A Systematic Study On Performance Of Small And Medium Scale Businesses In Maharashtra After The Inclusion Of Social Media Marketing

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Abstract:

Social media was a completely new thing few years ago, many people did not know what social media was and the effect it would have on all in our lives. It was an exciting interactive medium which suddenly took the world by storm to such an extent that it became something that no business, small or large, local or global, could afford to ignore. Today, there are more than 2.9 billion active users on Facebook alone, currently the world's most popular social network. Traditionally, a small business would develop their relationships by going from door-to-door to raise awareness and grow their brand. In today’s business environment, social media has become a new marketing tool that is available to all businesses, that instantly develops relationships with potential customers. Social media does not require huge investments in terms of money or time. This paper describes the systematic study of available literature and reviewed different studies also quantified the frequencies and percentage of the responses to study the association between frequency of use of social media and benefit to the different kind of businesses.

1. Introduction:

Social media marketing is the latest "buzz" in marketing. India is probably among the first proponents of social media marketing. These days, the organizational cause has replaced the social cause as companies seek to engage with their audience via the online platforms. Online presence is a must for businesses today. Apart from a basic website; consumers looks for a blog, a Facebook page, shopping cart, e-brochures, etc. 92% of micro and small businesses agree that social media is an effective marketing technology tool. They are evenly split on the effectiveness of social media for attracting new customers and engaging existing customers. (e-Strategy Trends).
Figure No: 01 The web of Science publications on the analysis of social media and business from 2005 to 2019.

Fig. 1 shows the growth trend of scientific content in the field of social media and business. It shows that in 2014 we witnessed a mutation.

1.1 Small and Medium Scale Business:

There are around 40 million small business owners in India, out of which, around 500,000 have their presence online while there are 23 million micro and small businesses in the US. Medium and Small Enterprises Sector (MSEs) continue to be a vibrant sector of the Indian economy. It is estimated that there are about 12.8 million units (over 90 per cent of total industrial units) in this sector employing nearly 31 million people. This sector contributes nearly 39 per cent of the total industrial production and accounts for approximately 33 per cent of the total exports. This sector has consistently registered a higher growth rate than the rest of the industrial sector. There are over 6500 products ranging from traditional to high-tech items, which are being manufactured by the small enterprises in India. After agriculture, the MSEs sector provides the maximum opportunities for both self-employment and jobs in the country. The small enterprises sector in India holds great potential for further expansion and growth in the future.

1.2 Types of Micro and Small Home-based businesses:
A home-based business is an enterprise in which all or most of the work is performed at or from the owner-operator's private residence. Home-based business is one of the fastest growing sectors in the economy. Common businesses that are operated from home are trade businesses, where general administrative tasks are done at home, with work being completed at various sites. Examples include painters, plumbers and electricians. Many micro-businesses are family operated. Family members will generally have ownership of the business and play a significant role in its day-to-day operations. Many publicly-listed companies and franchises started from the humble beginnings of a family-operated business. Some common examples of family businesses include cake shops, restaurants, café, florists, designers, photographers and so on. Independent contractors run their own business, and hire out their time to businesses and other organisations as a service. Their entitlements and obligations differ from an employee in many ways. They own our own business and generally will be able to negotiate fees and working arrangements. Some examples of independent contractors are builders, caterers and personal trainers. A franchise is an arrangement whereby the originator of a business product or operating system (franchisor) gives a prospective small business owner (franchisee) the right to sell these products and/or use the business operations system on the franchisor's behalf. Some key micro-business franchises include food chains, cleaning businesses franchises. E-businesses are businesses that utilise the internet for business activities, advertising and transactions. With the increase in internet use and popularity, along with relatively low start-up capital requirements, the emergence of e-businesses has seen a dramatic increase in the past decade. Some e-businesses are solely internet-based, with all communications and transactions completed online. Other businesses use a website to support the physical store and products, by providing product information online. Others simply use the internet as an advertising tool.

2. Literature Review:

2.1. Micro small and medium enterprises (MSMEs):

Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. Micro, Small and Medium Enterprises (MSME) contribute nearly 8 percent of the country’s GDP, 45 percent of the manufacturing output and 40 percent of the exports. In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes: (a) manufacturing sector and (b) service sector. The limit for investment in plant and machinery / equipment for manufacturing / service enterprises as defined by Government of India is shown in table 1.

<table>
<thead>
<tr>
<th>Table No. 01- Limit of investment in plant and machinery in manufacturing and service enterprise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manufacturing Sector</strong></td>
</tr>
<tr>
<td><strong>Enterprise</strong></td>
</tr>
<tr>
<td><strong>Investment in Plant &amp; Machinery</strong></td>
</tr>
</tbody>
</table>
Micro Enterprise | Does not exceed twenty five lakh rupees
---|---
Small Enterprise | More than twenty five lakhs rupees but does not exceed than five crore rupees
Medium Enterprise | More than five crore rupees but does not exceed than ten crore rupees
Enterprise | Investment in Plant & Machinery
Micro Enterprise | Does not exceed than ten lakh rupees
Small Enterprise | More than ten lakhs rupees but does not exceed than two crore rupees
Medium Enterprise | More than two crore rupees but does not exceed than five crore rupees

Service Sector

Source (FICCI, 2013)

2.2. Web 2.0 technologies

Web 2.0 refers to multitude of new ways that the internet is used as platform for developing and hosting software applications and developing and exchanging digital contents by business and users (Kim, Lee, & Lee, 2013). Web 2.0 is the newest form of internet, where users actively participate in the development of content and appearance(Uitz, 2012).(Kaplan & Haenlein, 2010) defines social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user-generated content”. Web 2.0 is platform on which social media is based. According to (Ebersbach, Glaser, & Heigl, 2008), social media is defined as (a) a web-based application, (b) for people, (c) to exchange information (d) and build relationships as well as maintain their collaborative communication and cooperation. Therefore, social media comprises of Web 2.0 service which allows people to generate content themselves and exchange this generated content with others. This interaction includes mutual exchange of information, opinions, impressions and experience. Users also comment, recommend, rate those content and by these social networks and relationship evolves. (Safko, 2010) divides social media world in 15 categories i.e. social networking, publish, photo sharing, audio, video, micro blogging, live casting, virtual worlds, gaming, productivity applications, aggregators, RSS, search, mobile, interpersonal. Based on social presence/media richness and self-presentation /self-disclosure (Kaplan & Haenlein, 2010) classifies social media in six different types: Collaborative project, Blogs and micro blogs, Content communities, social networking sites, virtual game worlds, and virtual social worlds as shown in Table 2.

| Table No. -2 Classification of Social Media by social presence/media richness and self-presentation / self-disclosure |
|---|---|---|
| Self-Presence/Media richness | Low | Medium | High |
2.3. Measuring social media performance as a marketing tool:

Turning social media into influential marketing channel is new to many companies and organization. The social media marketing is a process that empowers entrepreneurs/marketers and companies to promote their website, products or services through online social channels and to communicate with and tap into a much larger community which is not the case with traditional advertising channels. It connects service providers, companies and corporations with a broad audience of influencer and consumers (Weber, 2009). A simple understanding of services does not only lead to the success of a Social media marketing strategy for a company. Social media services just provide platform to support communication.

2.4. Social Media Marketing Challenges:

Many organizations have been slow to adopt new technologies due to perceived barriers such as lack of money, time and training, negative views about usefulness, as well as unfamiliarity with the particular technology (Buehrer, Senecal, Pullins, & Bolman, 2005). The main barrier is the huge numbers of SNS tools which confuse the company about which is the right tool to use (Barashi & Williams, 2012). (Barashi & Williams, 2012) identified the following challenges: (1) SNS are not important within the industry, the company operates (2) uncertainty whether or how SNS could help brands (3) Staff not being familiar with SNS (4) Big investment in terms of investment (5) Competitors don’t use SNS (6) Not having technical skills to use SNS, were associated with small and medium scale enterprises.

➢ Social media is the interaction among people in which they create, share or exchange information and ideas in virtual communities and networks. Andreas Kaplan and Michael Haenlein define social media as "a group of Internet based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of user generated content. Furthermore, social media depend on mobile and web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content. They introduce substantial and pervasive changes to communication between organizations, communities, and individuals. Social media differ from traditional or industrial media in many ways, including quality, reach, frequency, usability, immediacy, and permanence. There are many effects that stem from
internet usage. According to Nielsen, internet users continue to spend more time with social media sites than any other type of site.

- Social media is the collective of online communications channels dedicated to community-based input, interaction, content-sharing and collaboration. Websites and applications dedicated to forums, micro blogging, social networking, social bookmarking, social curation, and wikis are among the different types of social media.

- Social media broadly defined consists of any online platform or channel for user generated content. By this definition, for example, WordPress, Sharepoint, and Lithium qualify as social media, more narrowly defined includes only channels for user-generated content, as distinguished from platforms, which are referred to as social technologies. By this definition, for example, YouTube, Facebook, and Twitter are social media, and WordPress, Sharepoint and Lithium are social technologies. Joe Cothrel – Lithium Technologies, Inc.

- Social media is digital content and interaction that is created by and between people. Sam Decker – Mass Relevance.

- Social media is a shift in how we get our information. It used to be that we would wait for the paper boy to throw our news on the doorstep (or into the flowers) and we’d read the paper, front to back, with our morning coffee before going to work. Now we get information, 24/7 and on the fly, from anywhere. In the more traditional senses, online, on our phones, and through the social platforms. Social media allows us to network, to find people with like interests, and to meet people who can become friends or customers. It flattens out the world and gives us access to people we never would have been able to meet otherwise. Gini Dietrich – Arment Dietrich, Inc.

- All the traditional media print, broadcast, search, and so on provide platforms for delivery of ads near and around relevant content. Social media are platforms for interaction and relationships, not content and ads. This is quite similar to what Ted McConnell, General Manager-Interactive Marketing and Innovation at Procter & Gamble Co. likes to say about social media. Bryan Eisenberg – Author of Waiting for Your Cat to Bark (Affiliate link).

- Markets have become conversations. Social media are the online platforms and locations that provide a way for people to participate in these conversations. For individuals it is a way to connect like-minded people. For businesses it’s a way to tap into what people are saying about your brand, your product and/or your service, participate in the conversations, be open to new ideas and then use these insights to make better business decisions. Sally Falkow.

- Social media is people’s conversations and actions online that can be mined by advertisers for insights but not coerced to pass along marketing messages. It’s the new form of media that does not exist until it happens and that cannot be bought by advertisers to carry their messages. Dr. Augustine Fou – Marketing Science Consulting Group, Inc. 9) Social media is the tools, services, and communication facilitating connection between peers with common interests. Chris Garrett – Chrisg.com
➢ Social media are the online technologies and practices that people use to share content, opinions, insights, experiences, perspectives, and media themselves. They are media for social interaction. Howard Greenstein – Social Media Club-NYC

➢ Social media is an ever-growing and evolving collection of online tools and toys, platforms and applications that enable all of us to interact with and share information. Increasingly, it’s both the connective tissue and neural net of the Web. Ann Handley – Marketing Profs, Author with C.C. Chapman of Content Rules (Affiliate link)

➢ Social media is a reflection of conversations happening every day, whether at the supermarket, a bar, the train, the watercooler or the playground. It just allows for those conversations to reach a broader audience due to digital being a megaphone for scale Sarah Hofstetter – 13) Social media is online text, pictures, videos and links, shared amongst people and organizations.

➢ Social media is not one thing. Its five distinct things: It’s a strategic tool for uncovering business insights. Your brand. It’s marketing that provides value and turns.

3. Objectives:

1. To identify how MSMEs use social media as a marketing and branding tool in consumer market in Maharashtra.
2. To identify the major benefits and challenges for entrepreneurs/managers as posed by social media marketing of their respective small business in Maharashtra.
3. To address (entrepreneurs / manager)’s perspective towards the effect of social media marketing on their business in terms of Return on Investment of resources (ROI).

4. Research Methodology:

4.1. Research Type: Exploratory research is initial research conducted to clarify and define the nature of a problem which does not provide conclusive evidence and hence subsequent research expected. The purpose of the study is to understand the phenomenon of social media marketing and to acquire new insights into it. The results acquired from this study cannot be generalized to the population at large, hence the study is said to be exploratory research.

4.2. Methods of data collection: The Quantitative data collection method is being used so that the produced results are easy to summarize, compare, and generalize. Data collection has been done using Primary and Secondary methods.

4.3. Data Collection procedure: Online instruments designed solely for this study have been used to capture data from the selected sample. The instrument has been developed using the Google form service. A new Google account was created specifically for this project. New forms were used for each case and data collected was used for analysis. Protection of the identity of the respondents was maintained. The created links were uploaded on the social sites and also sent to available contacts through messenger.
4.4. **Research Instrument:** Two Structured questionnaires were prepared well in advance after checking and supplementing previously accumulated data. Both the questionnaire has definite and concrete questions. Type of questions: Questionnaire was categorized with Multiple Choice closed-ended questions as they are ideal for calculating statistical data and percentages. Further specifically Closed Ended Importance Questions, Likert Questions, Dichotomous Questions, open ended question to get descriptive information about the topic were asked to collect data and achieve the purpose of study.

4.5. **Sampling Method:** The study population covers all the consumers using social media and micro and small businesses engaging in social media for business, which covers large population and hence was difficult to collect data by census method, thus sampling method is used to collect the information. Hence justified sampling is done.

4.6. **Data Analysis:** Hypothesis testing is done using chi-square and frequency tables generated through SPSS, wherein associations are defined and hypothesis is accepted or rejected to study the objectives. Also frequency tables along with pie charts were prepared for graphical representations of variables to analyze the data collected.

4.7. **Hypotheses:**

H1: There is no association between use of social media and type of business.

H2: There is an association between use of social media and Benefit of business.

5. **Data Analyses:**

5.1. **Users of Social Media**

<table>
<thead>
<tr>
<th>Small businesses using social media for business in Maharashtra</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>55</td>
<td>55.0</td>
</tr>
<tr>
<td>Yes</td>
<td>45</td>
<td>45.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>

http://www.webology.org
The above table indicates that out of 100% online respondents 55% were found not to be using social media for business and 45% were using social media and the same is represented through chart as shown below

5.2. Type of business:

<table>
<thead>
<tr>
<th>Type of business</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>30</td>
<td>30.0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>20</td>
<td>20.0</td>
</tr>
<tr>
<td>Customer service</td>
<td>10</td>
<td>10.0</td>
</tr>
<tr>
<td>Retailer</td>
<td>40</td>
<td>40.0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>
The above table indicates that out of the 100% respondents 10% pertained to customer service, 40% pertained to retailing and so on which indicates the use of social media is maximum in service industry and minimum in distribution.

5.3. Objective of Using Social Media:

<table>
<thead>
<tr>
<th>Objective of Using Social Media</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Build Community</td>
<td>25</td>
<td>25.0</td>
</tr>
<tr>
<td>Customer service</td>
<td>15</td>
<td>15.0</td>
</tr>
<tr>
<td>Generate Leads</td>
<td>34</td>
<td>34.0</td>
</tr>
<tr>
<td>Platform to high light brand Development</td>
<td>26</td>
<td>26.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>
The above table shows that 26% respondents are using social media for highlighting brand and 34% respondents for generating leads which indicates the main purpose of using social media is highlighting all the information about their product or service and increase brand awareness and visibility.

5.4. Use of other media along with social media

<table>
<thead>
<tr>
<th>Other media used</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>65</td>
<td>65.0</td>
</tr>
<tr>
<td>Yes</td>
<td>35</td>
<td>35.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>
The above table shows that 65% respondents do not use other media and 35% use other media supplementing social media which shows that almost 50% respondents use traditional media along with social media.

5.5. Use of social Media for campaigning

<table>
<thead>
<tr>
<th>Campaigns using social Media</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>46</td>
<td>46.0</td>
</tr>
<tr>
<td>Yes</td>
<td>54</td>
<td>54.0</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100.0</td>
</tr>
</tbody>
</table>
The above table shows 46% respondents have not used social media but its closest 54% respondents have used social media for various campaigns may be some cause or promotion.

<table>
<thead>
<tr>
<th></th>
<th>Pearson Chi square</th>
<th>Df</th>
<th>P-value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of business</td>
<td>15.954</td>
<td>4</td>
<td>.002</td>
</tr>
<tr>
<td>Using Social Media</td>
<td>11.625</td>
<td>4</td>
<td>.0049</td>
</tr>
</tbody>
</table>

Above table indicate that p-value is 0.002 which is less than standard value 0.05. Therefore, Null hypothesis is rejected. Alternate hypothesis is accepted.
Conclusion: There is association between use of social media and type of business.

Above table indicate that p-value is 0.049 which is less than standard value 0.05. Therefore, Null hypothesis is rejected. Alternate hypothesis is accepted.

Conclusion: There is association between frequency of use of social media and Benefit to the business.

**Result and Discussion:**

Awareness of social media is certainly very high among small businesses – it has become the “talk of the town” in Maharashtra. As it was found that nearly 45% of respondents use social media for their business and to increase their visibility. But simultaneously, on the other side of the coin nearly 35% of the respondents are still not using social media and hence are missing out on a tremendous opportunity to connect and engage with potential customers. Small businesses have been slower to adopt, mainly because they feel social media is not significant for their type of business. Many respondents perceive their customers base do not use social networks or not suitable for their type of business. In fact, this sentiment was echoed by 30% and 20% of respondents in a recent survey which mostly included distributors and manufacturers. Majority of the respondents found social media marketing very important for their business and were certain about its bright future potentials, when asked for their opinions about social media. It was found that majority of micro and small business had done initial investment from zero up to 5 lakhs of budget to engage in social media for business. The main reason for social media marketing was to create a platform for highlighting their brand and create brand awareness as it would be difficult for the small business to advertise their product by other expensive and paid mediums with limited resources.

**Conclusion:**

Social media in today’s times, is the number one activity on the web, as majority of the respondents of the study have been found to be using social media for more than 3 years and spend on an average 4-5 hours on it a day. People of all ages are not actively using social media. Respondents of the age group from 15 to 35 are the most active while respondents above age group 45 are generally not engaged in social media for buying decisions as they prefer traditional method of shopping. Demographic details can be surmised as the respondents of the age group 15-35 lead the survey, indicating that the younger generation is spending more time on social media sites as they are logged in quite frequently. Majority of the respondents found that social media is important for their social life and they engage in it mostly for connecting with family and friends, socializing and collecting the information Majority of the respondents hardly got influenced by the views and reviews of the family and friends and also the external source, this may indicate that the decision making is influenced to the extent of procuring information. Respondents do find the relevance in the advertisement they see on social media sites and also click on them sometimes indicating they...
get attracted towards the brand and want to collect information about the same though it may not
convert into a purchase. In this paper on the basis of Responses of Users and customer found out the frequency and percent.

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