

Impact of Social Media Marketing Strategies of MSMEs on Consumer Behaviour

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Abstract

The Social Media platform has been increasingly adopted in enterprises as social media marketing is the latest “buzz” in marketing. It acts as an additional tool to get in contact with their customers and are effectively used to attract new customers and engage existing customers. The present Paper is devoted to examining how the most emerging and flourishing sector - MSME is adopting and using social media marketing strategies and how efficiently this sector is implementing it as a tool of marketing. The primary objective of this paper is to provide a conceptual framework of social media marketing. It also aims to assess the influence of social media marketing strategies on Consumer Behaviour. The study was carried out in the state of Uttar Pradesh and data was collected from 50 MSMEs. Furthermore, the results revealed that the brand awareness and brand trust are positively and effectively impacted by social media. It also shows that social media have a strong influence on customer acquisition and retention. Social Media Marketing Strategies prove to be very beneficial in acquiring and engaging customer and increasing market share as well. This study is of immense importance to MSMEs in selecting Social Media channels and adopting effective social media marketing strategies to acquire and engage customers based on findings of the study. There is a good scope for further research on social media marketing strategies in other sectors such as Tourism, Retail, and Hospitality etc.

Keywords

Social Media, Brand Awareness, Brand Trust, Customer Acquisition, Customer Retention.

1. Introduction

Social Media: The internet has dramatically revolutionized communication, enabling individuals and organisations to connect around the world overcoming the geographical and time barriers. (Harris & Ray, 2009). Social Media is defined as “a group of Internet – based application that builds on the ideological and technological foundations of web 2.0 and allows the creation and exchange of user generated content” (Kalpan, Andreas, et al). There are multitudinous social media sites. The most popular and widely used media of social network sites are Facebook, Twitter and LinkedIn (Jones, 2010). In 2018, Facebook the most prominent media declared that it had over 2.2 billion users, in the very same year LinkedIn reported 530 million users and the Twitter reported 320 million users. It has been noticed that on an average consumers participation on social media in terms of hours per day is 4.3 (e- marketer report, 2017). These sites nowadays are perceived as innovative tools for creating online communities of users who share interests, objectives and activities.

Table-1 Penetration of leading social networks in India as of quarter 2 and 3 2017.

Social Media	Share of Population (%)
Facebook	30
YouTube	30
Fb Messenger	20
Google Plus	19
Hike	10
Instagram	19
LinkedIn	15
Pinterest	11
Skype	15
Snapchat	10
Twitter	18
WhatsApp	28

Source: www.statistia.com

1. Role of Social Media in Small Businesses

Social Media now a days have become an indispensable part of our life. Due to its interactive nature, it has become a mainstream way of communication for individuals as well as businesses.

Small Businesses nowadays can hardly ignore the fact that how Social Media has pioneered the market trends and marked its presence as an effective marketing technology tool for attracting new customers and engaging existing customers. Social Media plays an imperative role in marketing and creating relationships with customers. In recent era, it is critical for MSMEs to have a vivid understanding of various social sites and strategies to be adopted to get benefit from these resourceful efficient tools. Unfortunately MSMEs of India experienced several highs and lows and struggle to use social media as a strategy and marketing tool in the acquisition and retention of consumers and a result of which numerous opportunities are missed. The study aims to provide an insight how social media marketing strategies can be used by MSMEs for acquiring and retaining customers

2. Aims of the Study

1. To provide a conceptual and comprehensive understanding of social media marketing and its role in Micro Small and Medium Enterprises (MSME) sector.
2. To study the impact of social media marketing strategies on customer acquisition and retention.

3. Literature Review

Marketing Opportunities of Small Businesses

Various marketing opportunities are prevailing in the market and most often small businesses adopt word of mouth marketing and networking. Word of mouth marketing is preferred by most of the small businesses as it provides them with the right set of circumstances to give consumers an impetus to discuss about the products, their features, attributes, making it feasible for word of mouth to take place. The owner-manager of this sector share a reasonable extent of dependency on the community networks of their customers apart from their own personal contact network.

One of the advantages that Small firms have is that they can easily get in close contact with their customers and acquire valuable feedback due to their small size. (Gilmore et. al, 1999) and such an expediency empower them to take the opportunity of interconnecting, associating and word of mouth marketing efficiently.

Stokes & Lomax (2002) consider that the most vital source of acquiring new customers for small firms is recommendation from existing customers. Owners of small firms mostly rely on customer recommendations and consider it the more suitable resource available to their business.

Networking a widely accepted marketing activity for small business is considered to play a vital role during their establishment, growth and development (Walsh & Lipinski, 2009). Traditionally, the word of mouth (WOM) approach was popular, but now Electronic Word of mouth (EWOM) reaches a wider horizon as it is based on internet access or a device. The Word of Mouth Marketing Association (WOMMA, 2011) considers all word of mouth marketing techniques as being based on the concepts of two-way conversion, transparency and customer satisfaction. Moreover, the basic aspects of Word of mouth marketing are providing knowledge about your services and products, identifying the persons who are most likely to share their views with others, providing a smooth, medium (software /hardware tools), collecting and analysing the data that when, where and how people are sharing their opinions and answering to critics, proponents as well as neutrals.

(Wolny, Julia et al., 2013) also analysed the consumers' interaction with fashion brands on social networking sites for engaging in electronic Word of mouth (e- WOM) communication.

Social Media Marketing

In the views of Weber, marketing to the social web denotes adopting a new and distinct way of communicating with an audience in digital surroundings. Marketing to the social web is beneficial for large multinational corporations, as well as for small or medium sized enterprises. Rather, it proves to be more effective and easier for relatively small and medium sized enterprises to take the advantage of Social Media (Weber 2009).

Social Media has reformed the methodology of communicating with customers it has augmented the practice of adopting social network sites as a tool of marketing. It facilitates the building of Social relationships

and enables firm to engage consumers in a timely and direct manner at relatively low cost and higher level of efficiency. Small and Medium entrepreneurs use social media platforms as a marketing device for advertising and hype of their product and they create pages for the followers and welcome various suggestions and opinions that proves to be very beneficial in civilising the business. Moreover, it serves as an important platform of interaction with the people for the exchange of views, opinions and information which altogether helps in creating an affirmative perception of the products and services as well as generating awareness among the people.

Mangold and Faulds (2009) asserts that social media provides a multifold nexus between companies and customers or among different customers in the form of traditional Integrated marketing communication tools and word of mouth tools respectively. Consequently, marketing managers face the challenge of controlling the recurrence and subject matter of such information. Companies have little control over the subject matter and distribution of information, but ignoring such user generated content is not a choice at all. Companies must be quick enough to respond to conversations and monitor it, both positive and negative surrounding the brand.

Greenberg (2009) in his study mentioned about the inclusion of short message service (SMS) marketing into the social media category.

Chaffey et al. (2009) also accepted text messaging as a channel of communication with customers, but there is no certainty of its effectiveness as compared to other social media channels.

Kunur (2010) suggests that staff outside the marketing department should also focus on social media activity as it can be employed at every stage of the selling cycle. He recommends the incorporation of such model which combines centralised and distributed responsibility.

The literature on social media marketing deals particularly with tools, strategies and online consumer behaviour. It has been seen that less or no attention is given in the area of measurement. The possible cause for this may be partially attributed to the problem of measuring such campaigns.

Kirkby (2010) brought the attention towards the significance of financial measures by suggesting ‘return on investment is the only way to gauge the success of campaign’ and also advises to correlate return on investment with other measures like return on engagement.

4. Gap Analysis

The following gaps are identified:

Table-2 Gap Analysis

Authors/ Year	Focus Area	Gap Analysis
Mount, Mathew, Garcia Martinez, and Marian. (2014)	The experts analysed the application of social media across the entire process of innovation.	Their study did not identify the effectiveness of social media participation on trust and awareness of a particular brand.
He, Wu, Shen, Jiancheng, Tian, Xin, Li, Yaohang, Akula, Vasudeva, Yan, Gongjun, Tao, Ran (2015)	Identified a framework for social media competitive intelligence to augment market intelligence and business value.	The authors did not consider the significance of social media participation on Consumer Behaviour.
Wonglimpiyarat, Jarunee (2015)	Revealed remarkably the new economic challenges of China in connection to its innovative strategies to uphold high-tech small and medium sized enterprises (SMEs).	Not considered the potency of social media participation on trust and awareness of a particular brand.

5. Identification of variables: The following variables are identified in the study based on the gap analysis.

The independent variable is social media participation.

The dependent variables are customer acquisition, customer retention and increased market share, sales and profitability.

6. Theoretical Construct

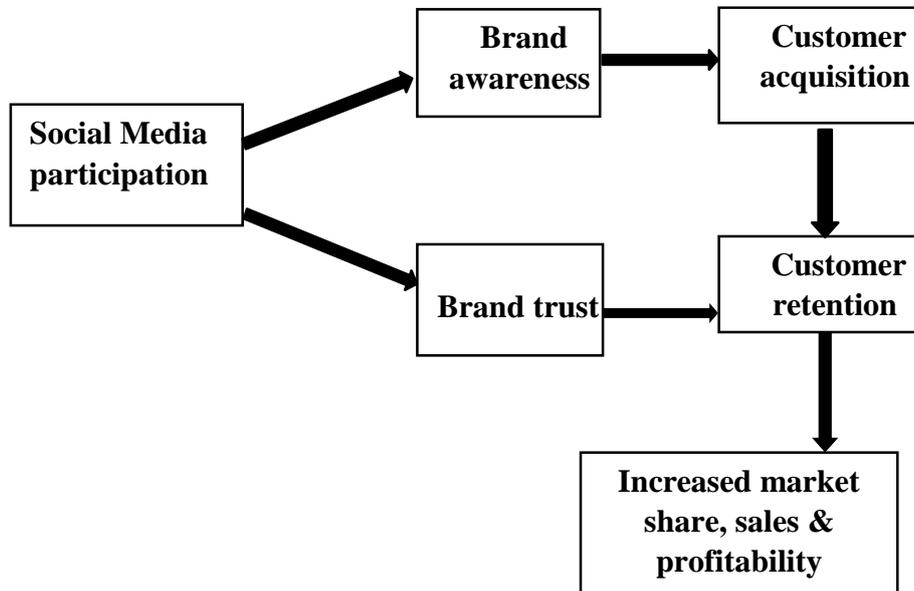


Fig-1 Theoretical Contract

7. Research Methodology

The study initiated with literature review to conceptualize the use of social media as a marketing strategy by MSMEs in Uttar Pradesh and its significance on Consumer Behaviour. On the basis of the review the research gap was identified. The target population is MSMEs using social media marketing and the sample size has been taken to be around 50 MSMEs. To conduct the study, primary data were aggregated through systematized questionnaire and Five point Likert scale has been used to assess the variables.

8. Method of Data Collection

Primary data: Primary data has been assembled through self-governed questionnaire in order to investigate the research questions. All the items of Questionnaire were measured using five point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

Secondary data: Secondary data have been collected from journals, articles, publication in renowned books and social media industry reports. Database included Emerald Insight, Elsevier, Ebsco, Proquest, Sage and online sites such as Google Scholar and Research gate were considered.

9. Quantitative Data Analysis

The technique used to analyse quantitative data are (1) Finding averages and (2) Standard deviation.

Average ratings are found to get an insight how social media is related to brand awareness and the acquisition and retention of customers.

10. Results

1. The study reveals that social media marketing have a positive and a considerable imprint on brand trust and brand awareness. This result has been compiled with the results of the researches conducted by Godey (2006), Kim & Ko (2012) and Seo & Park (2018).
Brand awareness helps lessen the time and risk that consumers spend in searching for the product they want to buy (Verbeke et al.). Social Media Marketing activities are considered as an important awareness tool for reminding consumers and staying in their minds. Fanion (2014) has revealed that social media is a vital tool in constituting and augmenting brand awareness
2. The study indicated that brand awareness has a substantial influence on customer acquisition. Customers make purchasing decisions based on awareness, knowledge and experience and social media plays significant role in building a brand among customers. As a result, they repeatedly purchase as they trust the brand and are confident about its quality. Thus, brand awareness helps in customer acquisition.
3. The study also reveals that brand trust has a substantial influence on customer retention. When customers have confidence in a particular brand, the brand generates satisfaction and helps in retaining customers.
4. The study analysed that the customer acquisition and retention has a positive imprint on market share.

11. Conclusion

In today's competitive environment, social media applications has become the most innovative and resourceful tool for small and medium

sized enterprises. Based on various theories it is clearly inferred that if small businesses use social media tools in the right course and with the right approach they can easily reach their target customers in a very less time and can build a strong and long term relationship with their customers. Kim & Ko (2012) have also agreed that social media marketing activities positively affect customers' repurchasing behaviour. As an efficient marketing tool, social networks proffer suitable prospects to construct brand-consumer relationships. (Vukasovic, 2013). It has been seen that participation of social media in small businesses to create brand awareness proves very beneficial in acquisition and retention of customers. As the fundamental aim of every enterprise is to acquire new customers, retain the existing customers, increase market share and create customer loyalty, social media marketing platform act as a revolutionary tool to achieve these goals.

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