THE POTENTIAL OF SOCIAL MEDIA MARKETING FOR SMALL-BUSINESSES DURING THE INITIAL STAGE

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I. Introduction

Since the beginning of the 21st century, social media is gaining exposure by significant degrees. During the initial stage of a small business, these companies face troublesome challenges such as money management, client dependency, and fatigue (Beattie, 2020).

However, with rising platforms such as Facebook, YouTube, and Instagram, small businesses are seeking more opportunity to deliver themselves to a larger audience. Recent studies pointed out that 77% of US small businesses use social media for sales, marketing, and customer service (Dougert, 2018). As of 2019, there are 30.7 million small businesses in the US which account for 99.9% of all US businesses (SBA, 2019), understanding marketing on social media is extremely important during the initial stage for these business owners.

After reviewing researches from various institutes and sources, we aimed to conclude the top advantages and disadvantages of social media marketing from previous research, determine whether social media is a suitable solution for many challenges small businesses have to face during early stage, and explore routes these small businesses can take to more efficiently apply social media marketing. In conclusion, this research focuses primarily on exploring the potential of social media marketing for small businesses during the initial stage of their operation.

II. Why Social Media Marketing Works For Small Businesses

As more marketing features are developed online, more small businesses are participating in social media marketing. Especially with the fact that social networking is more than crucial in today’s markets, the benefits that social media marketing provides indeed accelerated the successes of countless small businesses.

Besides, even though social media marketing usually takes a longer period to see ROI, key metrics that social media platforms provide are extremely helpful. Take Facebook Ads for
example, it provides users with total site traffic, bounce rate, page value, impressions, CPM, clicks, conversions, and etc. It doesn’t directly show the end results of that specific advertising campaign, but when comparing those key metrics, small businesses owners are able to conclude which type of marketing concepts are more effective, leading to more educated business decisions in the future.

**Promoting interactions with customers while enhancing customers services**

During the initial stage, it’s difficult to find customers and establish that long relationship (Cox, 2016), meaning whether the small business can professionally handle the minimal conversation with these respective customers is a major factor. Good news is one of the biggest advantages social media provides is the ability to interact with customers at a much closer distance as social media can play a variety of goals in fostering interactions (Lepkowska-White). For small businesses, creating interactions with customers is extremely important in terms of marketing. Not only does it help with attracting customers, but it also retains them with impressions. As small businesses don’t have the capital to launch large marketing campaigns, social media creates the suitable platforms to build brand awareness and establish connections with potential consumers. Especially for small businesses that lack intentions and voices in the market, the ability to generate more interactive and more responsive relationships compared to larger companies with customers is indeed an advantage that social media brings.

As small businesses start to operate, managing workflow is a top challenge (Cox, 2016), especially when it comes to customer service before, during, and post sales. Prior to social media, when problems arise from customers, the only way they can contact the business is through either calling or emailing the support team, which usually takes a long time to respond. The disadvantages these features present are undeniable. Aside from requiring a group of trained employees to handle unique situations from customers, the long waiting time always upset customers. Nevertheless, the rise of social media allows customers to directly reach out and the ability to use chatbots to sort out and address the majority of the problems before human interaction is efficient and effective. A positive relationship between social media and customer relations and services (Dodokh 2019) is an important cornerstone for the long success of these small businesses.

**Creating relationships with other businesses**

Unlike larger companies, small businesses lack marketing tools and connecting with others shorten that gap by a major degree; this simultaneously adds immense pressure to perform (Pierce, 2021). Nevertheless, building connections with other businesses through social media is a beneficial route to take. With co-promotion of local businesses that enhance the image of small
businesses in the regions (Jones et al. 2015), it allows small businesses to reach a larger audience without extra spending. At the same time, it provides the owners with a better understanding of the market and competitors and therefore allows them to make more educated business decisions. From building relationships, small businesses will be able to understand the perspective of others and get inspired beyond what has been done previously. Ranging from solving each other’s problems through various expertise to referring potential clients, creating relationships help small businesses grow exponentially.

Cost-friendly when it comes to advertisement

In addition, no matter what market these small businesses are in, money management is an inevitable challenge (Cox, 2021). When it comes to advertisement, two of the major factors small businesses need to pay attention to are budget and target audience. Budget determines the longevity of the advertisement campaign and target audience determines the potential effectiveness of it. With limited capital, social media can’t afford major TV, radio, or magazine ads. On the other hand, the ability to precisely target specific audiences is also hindered.

However, social media marketing provides the best solution. As concluded that social media usage has a very strong positive impact in terms of cost reduction (Parveen et al. 2016), not only does it allow business owners to select the target audiences with detailed demographic and psychographic, it requires a much lower cost with a fastly updated analysis on the effectiveness of the respective advertising campaign.

Increasing brand exposure on a global basis

Unlike major businesses, small businesses always entered the market with low exposure since consumers are all unfamiliar with the company (Cox, 2021). However, social media enables small businesses to reach audiences all around the world. Most of the advertisement channels, such as TV, banner, and radio, target local population, but social media marketing notonly allows small businesses to reach a global audience but also targets a specific group of potential customers at a specific region. With the rapid development of social media, the once distant global market is now closely connected as a whole and this provides immense opportunities for small businesses. Back when social media wasn’t prevalent, businesses majorly rely on travelling to live events to find a targeted audience or rely on word of mouth which is time consuming. Fortunately, these are no longer obstacles with the presence of social media marketing. With enhanced ability to reach customers on a global scale (Jones et al. 2015), small businesses owners are now able to connect with clients all over the world and therefore increase brand exposure on a global scale as one of the eventual goals of all businesses is to make more sales and generate more traffic to their sites. With social media, small businesses are able to present
themselves to a larger audience without excessively spending.

III. Disadvantages of Social Media Marketing for Small Businesses

As much as social media marketing helps small businesses to grow, it substantially comes with drawbacks. In addition, there are certain challenges that social media marketing won’t resolve for these small businesses. With online platforms, it’s never a 100% safe environment technologically and socially. However, if handled professionally, these potential hurdles can still be fixed and generate positivity for the small business.

The risk of getting negative feedback

Especially for small businesses who often have a difficult time finding customers during the initial stage (Cox 2016), they rely on good market reviews. But as social media is open for everyone, it leaves a risk of getting negative feedback from customers as “there are people who always aim to damage one’s reputation with the internet being easily accessible more than ever before” (Owen 2019). Although it’s important to receive negative feedback to improve the business, the publicity of certain comments can negatively affect the business. Aside from reaching the present customers, it can possibly have a profound impact on the future customers, especially with the fact that small businesses don’t have high reputation during the initial stage. However, there are still rooms to minimize the negative impact. As small businesses are more responsive and active on social media, they are able to make personalized approaches and make a realistic solution to the existing negative feedback and therefore build up the reputation. There is no guarantee that negative comments won’t come in, so whether the small businesses can make proper responses is key.

Need to stay active and engaged

Another challenge small businesses have to deal with is workload management (Cox, 2021) since they usually face a large amount of obstacles and need to dedicate themselves in all areas. However, operation on social media adds even more pressure. In order to consistently attract customers, small businesses must try to push their content out to the market before their competitors, meaning “resources in terms of money and time must be allocated to ensure frequent publishing of aesthetic posts” (BusinessBlogs 2021) . Aside from monetary and time investment, whether the businesses can figure out exciting and popular marketing content plays a major role in determining the success of social media marketing. In other words, social media marketing to its present and future customers is like a YouTube creator to him/her subscribers and viewers. The only way for this creator to stay on the top of the YouTube recommendation list is to keep uploading thrilling content to engage with those viewers. Like that, social media
marketing relies on the same logistics as social media platforms will automatically lower your ranking in users’ feed once you slow down your output.

**Inaccuracy when reaching target audiences**

When it comes to advertisement on social media, small businesses usually have to deal with a lack of resources in terms of time, budget, and people (Murphy, 2017), meaning they have to precisely deliver the content to the target audience to most efficiently convert investment to actual sales. To make things worse, these social media platforms have been creating hidden obstacles. Social media has this feature in which it asks users to enter their demographic status, which on paper is convenient for small businesses doing marketing. However, a potential problem remains. There is no guarantee and security check that users on various platforms entered accurate information. As businesses are prompted to enter their target audience’s information, this disparity can cause a serious amount of money and time wasted. Especially with the fact that small businesses already have a limited budget, it simply makes the situation even worse. Although it’s arguably true that most people input correct information, the slight discrepancy can still lead to negative impact as every minute detail counts for small businesses.

**Slow kickoff during initial stage**

Another challenge small businesses have to face is a slow kickoff. Social media provides countless benefits, but when transferring to online platforms, it usually takes an extensive amount of time to start the circulation of content. On social media, it requires substantial efforts to learn the system and understand the algorithm. Even though the goal is to update regularly, doing so without any strategies and enough knowledge about them will eventually lead to a waste of time and resources. Unlike larger companies who can hire social media specialists to prompt a head start, small businesses usually struggle at the initial stage on these online platforms. There is a misconception that social media is completely free, but the amount of disproportionate effort invested early by these small businesses indeed negatively impacts the biggest asset they have: time.

**Security and privacy policy issues**

Unlike larger companies that have great cybersecurity protection, small businesses don’t have the assets to build security systems like that; and this makes them extra vulnerable online since “the rise in technological advancements also comes the rise of hackers and other malicious individuals” (Mae 2021). Some of the more prevalent issues include data mining, phishing attempts, and malware sharing. From personal accounts to official accounts, the danger of information leaking is unavoidable. In terms of small businesses, they don’t want their key data
and figures to be shown in front of their competitors and customers. Even though these social media companies are constantly improving their security and privately policy issues constantly, there is simply no proof that the internet is completely safe.

IV. Discussion: how to use social media marketing more efficiently as small businesses

Starting off, signing up on multiple platforms is one of the best tactics a small business can use. Due to different platforms’ diverse user groups (FB has more older users and Tik Tok has more younger users), doing marketing campaigns on various social media allows small businesses to most accurately completely cover their target audience. Aside from that, it’s important that small businesses define their marketing goals as early as possible prior to launching the marketing campaign. One common mistake that small businesses make is purposelessly launching a promotion on social media, hoping that it will magically increase sales by a significant degree. But in reality, it takes much more effort than that. Are you trying to engage customers? Are you trying to build brand awareness? Or are you trying to generate traffic to your site? The only way to effectively launch a marketing campaign is to understand the purpose as it will then lead to strategic plans to implement such a campaign.

Aside from that, building a community should be the first priority for a small business during the initial stage. From a business perspective, not only is it difficult to generate sales with a minute following, pushing promotional content to potential customers is even harder. However, if taking the initiative of building a community first, small businesses can slowly build up reputation and give consumers a reason to follow, sales will eventually come up as time progresses. And as mentioned previously, one of the disadvantages of social media marketing is to constantly stay engaged and active. Aside from launching surveys and creating discussion topics to promote interaction, it’s very crucial to schedule every post way ahead of time. Even though that schedule may not eventually go as planned due to many changing factors, it gives more flexibility from a time and responsible personnel manner. Another benefit of planning ahead is it leaves more room for premium content. Instead of rushing at the last second, strategic reviews and edits are what it takes to guarantee quality. Besides, forming relationships with content creators is also an efficient way to do social media marketing. Unlike larger companies who can sign contracts with celebrities to shoot promotion videos, influencer marketing is the alternative method small businesses can take since these content creators usually have larger followings on social media with better interaction. In addition to a lower budget, finding a suitable influencer for all the small businesses to perfectly deliver their products/services to the most accurate target audience. For example, if small business A sells smartwatches, it can find a YouTuber that does electronics reviews as most of his/her subscribers are interested in technology and electronics. Apart from these, whether small businesses can professionally handle negative feedback is key. As small
businesses present themselves on social media, it leaves room for negative feedback. Receiving negative feedback is not necessarily a bad thing since it gives these business owners direction to improve their company as a whole. However, it’s absolutely necessary to develop a personalized response and solution to the corresponding customer that left the negative feedback. Beside satisfying that specific customer, it shows the market that you are willing to put in the effort to create benign relationships with customers and therefore establish more authority. Lastly, it’s always important to not share too much information on social media whether it is personal or business related. Beyond potential identity theft, leaving those key content can put your business at a disadvantage as competitors in the same market can copy the exact strategy.

V. Conclusion

The increase in the usage of social media since the 21st century has contributed to a lot of successes for small businesses all around the world. After comparing the advantages and disadvantages of social media marketing, we found that social media is never 100% beneficial for small businesses, especially during the initial stage. Even though significantly effective and efficient when it comes to promoting interactions, creating relationships, reducing costs, increasing brand awareness, and enhancing customer service, problems such as negative feedback, time-consuming, inaccuracy when reaching target audience, slow kick, and security and privacy policy issues are inevitable. However, as long as these small businesses can handle these negative situations professionally with adequate solutions, social media indeed can help them make a giant leap and solidify their position in the competitive consumer market.

References


