

# SMALL BUSINESSES AND THE USE OF SOCIAL MEDIA

**Peyton, Reginald**  
**Christian Brothers University**

**Lewis, Gilda**

## **ABSTRACT**

*During these hard economic times many small businesses are cutting costs rather than laying off employees and sending that negative ripple through this economy. Websites tend to cost dollars that many small businesses do not have. However, today's world is loaded with technology other than the iconic website in order to communicate to the public. During the 1990's a company's or organization's technological communication tools that informed the public about the organization was the web site, television and radio ads. Of course no technology is as strong as the WOM (Word of Mouth). UTUBE also ranks high in the communication venue via modern technology. The voice of Susan Boyle became an overnight sensation based on her exposure to the internet's UTUBE.*

## **DEFINING SMALL BUSINESSES FOR THE PURPOSE OF THIS STUDY**

Small Businesses are defined as a business with less than 100 employees.. However this paper is researching the 86% of businesses that have no more than 20 employees, although the total number of people employed is approximately one-fourth of the entire United States workforce. Nearly 50% of all small businesses close within the first five years. <sup>i</sup>By "small businesses" we primarily mean firms with between 1 and 19 employees; firms in this size range employ roughly 20 percent of the private sector workforce. Another view also defines alternative classifications, such as firms with between 1 and 100 employees.<sup>ii</sup> Most research centers on small manufacturing organizations, small professional organizations such as offices of attorneys, architects or real estate professionals. However this precludes that there are not other small businesses that are experiencing the same homogenous types of issues that can make or break the organization. These fall under the NAICS codes of beauty shops; 812112, realtors 534210 and lawyers 541110.

Risk is, of course, part of the price of starting a business. You ante up your nest egg, credit rating and time in exchange for the chance to determine your own destiny and reap the financial rewards.<sup>iii</sup> This is the testimony for the small business person who tries to succeed in the marketplace. Accordingly small businesses must be committed for the long haul working 60 hour weeks and making time for marketing and getting new business as well as maintaining old business. This is especially true for the small business such as real estate, hairdressers, nail salons and attorneys.

## **ISSUES FACING THE SMALL BUSINESS**

Small business owners have greater responsibilities than management at a corporation. Owners/Entrepreneurs have a propensity to either slack off or become workaholics. Using Conservation of Resources Theory, three different types of sacrifice were defined: personal, financial, and

relational. Their relation to growth was studied on data collected through structured interviews of 852 small firms in thirteen cities in Turkey. Personal sacrifices in time and effort had a positive effect on continuous growth, both singularly and in interaction with firm’s environment, size, and strategic planning<sup>iv</sup>.

In the interest of a management survey being done by an academician for an article, she explains the method of getting the subjects that finally responded and completed the survey. However it was interesting that the primary reason for those who agreed but ultimately were unable to fulfill the request, many of the business owners commented that they worked long hours, often 7-day weeks, and though many stated that the study seemed interesting and that they *did* need to learn more about “personnel management” and how to “manage their employees more effectively,” they simply could not “spare the time.”<sup>v</sup> The time to win for the owner is 24/7 if that owner is conscientious. This type of work ethic is prevalent in businesses with less than 9 employees. Being a successful entrepreneur is a blend of stamina, self-belief, nerve and optimism, it’s one of the hallmark traits of entrepreneurs. A low (or nonexistent) tolerance of ambiguity keeps risk-averse people at Corporate desks. The better you can handle the unknown, the higher the odds outlasting your business's biggest challenges.<sup>vi</sup> An effort to get the entrepreneur consistently moving in the right direction the following daily timeline is offered:

- Set office hours; say 8 am, to 5 p.m. If you like to jog or eat a leisurely breakfast wake up early so that you can be ready to hit it by 8:00 am,
- Divide your day into three parts: Serving existing clients, marketing for new client sand taking care of administrative tasks. If you feel you have all day to do all things, you'll be less productive.
- Keep a schedule. For example, devote 8 a.m. to noon to existing customers, 12:30p.m. to 4 p.m. to marketing and 4 p.m. to 5 p.m. to tasks such as printing invoices and updating your contacts list. Look at it this way: In the morning, you're working to make money. In the afternoon, you're selling your business.
- Dedicate 10 or 15 minutes at the end of each day to planning—specifically—what you will do in each of the three parts of the next day. Break projects into small steps: One morning can be devoted to polishing up Project A and getting halfway an Project 8.
- Create three-day plans. Once you get used to planning *a* day ahead, start looking farther down the road and update those plans at the end of each workday<sup>vii</sup>

**MARKETING THROUGH SOCIAL MEDIA**

From a ROI perspective, regulated social media marketing is the most recommended approach as it can provide a higher return at a comparable cost to selective WOM (Word of Mouth) marketing.<sup>viii</sup> Without a doubt Word of Mouth Marketing can make non-customer become customers. The advent of social media has opened up even greater possibilities for interpersonal and organizational communication.<sup>ix</sup> Thus for a company to increase it’s communication with the current generation it should convert to the use of Social Media. Social Media is considered to be: Networks

Facebook	800 million active users
Twitter	> 140 million active users
Google+	90 million users globally
YouTube	> 800 million unique users per month
LinkedIn	> 150 million users globally

Groupon 50+ million subscribers<sup>x</sup>

During these hard economic times it is reasonable to assume that owners of small businesses are cutting back on non-essentials and at this time it is the Web site. In the late 1990's a web site was deemed a necessity. To have a web site to communicate your image and your story via the web was iconic. In today's market place with smart phones and other advanced technology, web presence is not as necessary.

### **COSTS ASSOCIATED WITH SOCIAL MEDIA**

Considering the costs associated with a web presence: Monthly service fees, design and start up costs, positioning costs for top line promotion and time of owner to approve the product. Whereas Facebook, Twitter, Google, You Tube, Linked In, and Groupon are all free (smart phone prerequisite) to realize the full potential of these avenues of social media. According to Kang, S., & Norton, H. E. (2004). By way of initial introduction, we might think of informing as the basic function of Twitter; this involves spreading information about the organization, its activities, or anything of potential interest to followers. The second function, "community," taps into how organizations can foster relationships, create networks, and build communities on Twitter through tweets that promote interactivity and dialogue. The heart of this function are "dialogic" messages and those that attempt to build a community of followers via "bonding" messages, such as "thank you" and acknowledgement tweets. The third function, which we call "action," has as a central purpose the aim of getting followers to "do something" for the organization, whether it is to donate, buy a product, attend an event, join a movement, or launch a protest. Promotion and mobilization are at the heart of this function.<sup>xi</sup>

It is therefore logical that opinion leaders for certain products can encourage its followers to tweet, which is as strong as an individual testimony about the product and can create the marketing message. It cannot be doubted that the tweet is making a break thru in relation to verbal contact and is just as important as the WOM that is usually indicative of the individuals' positive endorsement of a product.

### **DISCUSSION**

In review of current research that is directed toward small businesses that range from 1-10 employees it the relevancy of the current information does not adequately provide information that neither describes the challenges nor gives an adequate picture of the small business. In some areas there are many small businesses that employ nor more than 19 employees but payrolls and income range from \$500,000 to a million dollars yearly. How does a small business exist in these times without being very budget conscious and working a very lean employee staff. These organizations range from early childhood care to nail salons to hair stylists, attorney offices, and real estate concerns. Small businesses have little desire to grow big or to innovate in any observable way. We show that such behavior is consistent with the industry characteristics of the majority of small businesses, which are concentrated among skilled craftspeople, lawyers, real estate agents, health care providers, small shopkeepers, and restaurateurs. Lastly, we show that nonpecuniary benefits (being one's own boss, having flexibility of hours, and the like) play a first-order role in the business formation decision.<sup>xii</sup> Conversely in order to remain in business many small businesses must resort to tight management and cutting out the fluff of perhaps sometimes needed employees and marketing. This is where the social media works in favor of the business.

The need to gain more customers is of primary concern to the business owner. Many times the owner is already doing many jobs in order to keep the lights on and his contribution to the economy in providing jobs. In this light social media can be utilized to market the business in

down time by the owner or a designated subordinate. Although these social media is designed for entertainment the use of social media can be a strong component of the organization.

This has been especially true for non profits. Non profits seek to gain the following in the use of social media. Twitter can be an effective tool for promoting events. In fact, this was by far the most common type of action tweet in our dataset, comprising exactly half of all action-oriented messages and 7.8% of all tweets. These tweets did not just include information on the event, which would have been put in the “informational” category, but also included a date, time, or price.<sup>xiii</sup> Use of twitter is as close to word of mouth as use of the smart phone can give. However the use of social media by businesses demands further research. It is without a doubt changing the methods of business marketing in respect to web sites, advertising, TV, radio, and billboards for the budget strapped small business.

Corporate giants tend to use social media as internal methods of working with their employees. Corporations have big budgets therefore the social media is used not so much as the primary method of communication but as a necessary means of employees communicating with each other. The Social Intranet Study, conducted in 2011, examined social media use on corporate intranets by employees and executives. The more than 1,400 respondents represented organizations of different sizes in a diverse range of industries around the world.<sup>xiv</sup> The results reveal a rapid adoption of social media on corporate intranets in the past year. This highlights the change in the evolution of corporate communications. Although the corporation has a strong web site with interactivity there is a reliance on social media for intranet use. Therefore with the need of efficiencies of time and use of labor it is logical for the small business person to adapt the use of the internet and now social media to be used for its communication method. Suppose that one tweet to 9 people who in turn tweet to 9 people who in turn tweet to nine people the results are staggering. Like wise if you are on a Facebook and you send a message about a nail salon being great to your friends and they in turn send this message to their friends then the WOM is extremely useful for marketing about a product. The caveat for this type of marketing is if you can get those within your circle (locus of control), and those that are used for the initial tweet are considered opinion leaders the marketing effort can reap benefits. We propose that modern technology is replacing some of the power that once belonged to the conventional advertisements on radio and television and billboards and magazines. Today, marketing communication can be achieved through several forward thinking technologically different means.

## REFERENCES

---

<sup>i</sup> Cronin-Gilmore, J. (2012). Exploring Marketing Strategies in Small Businesses. *Journal Of Marketing Development & Competitiveness*, 6(1), 96-107.

<sup>ii</sup> Hurst, Erik<sup>1</sup>Pugsley, Benjamin Wild<sup>1</sup> What Do **Small Businesses** Do? Brookings Papers on Economic Activity; Fall2011, p73-118, 46p, 12 Charts, 3 Graphs

<sup>iii</sup> Robinson,J. (2011). The Years of Living Dangerously. *Entrepreneur*, 39(9), 75-78.

<sup>iv</sup> Kozan, M., Oksoy, D., & Ozsoy, O. (2012). Owner sacrifice and small business growth. *Journal Of World*

<sup>v</sup> Patel, P. C., & Conklin, B. (2012). Perceived Labor Productivity in Small Firms-The Effects of High-Performance Work Systems and Group Culture Through Employee Retention. *Entrepreneurship: Theory & Practice*, 36(2), 205-235. doi:10.1111/j.1540-6520.2010.00404.x

- 
- <sup>vi</sup> Robinson, J. (2011). The Years Of Living Dangerously. *Entrepreneur*, 39(9), 75-78.
- <sup>vii</sup> Vesilind, E. (2010). The Home Office is Humming. *Entrepreneur*, 38(6), 98-103.
- <sup>viii</sup> V. Kumar and Bala Sundaram. Source: [Marketing Research: A Magazine of Management & Applications](#). 24.2 (Summer 2012): p4.
- <sup>ix</sup> Kang, S., & Norton, H. E. (2004). Nonprofit organizations' use of the World Wide Web: Are they sufficiently fulfilling organizational goals? *Public Relations Review* 30, 279–284.
- <sup>x</sup> V. Kumar and Bala Sundaram. Source: [Marketing Research: A Magazine of Management & Applications](#). 24.2 (Summer 2012): p4.
- <sup>xi</sup> Kang, S., & Norton, H. E. (2004). Nonprofit organizations' use of the World Wide Web: Are they sufficiently fulfilling organizational goals? *Public Relations Review* 30, 279–284.
- <sup>12</sup> Hurst, Erik Pugsley, Benjamin Wild Brookings Papers on Economic Activity; Fall 2011, p73-118, 46p,
- <sup>xiii</sup> Kang, S., & Norton, H. E. (2004). Nonprofit organizations' use of the World Wide Web: Are they sufficiently fulfilling organizational goals? *Public Relations Review* 30, 279–284.
- <sup>xiv</sup> New study highlights internal social media use." *Communication World* Mar.-Apr. 2012: 6+. *Academic OneFile*..