

# The Impact of Facebook and Instagram Social Media on Small and Medium Enterprises (SMEs)

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**Abstract:**-This study explored the impact that social media, specifically Facebook and Instagram have on small and medium Enterprises (SMEs). It aimed at investigating the benefits available to SMEs that use Facebook and Instagram for marketing. This work utilized data collection using a structured online survey (Google Forms). The Findings of this study showed that 37.22% of the population size that viewed the questionnaire responded. From the data collected, it was revealed that SMEs make higher sales with higher customer reach on social media compared to offline marketing. It was also seen that 6% of SMEs made sales of NGN100,000 to NGN500,000 monthly and 4.5% of SMEs had 100,000 to 500,000 customer reach on Instagram as against Facebook. The study provided evidence of advantages of utilizing Facebook and Instagram marketing tools in terms of marketing, increased traffic, awareness and revenue. This shows that SMEs should be engaged in digital marketing using Facebook and Instagram Social Media. This will help them to communicate, scale and easily grow effectively with customers on a global scale, opening new opportunities for sales and growth.

**Keywords:** Facebook, Instagram, Social Media, Digital Marketing and Small and Medium Enterprises

## I. INTRODUCTION

Social Media has increased its popularity worldwide by following the development of the internet in the 21<sup>st</sup> century. It has fundamentally changed how entrepreneurs (business owners) communicate with target customers and how companies promote their services[1]. Social Media has obtained a huge number of users and most SMEs have leveraged the opportunity to sell their products and services through the social media. According to [2], 2.41 billion people as at the second quarter of 2019 are users of Facebook and about 1 billion active Instagram users. Though this social media platform were primarily created for communication and condition, but since it has become a place where so many people converge, SMEs and even bigger companies have adopted a strategy of marketing on this platform. Over the years, because of the greater opportunities of marketing on these platforms, they've provided tools that will enhance the marketing reach of businesses. [3] classified the social media platform into segment which includes: Social networking sites (Facebook, LinkedIn); content communication (YouTube, Vimeo) and photo sharing (Instagram, Snapchat). In the context of this study, focus was on the social networking sites (Facebook) and photo sharing social Media (Instagram). The connection between these two platforms has become a remarkable analysis for businesses to market their product.

SMEs uses Facebook and Instagram business tools like business accounts, pages, groups to sell their products and service. Ever since the owner of Facebook bought over the Instagram in 2012, both social Media platform shares great similarities in ads which includes:

- Single image /Video ads
- Collections
- Carousel

Both platforms use targeting to help SMEs get their products and services seen by the right audience. The targeting used by these platforms is as specified below.

1. **Location:** This target users by country, state, Zip Code or area around the physical business
2. **Demographics:** This target users by age, gender, education and the languages they speak.
3. **Interest:** This targets users by interest, based on profile information, pages, groups or content they engage with. Example sports, music, games.
4. **Behavior:** This target users based on what Facebook knows about user behavior, such as the way they shop, the phone they use or if they plan to buy a house or a car.
5. **Connections:** This target users who like your page, app or friends of your friends.
6. **Custom:** This target existing customers based on existing data (email, phone) provided.

## II. REVIEW OF RELATED LITERATURE

Information Technology contributes to business growth especially in the communication and coordination of business. This of course, results in the business process and planning improvement. [4] went further to explain that it can also raise production and operation process thereby contributing to the growing of economic scale. Social media is a development of traditional media. It employs a more advanced digital technology which enables user of virtual community to connect, build and work together [5]. SMEs play significant role in the economic development and employment for a majority of countries in the world [6]. [7] went further to point out that social media provides series of opportunities for SMEs in terms of sales and cost advantages as well as communication and sharing advantages; this is contrary to [8] who indicated that there is no significant relationship between

social media use and competitive advantage. From his analysis, 10% were using social media for their marketing minus the traditional marketing. He pointed out that 72% of SMEs that uses social media use Facebook for their marketing. [9] narrowed his opinion down by saying that social media is more compelling than other media. It is quick and provides a low-cost communication. He went further to classify social media into different form of social networking sites which includes Facebook, LinkedIn, content communication (e.g. YouTube). According to [10] he added photo sharing social media (Instagram, snapchat). He went further to add that Facebook and Instagram poses to provide business with wider reach and sales compared to other social media platforms. He also added that Instagram engagement rates are 58% higher than twitter.

[11] explained that the traditional methods of marketing used by SMEs is changing because of the presence of social media. He added by saying that the traditional method which includes print and electronic media which was used to drive traffic to business was altered to business websites when the internet marketing evolved to ensure business sites are updated and never devalued in search result. But this has been taken over by social media Marketing, since media sites like Facebook and Instagram are seen as sites on their own and also provides a high-ranking presence for business.

III. METHODOLOGY

The methodology adopted in this qualitative research was discourse and relational analysis. The target population was Small and Medium Enterprises owners. The method of data collection was structured online survey using Google forms. This method was adopted because the target population has online presence and are users of Facebook and Instagram social media. This afforded the researchers the opportunity to get to them irrespective of their location within the survey period. The online survey was viewed by 2050 and 670 responded to the survey. This survey was carried out within a period of 1 week to gather the observation for the research analysis. The Online survey link was shared on social media specifically, Facebook and Instagram and WhatsApp. Below are the distributions responses in a simple percentage form.

IV. RESULTS/FINDINGS

Table 1: Number of Return from the population sample

	Number of persons that viewed the survey	Number of Persons that responded to the survey	Percentage response
<b>Population Value</b>	2,050	670	37.22%

Table 2: Gender Distribution of population sample table

Gender	Population Size	Percentage
Male	400	59.7%
Female	270	40.3%
Total	670	100%

Table 3: The age distribution of Population sample table

Age (Years)	Population Size	Percentage
15-25	370	55.2%
26-35	260	38.8%
36-above	40	6%
Total	670	100%

Table 4: The distribution of the population that uses each of the social media (Facebook and Instagram) and both simultaneously

Social Media	Number	Percentage
Facebook	500	74.6%
Instagram	330	49.3%
Facebook and Instagram	320	47.8%

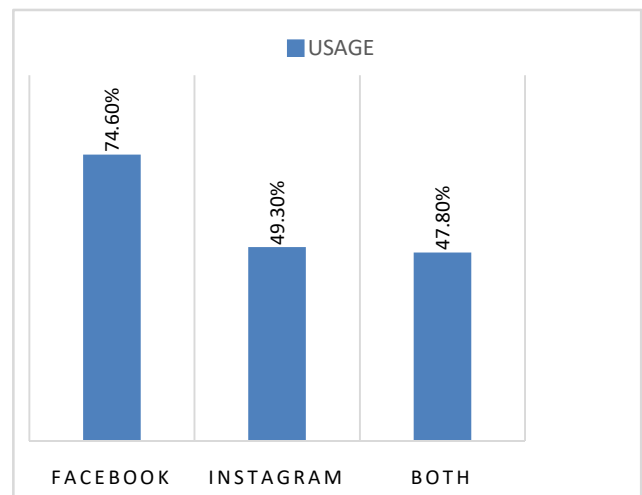


Figure 1: The distribution of the population that uses each of the social media (Facebook and Instagram) and both simultaneously.

Table 5: The distribution of the population that make sales on Facebook and Instagram compared to offline sales Monthly.

Naira	0		1-9,999		10,000-49,999		50,000-99,999		100,000-500,000	
	Popul ation Size	Perce ntage	Popul ation Size	Perce ntage	Populati on Size	Perce ntage	Populati on Size	Perce ntage	Populat ion Size	Perce ntage
Facebook	220	32.8%	170	25.4%	200	29.9%	80	11.9%	-	-
Instagram	380	56.7%	110	16.4%	90	13.4%	50	7.5%	40	6%
Offline	150	22.4%	280	41.8%	160	23.9%	40	6%	30	4.5%

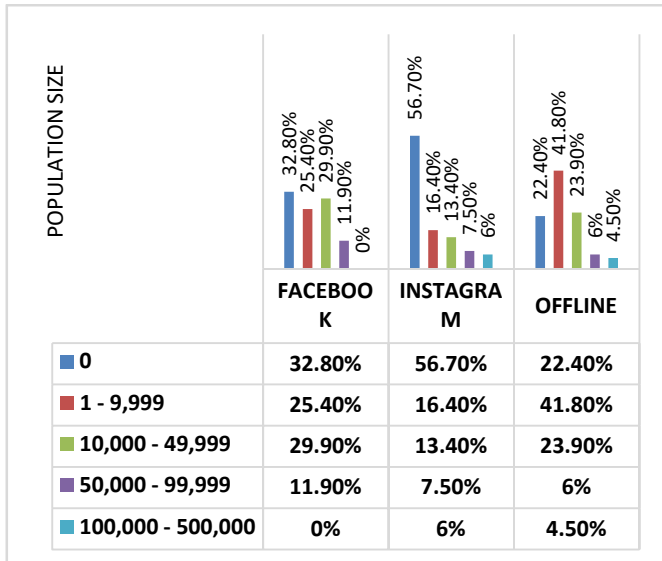


Figure 2: The distribution of the population that make sales on Facebook and Instagram compared to offline sales Monthly.

Table 6: The Distribution of the population size and their customer reach on Facebook and Instagram.

Naira	0		1-9,999		10,000-49,999		50,000-99,999		100,000-500,000	
	Population Size	Percentage	Population Size	Percentage	Population Size	Percentage	Population Size	Percentage	Population Size	Percentage
Facebook	340	50.7%	120	17.9%	150	22.4%	60	9%	-	-
Instagram	460	68.7%	10	1.5%	120	17.9%	5	7.5%	30	4.5%

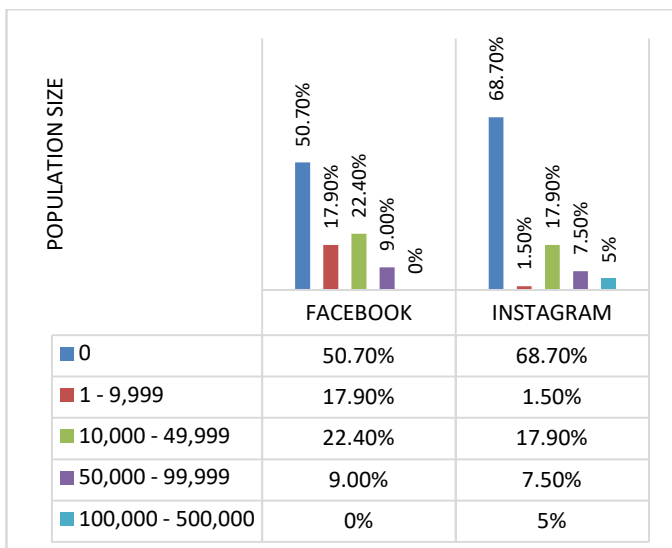


Figure 3: The Distribution of the population size and their customer reach on Facebook and Instagram.

Table 7: The distribution of the Population review on the impact of Facebook and Instagram

Social Media	Bad		Good		Very Good		Excellent	
Facebook	70	10.4%	160	23.9%	380	56.7%	60	9%
Instagram	130	19.4%	290	43.3%	220	32.8%	30	4.5%

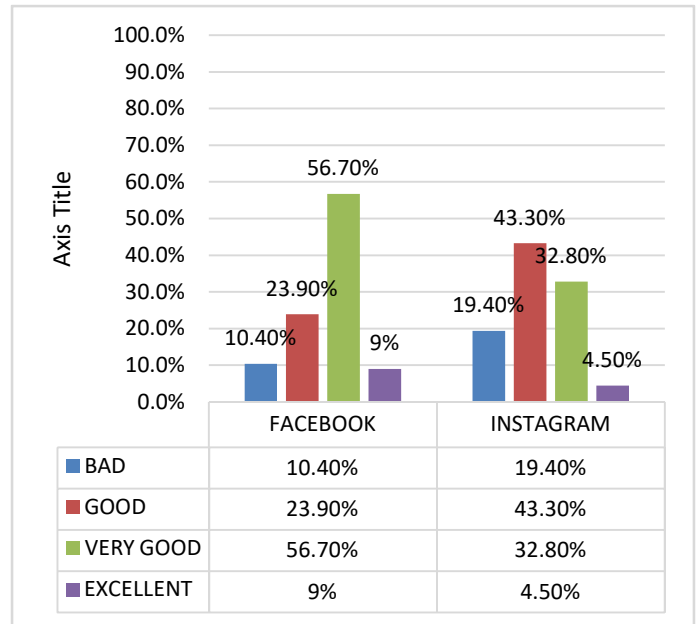


Figure 4: The distribution of the Population review on the impact of Facebook and Instagram

Table 8: The distribution of the population that prefers social media (Facebook and Instagram) over Traditional media.

Social Media – Facebook and Instagram	590	88.1%
Traditional Marketing (offline)	80	11.9%
Total	670	100%

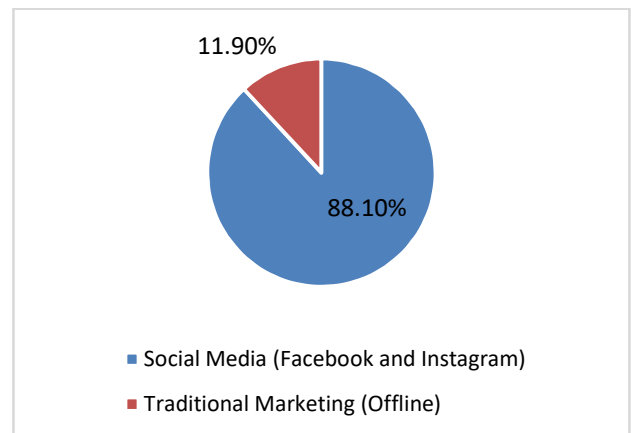


Figure 5: The distribution of the population that prefers social media (Facebook and Instagram) over Traditional media.

Table 9: The Distribution of the population that will recommend Facebook and Instagram to other SMEs

	Yes		No	
	Population Size	Percentage	Population Size	Percentage
Facebook	630	94%	40	6%
Instagram	53	79.1%	14	20.9%

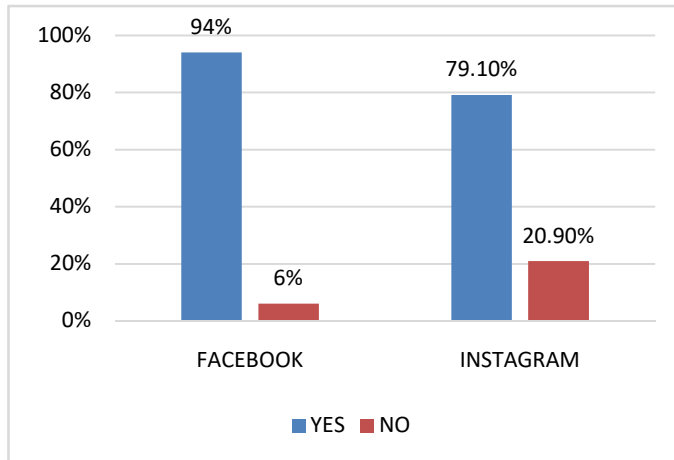


Figure 6: The Distribution of the population that will recommend Facebook and Instagram to other SMEs.

## V. DISCUSSION

The result obtained from the survey shows that 37.22% of persons that viewed the questionnaire responded to the question. This means that the questionnaire was not meant for all but for SMEs owners. It was seen that both the male and the female gender owns SMEs and have leveraged the opportunities on Facebook and Instagram social Media for marketing. Facebooks social media was seen to have more SMEs that uses it for their marketing compared to Instagram. Since Facebook has a greater number of audiences which has proven to increase the chances of SMEs reaching more potential customers within this social media. Instagram social media was also seen to have more conversion for high sales compared to Facebook and offline sales (Traditional Marketing). With 6% of SMEs in the sample population monthly sales of NGN100,000 to NGN500,000 on Instagram and 11.9% of SMEs in the sample population monthly sales of NGN50,000 to NGN99,999 on Facebook, means that SMEs have conversion and sales on these social media platforms considering that amount of sales for SMEs per month, but, more sales on Instagram. It simply implies that these social media have a positive impact on them. These conversions and sales provided by these platforms boost the profit margin of SMEs. 67.2 % of SMEs makes sales on Facebook while 43.8% of the SMEs within the sample population makes sales on Instagram (Table 5.0). This shows that more SMEs focuses on Facebook marketing than Instagram marketing. 4.5% of SMEs within the population sample have a reach of 100,000 to 500,000 marketing audience for their businesses. This is far

beyond the reach of SMEs who run only offline marketing. This means that Facebook and Instagram social media provides SMEs with more awareness and audience for their marketing. It was seen that 88.1% of SMEs within the sample population prefers Facebook and Instagram for their Marketing compared to 11.9% that prefers traditional marketing (offline). This confirms that Facebook and Instagram have positive impact on SMEs which has yielded results and has led many SMEs to leverage the opportunity. It was seen that 94% SMEs would recommend Facebook as against 79.1% that will recommend Instagram irrespective of the fact that Instagram has higher conversion in sales and in reach than Facebook. Though Facebook and Instagram are owned and managed by same company, the users on Facebook outweighs the users on Instagram, which gives room for greater reach in awareness and marketing.

## VI. CONCLUSION AND RECOMMENDATION

This paper has established that Facebook and Instagram social media has a positive impact on SMEs. It has increased the reach of SMEs in a global scale and have increased sales and awareness for SMEs giving that Facebook and Instagram have tools and modules that facilitates this result. This study was able to show that over 88.1% SMEs from the sample population have benefited from the Utilities available on Facebook and Instagram in terms of digital Marketing.

Furthermore, it can be seen that SMEs have greater chances of making more sales and reaching to more customers if all the marketing tools available on Facebook and WhatsApp are maximized.

Considering the findings of this study and the data analysis, We therefore, recommend that SMEs should have specialist on digital marketing on Facebook and Instagram or SMEs owners should learn the fundamentals of all marketing tools available on Facebook and Instagram like: Chatbots, Stories, Ads Manager, Facebook pixel, FB business manager, to better increases their sales and customer reach curve.

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