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## *A Study to Measure the Impacts of Social Media Marketing on the Growth and Development of Small-Scale Enterprises*

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*Abstract: The current study was conducted on a sample of 416 small scale enterprises of Haryana state with an aim of measuring the impact of social media marketing on the growth and development of these selected small-scale enterprises. Study was exploratory in nature, based on primary data only. It was found from the study that social media marketing impacts the growth of SSEs in four ways namely; product, promotion, pricing, and customer services. The perceived impacts of the social media by SSEs can be categorized into four factors. First is how social media impact the product, secondly how social media affects the pricing factor, thirdly how social media affects the promotion, and impact of social media on customer services factor.*

*Keywords: Social Media, Social Media Marketing, Product, Business, Small Scale Enterprises, Growth, Development, Promotion Etc.*

### I. INTRODUCTION

Social media has evolved at an unexpectedly rapid pace. Social media platforms provide a way to connect with like-minded people and find content relevant to individual interests. However, before we delve into the deeper aspects of social media use- including its modes, dimensions, and impacts- it is necessary to understand the meaning of social media as taken in this study's context. The broad definition of social media includes any website which allows its content to be created by its own users and allows a degree of interaction and communication between people through that website. In the simplest of definitions, media is a means of communication. Social media can be defined as websites or other internet-based services where the content being communicated is created by the people who use those services themselves. While this can cover a very broad range of mediums, including chatrooms and discussion forums to search engines and microblogging outlets, it is important to recognize that the contemporary implication of the words 'social media' has shifted to focus on 'mass social networks'. As per Obar et al. (2015), there are four common features that define social media services: first, that social media must be made of internet-based applications. The second unique feature was that the lifeblood of the social media, i.e. the content, must be user-generated (Kaplan, 2010). The third commonality referred to users being able to create service-specific profiles, and lastly, be able to build online social networks by making connections with other individual profiles or groups (Boyd, 2010). Thus, mass social media networks here refer to avenues such as Facebook, YouTube, Twitter, Instagram, and WhatsApp, among others. These networks have attained some astonishing penetration rates among the users worldwide which gives them the true sense of social media. The opportunities created by this smaller number of platforms hence constitute the bulk of this study. With this direction of study, the evolution of the use of social media needs to be discussed.

The world saw the humble beginnings of social media in the late 20<sup>th</sup> century, with the advent of growing internet penetration in society. While the primitive email was born in 1966, it was 1979 which brought any kind of sophistication to

interconnectivity and web communication. It was the year of UserNet, which allowed communication via virtual newsletters and articles. The website also allowed posting articles on newsgroups, which was the first shadow of social media sharing. The intermediary decade of 1980 saw some breakthroughs in the evolution of social media with ListVerse and GENie, but it did not achieve true social media use. The first virtual chatrooms were realized only in the 1990s, a remarkable one being The Palace in 1994. These chatrooms allowed the creation of virtual avatars and communication via text, which was basic functionality that is carried on in multiple social media platforms even today. However, the first definitive social media network was born in 1997-called SixDegrees. This network achieved a significant milestone in the evolution of social media as we know it today. It allowed its users to upload profile pictures and connect with others by making 'friends' and creating social groups. This was also the period of the rise in blogging websites- such as LiveJournal and Blogger. Platforms like DeviantArt, Flickr, and Photobucket became photo-sharing social media networks, in the early 2000s when image sharing was seen as the advanced use of social media. The very first social media giant was found in 'Friendster', a social media network that served as not merely a communication portal, but also a dating site, event, and hobby discovery service. In the next few years, the rise of Orkut and MySpace gave social media the first modern reflection of individual 'friends' and 'followers'. Other platforms like LinkedIn and LastFM brought new niches to social media connectivity. Another game-changing event occurred with the introduction of YouTube in 2005, which opened completely new channels of social media connectivity. The wide scope of video-sharing was realized more succinctly than ever across social media. The next year saw even bigger shifts in the social media space with the introduction of Facebook and Twitter- networks that would go on to become dominants in the social media space for more than a decade. The late 2000s also became the era in which social media popularity was caught on by businesses and commercial ventures. The rise of social media now became synonymous with increasing commercial advertisements and dedicated product and service marketing on these networks.

With this interesting history of social media evolution, and the incredible rise in its spread in the world today, it is no surprise that social media has now become a virtual ecosystem of its own. Today, there exists a myriad of social media networking sites, most of them interconnected as well. The infiltration of social media has become inescapable in the modern world, providing individuals with maximum exposure to each other without any geographical limits.

## II. REVIEW LITERATURE

There is a growing and demonstrated interest in understanding the role that social networks play in the economic field. As per Uptin (2014), in the context of entrepreneurship, social networks provide the channels through which private information flows within organizations and their stakeholders. Social media networks today facilitate information and perform other beneficial, even essential, functions to the entrepreneurial process. Companies today are investing tonnes of money and manpower into researching technologies and strategies to help guide their social media engagement; all so that they can improve relationships with their customers and clients and build their reputation, among other outcomes. According to McCorkindale and DiStaso, 2014, as the tastes of stakeholders change and social media platforms evolve in public discussions and debates, organizations must also constantly adapt accordingly. As per a report by Statista, it was estimated that above 40 billion dollars were spent on social network advertising in 2016 [<sup>1</sup>]. More than 83% of the companies listed in the Fortune 500 list have a Twitter presence, to engage on social media with their customers [<sup>2</sup>]. The customers today expect companies to use their social media presence actively, and demand responses within hours of their complaints. Thus, awareness among customers and the growing competition of staying vigilant in the business community has raised the standards of maintaining a successful business. This has led to the growth of the business community as a whole at a global level. Moreover, the use of social media means it is now easier than ever to engage with customers that are spread worldwide. A study by Hennig-Thurau (2004) reflected on the consumers' partaking in electronic communication regarding the merits of the brand they engage with. The

<sup>1</sup> Available at: [\\$40bn was spent on social network advertising](#)

<sup>2</sup> Available at: [while 83% have a presence on Twitter](#)

reasons behind these customer behaviours were discussed in the study. A sense of belonging, potential payment, and a desire to aid others are a few of the reasons they discovered. This word-of-mouth communication had an impact on potential buyers' decisions. In 2008, Hu et al. tested the idea that products with favourable reviews sell better than products with unfavourable reviews. The researchers discovered statistically significant differences in sales between products that had favourable and unfavourable online reviews. The more a reviewer was exposed to the product and the more credibility the reviewer had the more influential the individual's feedback became. However, these reviews are also carefully evaluated by other consumers. Factors such as reviewer quality and reviewer exposure affect the believability of the review. Another importance of using social media for the business community is the opportunity to build networks and forge better connections with others in the same field. Entrepreneurs depend on their networks of personal and professional relationships to make decisions and solve problems within their businesses and to strategize for success. (Upton, 2014). With the growth of social media significance, businesses have also woken up to their potential in the past decade. It is estimated that social networks earned an estimated \$18.3 billion from advertising in 2017 [3]. Employees and internal communication have progressed to the forefront of social media. In a study, Li and Terpening (2013) from Altimeter found that 43% of companies identified internal social media education as a top priority, and with proper steps, can help reduce risk and activate employees for engagement. Thanks to policies and training programs, employees are successfully advocating for their organizations on social media.

Social media has transformed the old rules of social networking. Social media networking sites, such as Facebook, Twitter, WhatsApp, YouTube, and Instagram, have emerged as the breakthrough medium of communication and interaction in society by surpassing physical limits.

### III. RESEARCH METHODOLOGY

The study was based on the primary data collected through survey method, with the help of customized questionnaire. Area of the study was limited to Haryana state only, and data was collected in person only. The data was analysed using the SPSS software, and exploratory factor analysis was used in the study. The sample size of the study was 416 small scale enterprises operating their business in the form of sole proprietorship, partnership business, or the other form of business.

### IV. DATA ANALYSIS AND RESULTS

The study aims to identify the factors which shows the perceived impact of social media in the growth of business of SSEs, and for this purpose exploratory factor analysis was used.

KMO and Bartlett's Test		
KMO results		.881
Bartlett's results	Chi-Square	10343.822
	df	190
	Probability	.000

In current study the number of variables in this section was 20, hence the sample responses should be  $20 \times 20 = 400$  Lowest, while we have taken total 416 responses, which is higher than the Lowest responses required. Hence, the sample is adequate. Further, the value of KMO shows that it is 0.881. Similarly; the Bartlett's Test of Sphericity depicts that both the tests are giving valid results for normality.

Communalities		
	Initial	Extraction
Using social media helps in identifying target consumers	1.000	.721
Social media platforms make it easier to understand what customers want	1.000	.887
Social media helps to find a business niche	1.000	.938
I use social media to discover new ideas and trends	1.000	.934
Social media helps in reaching everybody in my target audience/ consumer market	1.000	.876

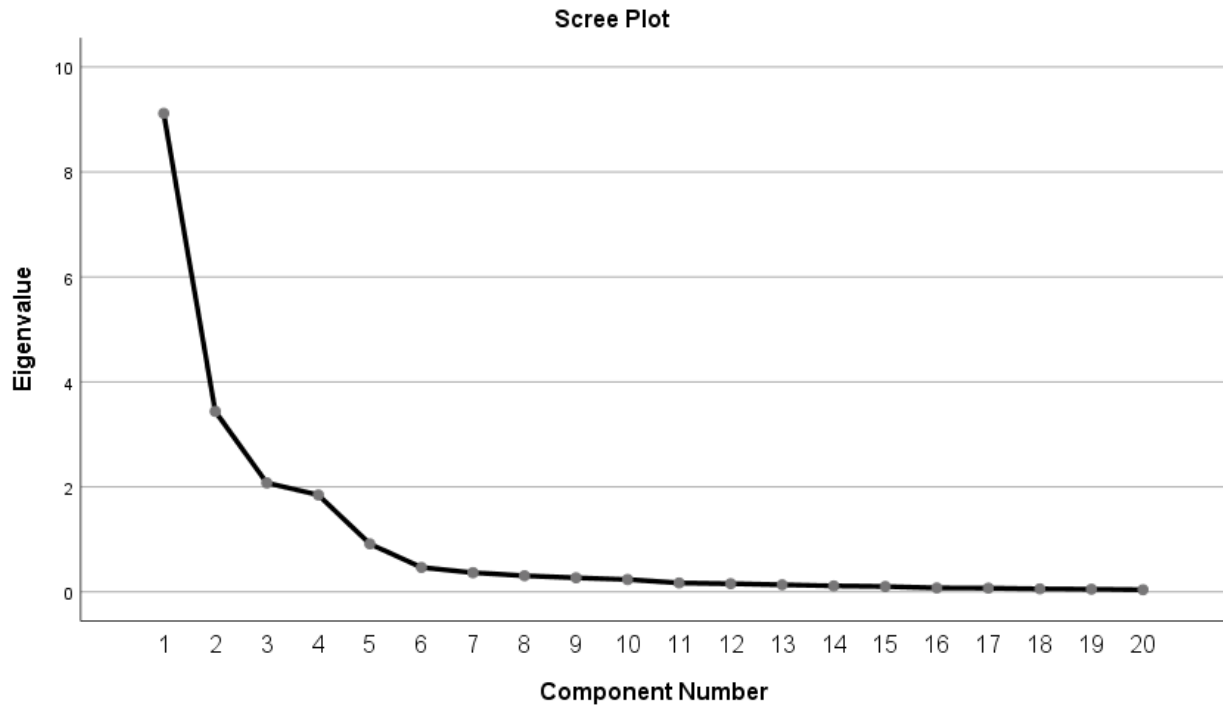
<sup>3</sup> Available at: <https://www.brandwatch.com/blog/amazing-social-media-statistics-and-facts/>

Social media provides easy marketing options	1.000	.775
It is cheaper to promote individual or specific products on social media networks	1.000	.847
Social media can help in spreading awareness about launch of a product or service	1.000	.911
Only products with good design and looks can be sold through social media	1.000	.865
Social media promotion cannot be done without offering free product samples or service demos	1.000	.745
Payment process is easy through social media	1.000	.856
Using social media allows premium pricing for business	1.000	.841
Special discounts or coupons are easy to give through social media	1.000	.881
There is low price competition on social media	1.000	.871
The price of same product is different on different social media platforms	1.000	.814
Social media provides easy feedback mechanism for customers	1.000	.816
Social media platforms offer a wide variety of feedback measures like polls, comments	1.000	.906
There is relevant and constructive feedback on social media networks	1.000	.914
Customer complaints are easier to handle on social media	1.000	.821
The feedback on social media platforms amplifies business failures more than its achievements	1.000	.857

The highest extracted communalities were 0.938 for the statement “Social media helps to find a business niche”, followed by “I use social media to discover new ideas and trends”. While the least communalities were 0.721 for the statement “Using social media helps in identifying target consumers”.

Variables	Variance								
	Eigenvalues (Initial)			Squared Loadings			Rotation		
	Total	% var	Total var %	Total	% var	Total var %	Total	% var	Total var %
1	9.11	45.583	45.583	9.11	45.583	45.583	4.44	22.237	22.237
2	3.43	17.191	62.775	3.43	17.191	62.775	4.31	21.567	43.804
3	2.07	10.377	73.152	2.07	10.377	73.152	4.07	20.378	64.182
4	1.84	9.233	82.384	1.84	9.233	82.384	3.64	18.202	82.384
5	.914	4.569	86.953						
6	.465	2.326	89.279						
7	.365	1.824	91.103						
8	.306	1.530	92.633						
9	.268	1.339	93.972						
10	.235	1.176	95.148						
11	.169	.846	95.994						
12	.155	.775	96.769						
13	.135	.674	97.443						
14	.113	.567	98.011						
15	.102	.508	98.519						
16	.076	.380	98.898						
17	.071	.356	99.254						
18	.057	.285	99.539						
19	.051	.256	99.795						
20	.041	.205	100 %00						

First factor contributing 22.23 percent variation in perceived impact of social media on SSEs, while second factor causing 21.56 percent variation. Third, and fourth factors have contributed 20 and 18 percent variations in the main variable. These four factors altogether can explain the 82 percent variation, in perceived impact of social media on SSEs, while 18 percent remain unexplained which has not been covered by the 20 statements used to measure the perceived impact of social media on SSEs.



Here, in the above scree plot, the elbow started at fifth component, and hence four factors have been extracted from factor analysis.

<b>Rotated Component Matrix</b>				
	Component			
	Pricing	Customer Services	Promotion	Products
Special discounts or coupons are easy to give through social media	.886	.152	.159	.219
Using social media allows premium pricing for business	.873	.165	.139	.181
Payment process is easy through social media	.869	.180	.176	.195
There is low price competition on social media	.868	.173	.202	.217
The price of same product is different on different social media platforms	.832	.196	.196	.213
Using social media helps in identifying target consumers	.805	.120	.066	.097
Social media platforms offer a wide variety of feedback measures like polls, comments	.201	.911	.167	.089
There is relevant and constructive feedback on social media networks	.194	.907	.219	.072
Customer complaints are easier to handle on social media	.141	.850	.248	.128
The feedback on social media platforms amplifies business failures more than its achievements	.223	.847	.291	.066
Social media provides easy feedback mechanism for customers	.236	.842	.200	.105
Only products with good design and looks can be sold through social media	.136	.142	.908	.034
Social media can help in spreading awareness about launch of a product or service	.204	.202	.907	.074
It is cheaper to promote individual or specific products on social media networks	.255	.243	.848	.062
Social media promotion cannot be done without offering free product samples or service demos	.125	.198	.830	.016
Social media provides easy marketing options	.180	.379	.760	.146
I use social media to discover new ideas and trends	.204	.107	.061	.936
Social media helps to find a business niche	.253	.059	.063	.931
Social media platforms make it easier to understand what customers want	.264	.075	.104	.895

Social media helps in reaching everybody in my target audience/ consumer market	.237	.148	.028	.893
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Four factors extracted from the exploratory factor analysis namely; product, promotion, pricing, and customer services. The perceived impacts of the social media by SSEs can be categorized into four factors. First is how social media impact the product, secondly how social media affects the pricing factor, thirdly how social media affects the promotion, and impact of social media on customer services factor.

The perceived impact of social media over the different aspects of SSEs is related to impact of social media on product, promotion, pricing, and customer services. Pricing factor related to the Special discounts or coupons, premium pricing for business, easy Payment process, low price competition, price of same product is different on different social media platforms, and social media helps in identifying target consumers. Product related impacts can be to discover new trends and ideas related to products, to find business niche, to understand customers' needs, and reaching to the target audience/ consumer market. Promotion factor depicts the impact of social media on products with good design and looks, Social media can help in spreading awareness about launch of a product or service, cheaper to promote individual or specific products on social media networks, Social media promotion cannot be done without offering free product samples or service demos, and Social media provides easy marketing options. Customer services factor reflects the impact of social media on wide variety of feedback measures like polls, comments, relevant and constructive feedback on social media networks, Customer complaints are easier to handle on social media, the feedback on social media platforms amplifies business failures more than its achievements, and Social media provides easy feedback mechanism for customers.

## V. CONCLUSION

It can be concluded from the study that small scale enterprises have perceived positive impacts of social media marketing on customer services, their customer services have improved a lot due to usage of social media marketing. They can get the feedbacks of the customers and have worked on these feedbacks, which resulted into better customer services. Other than this, SSEs also got success in tapping new markets with the help of social media marketing, which resulted into increase in sales volume, and customer bases both. Hence, overall the social media marketing has proved very helpful to SSEs in their growth and development.

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