consumers and provide a new way to shop. Technology related developments such as the rise

Correspondence
Dr. KK Sabarirajan
Assistant Professor,
Department of Business
Administration, Annamalai
University, Tamil Nadu, India

of powerful search engines, advanced mobile devices and interfaces, peer-to-peer communication vehicles, and online social networks have extended marketers' ability to reach shoppers through new touch points.

Research methodology

This research investigates small businesses using social media for customer retention. The companies selected were jewellery, handicrafts and food products. Many of these businesses have using various social media pages and have various promotion strategies in order to encourage consumer participation. Convenient sampling method is used to study the social media marketing strategies used by Small business (MSMEs) for customer retention. The research uses both primary and secondary data. Secondary data is collected from journals, articles, publications in renowned Journals & Books and Social Media industry reports. Previous researches articles of various authors were also reviewed. Primary data has collected through questionnaires in order to examine the research questions. Data collected through survey method done through well structures questionnaire with small business owners. The target population is those who using social media marketing in small businesses. The sample size has been taken to be around 50 small businesses (MSMEs). Convenient Sampling technique is used to select 50 small businesses.

The data was collected between January 1 and April 30, 2015 in Thiruvallur district.

Objectives

1. To study the relationship between the increased sales obtained by small businesses and the time spent on social media marketing
2. To study the social media marketing strategies used by small business for customer retention.

Hypotheses

- H1: Brand trust has a positive influence on customer retention, market share.
 H2: There is a correlation between the increased sales obtained by small businesses and the time spent on social media marketing.

Data analysis and interpretation

The techniques used to analyse the collected data are Regression and correlation to know how social media marketing is related to brand trust and retention of customers. Karl Pearson's correlation coefficient is used to find the relationship between increased sales and time spent on social media marketing. Regression is used to show the influence of social media participation on customer retention and increased market share.

Table 1: The relationship between the increased sales obtained by small businesses and the time spent on social media marketing

Correlation		Increased sales
Increased sales	Pearson Correlation	1
	Sig. (2-tailed)	
	N	100
Time spent on social media marketing	Pearson Correlation	0.884**
	Sig. (2-tailed)	.000
	N	100

Table 2: Regression Model

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	F	Sig.	
1	.900 ^a	.809	.807	37.770	464.359	.000 ^b	
a. Predictors: (Constant), customer retention, market share.							
Model	Un standardized Coefficients		Standardized Coefficients		T	Sig.	
	B	Std. Error	Beta				
1	(Constant)	6.062	7.571			.801	.424
	Customer retention	2.712	.206	.399		13.161	.000
	Market share	4.205	.296	.484		14.184	.000
a. Dependent Variable: customer retention, market share							

Findings

1. Facebook is the most popular social media, majority of the respondents were present on this platform followed by Instagram which had 83%, and 46% of the respondents were present on twitter which the marketers uses utmost followed by Blogs 29%, Youtube and LinkedIn at 24%.
2. More than 80% companies spend upto 6 hours every week on social media marketing.
3. Majority of the users on Facebook and Instagram have an average response time of 1-6 hours after receiving feedback in forms of comments, replies and likes.
4. Twitter has seen a faster response time by the companies to their followers on social media.
5. Afternoon 1-4 pm is the most popular time to post messages on social media platforms like facebook and

Instagram to ensure maximum reach. Evening 5-8 pm received highest number of responses for twitter.

6. More than 67% companies felt that at least 18% of overall marketing budget should be assigned to social media marketing.

Conclusion

Small businesses recognised the importance of social media and used social media at least daily, with many making more than one update on social media per day. Participants appreciated the benefits of using social media for a various range of purposes other than sales or marketing. Some staff within in each business did not use social media for business purposes. Reasons identified for this included lack of time due to other work commitments and lack of familiarity with social media applications.

Suggestions

It is suggested that all of the small businesses try to implement a full-fledged social media strategy included making regular posts on social media and provision of knowledge and information that would be attractive to clients and was available free of charge. Also small businesses make an extensive use of advertising on social media and to employ a staff in a full time capacity to manage social media. It was recognised that there was a need to monitor and respond to posts from clients on social media outside of office hours. Scheduling of social media posts was often used as a time saving method of putting out posts on social media.

Although small businesses had tried to adopt a strategy for social media use, it was identified and suggested that some degree of experimentation with social media was often useful to try out new platforms and to determine which works best for the small business to increase sales and market share.

Managerial implications

This research will help the small businesses as they can able to target customers with appropriate social media marketing strategies. The research also revealed the factors contributing to increase the sales through social marketing. Thus, the small businesses can choose social media marketing channels, tactics and create an effective social media marketing strategy to retain customers.

Limitations

- The social media marketing strategies used by small business (MSMEs) for customer retention have been studied in Thiruvallur district and the conclusion limited to that area only.
- The study has focused on small business (MSMEs) only.
- The study also faces limitations of sample size, time, cost and experience.
- A variety of companies exist and it will be unfeasible for the scope of this research to cover all industry.
- It difficult to make generalizations across industries, companies, and locations.

Scope for Further Research

There is scope for further research in the area of social media marketing strategies of large businesses and MNC corporations. Research can also be conducted on social media marketing strategies in other sectors such as Hospitality, Tourism etc.

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