Efficacy of Social Media in Growth of Small Medium Businesses
A Study on Enterprises in Delhi

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A new drift of social media is determining the future of business surroundings according to its operations. It has also helped businesses to augment their value, nurture deliberate partnerships and amplify their contact with customers and suppliers. It has become important for business owners and marketers to recognize how social media works as a communication and marketing tool. The study focused on establishing the effect of social media on the growth of SMEs in Delhi. The study is based on the descriptive research design. Questionnaires were administered on 375 SMEs in Delhi, with the respondents being either the owners or managers. Cluster sampling was used to segregate the population of significance and then simple random probability sampling technique was used to further identify the specific businesses to be used for the study. Both quantitative and qualitative data was collected and then analyzed. The study recognized that Social Media propose higher market accessibility and CRM, the role of social media in customer satisfaction and loyalty research, which in turn have a noteworthy impact on the growth of SMEs. It revealed that geographical barriers can be broken down if social media is used as communication tool in businesses.

KEYWORDS
Social Media, Customer Relationship Management, Customer Satisfaction, Entrepreneurship

Introduction
From the 1970’s, technological advancement made possible the emergence of “new media”. The ongoing technological change is radically altering the relationship between the content, the consumer and the emerging media. The “new media” arrived in two waves. The term became popular in the 1990’s describing changes from the eighties including video, new ways of delivering Television (via cable, satellite etc), CD-ROMs, various forms of multimedia, fax machines, video-text networks etc. The second wave has been dominated by the extraordinary growth of the Internet and World Wide Web, e-mail, blogs, social networking sites like Orkut, Twitter, Facebook, Youtube and Whatsapp et al. It provides for an amazing networked distribution on a global scale, not subject to traditional gate keeping. The social significance of this technological development is having wide implications over the way we see and experience the world. Social media has converted the formerly marginalized passive media user in to consumer and creator of content. This has effectively democratized the media industry by allowing readers to create content, place it on a terrain which is global and unrestrained. Contents determines what attention it gets, based on merit, instead of allowing editors to decide this for them. This has created a media context where there is a newsocracy, meaning all the media for everybody. In simple terms – by the user, for the user, of the user, just as an ideal democracy is people oriented. The Facebook, Youtube and other social media have granted greater control to viewers over media content and its flow, enabling them to reshape and re-circulate media content. Now the concept is not to consume media, but to participate within media, making them democratic, responsive and interactive. The new social media have so profoundly altered the relations between the producer and the user making the communication multi-way, rather than one way or two ways. Digitization of the media creates content which is highly “portable” and spread rapidly across the globe.

Media since the primitive times performs functions like inform, persuade, entertain, and now even resolve issues. It helps in changing perceptions and building goodwill. The first companies to make profit using internet were primarily business-to-business marketers. Today, the web has become the communication tool of choice for much business-to-business companies. The use of internet has also
lead to the reshaping of users viewpoint in understanding their local and global identities and existence. Corporations use social media to listen and engage in various issues and conversations that impact customer relationship. Using the power of the social media, a company can multiply the effects of its Corporate Social Responsibility (CSR) efforts also. NGOs, on the other hand, who bridge the gap between corporate organizations and the beneficiaries of their CSR initiatives, are increasingly realizing how powerful a tool social media can be.

Not only Public Sector Companies but also major brands are finally starting to tap their customers to create an audience/support network through social media. There are many benefits of social media that are important to businesses, they include:

- Cost reduction by decreasing staff time.
- Increase of probability of revenue generation.
- Share their expertise and knowledge.
- Tap into the wisdom of their consumers.
- Enables customers helping customers.
- Engages prospects through customer evangelism.

Thus the benefits of social media include: Brand Reach and Awareness, Consumer Satisfaction through interactions, transactions, Referrals and Reputation Management. The term ‘Social Media’, sometimes also referred to as ‘consumer-generated media’ (CGM), “describes a variety of new and emerging sources of online information that are created, initiated, circulated and used by consumers intent on educating each other about products, brands, services, personalities and issues”(Blackshaw & Nazzaro, 2006). We are in a new era now where being Social, Local and Mobile are an important part of being on social media. Social media allows an enterprise to connect with both existing and potential customers, engage with them and reinforce a sense of community around the enterprise’s offering(s). Further, an information rich website can help a business to develop relationships with customers by providing more effective marketing, new communication and distribution channels, shorter time to market, customized products, 24hour online technical support and online interactive community. Social networking can be an excellent way to acquire new customers and retain existing ones. The real challenge lies in finding ways to engage with the audience on a personal level. Social networking sites can build online groups around various companies, where clients and prospective customers can interact with each other. These groups provide valuable insights and useful feedback that help the marketers to improve their products to suit the needs of their customers. Developing countries need to adopt Internet technologies especially in small and medium size businesses in order to improve processes, efficiency and to be more competitive.

SME sector of India is considered as the backbone of economy contributing to 45% of the industrial output, 40% of India’s exports, employing 60 million people, create 1.3 million jobs every year and produce more than 8000 quality products for the Indian and international markets. SMEs have a significant function in national economies both as employers and by cooperatively contributing to national economic output. With this huge potential, backed up by strong government support; Indian SMEs continue to post their growth stories. Despite of this strong growth, there is huge potential amongst Indian SMEs that still remains untapped. Once this untapped potential becomes the source for growth of these units, there would be no stopping to India posting a GDP higher than that of US and China and becoming the world’s economic powerhouse.

**Customer Relationship Management (CRM)**

In the traditional sales cycle, CRM forms a data driven structure that powers an overall customer life cycle. Based on historical transactions, the insights into what a customer may need next, or when a particular customer may be ready for an up sell, offers are generated based on past transactional data and the larger purchase or use patterns that exist across the entire customer base, as shown in the
On the social web, where the customer is now becoming an integral part of the sales process, CRM is being tailored to support this new role of the customer. This provides a highly valuable window of insight into what your customers are really thinking, and what they are likely to do next. This has led to the coinage of the term Social CRM. Social CRM is an approach to business that formally recognizes the key role of the customer in understanding and managing conversations around the brand, product or service. All businesses need to capitalize on having employees who can tap into the potential that Internet technologies have to offer. To increase the growth in potential customer and to retain the existing customers, social media as a communication tool is highly lucrative. Businesses can maintain the credibility using the social media tools while resolving the issues and simultaneously satisfy the customer which results in the increase in loyal customer database.

Now companies are also able to learn the type of consumers who interact with their brand through their sites. Customer intelligence gathered from social media is important in driving the innovation in a business. The use of social technologies provides insights, thoughts and ideas on how to better serve customers and enables businesses to discover innovative ways to conduct business or offer new products and services to customers. Products and services innovation translates into ideas becoming a reality. This eventually leads to the financial growth of businesses. The growth of social media network platforms on the World Wide Web has brought a remarkable impact on the facilitation of global social interconnections. Social media offers unparalleled constant connectivity for users, allowing them to share, collaborate and establish online communities.

**Objectives**

1. To determine the effect of social media on the reach of market of SMEs in Delhi.
2. To establish the effect of social media communication on the CRM of SMEs in Delhi.
3. To determine the effect of social media on the pricing and innovation of products in SMEs.

**Research Design and Methodology**

Descriptive research design was used to examine the effect of social media on the growth of SMEs. The sample size for the study is SMEs within Delhi. Total 3754 enterprises in Delhi obtained from the portal of Indian Government (Final Report from MSME on 4th Census 2006-2007) were used as the sampling frame. The enterprises selected for the population belong to the respective fields Fashion &
Garment, Gems & Jewellary Products, Gift & Crafts Products, Health & Beauty Products, Home Furnishing Products, and Medical Pharma industries in Delhi. Cluster sampling was used to divide the entire population of interest. The researcher has divided the population in 5 zones- North, South, East, West and Central Delhi. Each zone was considered a cluster. Further on, to get equal 10% representation of SMEs from each cluster, simple random sampling was used. After the elements were selected, the specific respondents were identified using simple random probability sampling technique. This ensured that each object had an equal chance of selection and thus avoid biased selection. The table-1 shows the sampling frame of the study.

<table>
<thead>
<tr>
<th>Cluster</th>
<th>No. of SMEs</th>
<th>%</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>North Zone</td>
<td>930</td>
<td>10%</td>
<td>93</td>
</tr>
<tr>
<td>South Zone</td>
<td>504</td>
<td>10%</td>
<td>50</td>
</tr>
<tr>
<td>East Zone</td>
<td>910</td>
<td>10%</td>
<td>91</td>
</tr>
<tr>
<td>West Zone</td>
<td>900</td>
<td>10%</td>
<td>90</td>
</tr>
<tr>
<td>Central Zone</td>
<td>510</td>
<td>10%</td>
<td>51</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3754</strong></td>
<td><strong>10%</strong></td>
<td><strong>375</strong></td>
</tr>
</tbody>
</table>

The questionnaire was administered to 375 managers of the SMEs. The questionnaire comprised of both closed questions to enhance consistency and open-ended questions to ensure that maximum data was collected. The data was analyzed by calculating the percentage of supporters and non supporters of social media in SMEs and detailed study was conducted on the answers received from the respondents.

**Discussion and Findings**

**Impact of Social Media on Reach of SMEs Market-** From the research, it emerged that 80% of the respondents agreed that they experienced greater market accessibility for SMEs as a result of social media, while 20% refuted. Managers who are using social media as a communication tool said that it has the capability to acquire customers from outside their zone of operation. They explained that now they are able to grow their sales and serve more variety of customers by venturing into new markets at very low cost. Social media has removed geographical barriers and given the SMEs an opportunity to venture into new markets.

**Effect of Social Media on SMEs CRM-** Research findings indicated that 85% of respondents agreed that CRM within SMEs had improved as a result of social media and had also led the businesses to manage and communicate with their customers more effectively. Now they are able to get instant feedback from the customers and accordingly they can make changes to marketing strategies. The managers gladly said that social media as the communication tool is setting the right equations between the companies and the customers. It enabled them to satisfy their customers and as a result the companies are acquiring big database at a very low cost. Now it becomes very easy to provide services to the customers for managers and companies, which in turn is getting more business and growth for SMEs.

**Effect of Social Media on Pricing and Innovation of Products in SMEs-** The study found that 75% of the respondents agreed that they had experienced the change in price and innovation in products while 25% saw no effect of social media in increasing the price and innovative level of the product in their companies that would lead to growth. But according to the 75% of the respondents, it is indicated that customers are aware of prices of the products and also they compare prices offered by different sellers. Therefore, social media can be an important tool to provide information on what details a business could add to its products or services in order to have a competitive edge over its competitors in terms of pricing.
Conclusion

The study indicated that most SMEs in Delhi have now fully understood and internalized the potential of social media for their businesses, it seems social media overall will keep on rise. Those who are not satisfied may not be optimally utilizing social media tools due to limitations emanating from technical capabilities and infrastructure. Businesses in Delhi have benefited effectively from technology and specifically social media. This is an opportunity that could enhance SMEs growth and gain a competitive edge against large organizations that traditionally have resources and have been in business for a longer time. The study found out that how social media affects the market accessibility of SMEs Delhi. It revealed that social media has broken down geographical barriers and heralded new ways of doing business to those who are flexible and keen to adapt to changes in technology and business environment. The study also sought to find out if social media had affected SMEs and found that SMEs in Delhi social media networks enable generation and sharing of insights as well as ideas on innovative ways of doing business in an effort to serve customers better.

Businesses in Delhi are aware of that social media networks provide information to customers as well as increased choices. SMEs therefore need to be price sensitive the same way their customers are. The effect of social media on the customer relationship management in SMEs was very strong. Traditionally, customer relationship was largely based on transactional data and context. With social media, the situation has been changed where social CRM has assumed significant importance. SMEs in Delhi may have tapped into this element but there is still much room to further utilize CRM for their growth. CRM brings a magnitude of opportunities for businesses to communicate with customers as well as build databases that are necessary for future growth in terms of accessing new markets that will translate to increased sales. We can say that as a communication tool social media is bringing change in the business world and transforming the world into a global village.

References


