The Impact of Digital Marketing and social media On Small and Medium Sized Business

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Abstract. With the changes in people's shopping methods and the diversification of the online shopping market, the advantages of small and medium-sized enterprises applying social media and digital marketing are becoming increasingly obvious. This article uses survey and interview methods to understand the opinions and feedback of consumers and entrepreneurs on social media, digital marketing, and online shopping, respectively. The results show that everyone unanimously agrees that online shopping has gradually become one of the most important daily purchases, but consumers still have concerns. This article gives two solutions: optimizing the company's product content information, building private traffic, and improving after-sales service. These methods can help small and medium-sized enterprises expand the advantages of digital marketing and gain higher competitiveness with lower risks. Better application of the Internet and digital marketing by small and medium-sized enterprises can help enterprises improve their brand competitiveness in an increasingly mature online shopping market, benefiting the brand in the long term.

Keywords: Digital Marketing; social media; Small and Medium-sized business; Private Traffic.

1. Introduction

Since COVID, people have realized the convenience and safety of online shopping. There is no need to go to different shopping malls to purchase in person, and it also ensures a safe distance from other people during the COVID period. In this context, more and more consumers use the Internet to purchase. In 2020, global retail e-commerce will increase by 26.4%, reaching 4.248 trillion US dollars, reaching 5.211 trillion US dollars in 2021, and in the following years, data will continue to increase [1]. Companies increasingly realize the importance of social media and digital marketing and how it differs from traditional marketing methods. Companies from all walks of life are gradually adapting to the new digital environment, and consumers are beginning to pay attention to products on different content platforms, for example, ads on Instagram, TikTok, and each product’s webpage or app [2]. Therefore, exploring the influence of digital marketing and social media on enterprises can help enterprises better establish contact with consumers, increase the exposure rate of the brand itself, and improve its profitability.

Bermeo-Giraldo proposed that with the advancement of technology and changes in traditional sales methods, digital marketing has gradually become an important way for companies to improve the commercialization of products and services. However, small and medium-sized enterprises have not widely used digital marketing, so it is not competitive compared with companies based on Information and Communication Technologies. Well-applied digital marketing in small and medium-sized enterprises can allow companies to improve in terms of technological changes and attract consumers in new ways [3].

Shao found that consumers in the post-epidemic period will continue to shop online, which has a sustainable potential factor compared with physical shopping. Through the collection of consumer market data from the United States, Canada, and Germany, it is found that convenience, safety, and efficiency are the three main factors that affect the practicability and sustainability of online shopping for consumers [4].

In the article, Hu analyzed the changes caused by COVID-19 on consumer purchasing behavior and the impact of corporate business models through consumer psychology. The article analyzes
consumers’ attitudes and purchases towards the transformation of corporate online sales through the purchase object, motivation, time, place, and method. The final research results show that changes in consumer purchasing behavior significantly impact corporate business model design. Consumer service companies innovate business models based on consumer characteristics and changes in purchasing behavior, such as online transfer of sales models, expansion of target markets, and socialization and fragmentation of marketing models [5].

Most of the articles introduce people’s dependence on online shopping in the post-epidemic period, the positive impact on enterprises, and the transformation of business models. More and more businesses are realizing the importance of digital marketing and social media to businesses and the necessity of building a strong online presence to remain competitive in the modern marketplace. However, few articles analyze the transformation and potential problems of SMEs’ sales situations and methods under the influence of digital marketing and social media through specific market situations, the long-term impact on enterprises, and the transformation of their relationship with consumers. This paper will first analyze the attitudes of consumers of different age groups towards electronic marketing and social media and their shopping experience through quantitative and qualitative aspects and analyze the advantages of small and medium-sized enterprises in correctly applying electronic marketing and social media to themselves. Then, find out the short-term problems that electronic marketing and social media may cause compared to small and medium-sized enterprises and propose effective solutions so that small and medium-sized enterprises can more smoothly benefit from electronic marketing and social media in the long run. Finally, a more comprehensive understanding of e-marketing and social media through the channels of both enterprises and consumers enables small and medium-sized enterprises to obtain a larger customer base at a lower cost to increase revenue.

2. Method

2.1. Survey

The survey method is defined as a quantitative technique for gathering data from a group of respondents by posing various survey questions. This form of study entails gathering, collecting, and analyzing data [6]. This paper will use the survey method to investigate consumption. The situation of consumers purchasing goods through the Internet is investigated from six aspects. They are frequency, amount, product purchase channels, understanding new brands and purchasing products through social media, and problems and concerns during purchases. Collect data from these six aspects to investigate and analyze the data through the survey, and the author will understand the importance of digital marketing and social media for companies to increase exposure and sales, consumers’ purchasing attitudes towards digital marketing and social media, and consumers’ concerns about small and medium-sized enterprises and propose solutions.

2.2. Interview

An interview is a qualitative research technique that depends on asking questions in order to gather information. There are usually two or more participants in interviews, one of whom is the interviewer posing the questions [7]. This paper will interview three people from small and medium-sized entrepreneurs to understand their attitudes towards digital marketing and social media, the difference between companies selling products through digital marketing and traditional marketing, and the advantages and potential problems of social media for brands. Through the content of these interviews, research what business model small and medium-sized enterprises can better use the advantages of digital marketing and social media to increase the company’s revenue and reduce its negative impact. At the same time, by finding out the problems of small and medium-sized enterprises selling products in this way, the author can improve them and propose better solutions.
3. **Result**

3.1. **Survey Data**

In order to facilitate the collection of consumer data, the author designed a survey containing seven questions. Collect data on the online shopping behavior of consumers of different age groups from different levels and understand their acceptance of new companies and new products. After data collection was complete, all data was entered into Excel and analyzed.

More than half of the experimental subjects are between 18 and 24 years old (Figure 1). Therefore, the age group of the entire survey is relatively young and relatively receptive to new products.

![Fig. 1 What is your age.](image)

The purchasing frequency of experimental subjects is 77.78% within each month, which reflects that people’s purchasing frequency is relatively high now (Figure 2).

![Fig. 2 Frequency of online purchases](image)

The experimental subjects’ monthly online shopping expenditures ranged from RMB 500 to RMB 2,000 (Figure 3).
Fig. 3 Your monthly consumption range through online shopping is?

The purchasing channel was a multiple-choice question, and 77.78% chose Taobao, the largest online sales platform in China (Figure 4).

Fig. 4 Online shopping product channel

In addition, with the diversification of online shopping platforms, many people also choose other shopping platforms, choosing different platforms according to different shopping needs. Among all experimental subjects, 92.59% chose to learn about new products from social media or influencers, while only 7.41% chose not to do so (Figure 5).
Fig. 5 Will you learn about new brand products through social media or influencers?

This shows that most consumers are still willing to learn about new companies and products spontaneously. Among all experimental subjects, 88.89% are willing to buy new products (Figure 6).

Fig. 6 Will you buy new brand products.

That is to say, 3.7% of people are willing to learn about new products but not to buy them. Finally, the main concern of these experimental subjects about new companies and products is product quality, with 88.89% of people choosing this item (Figure 7).

Fig. 7 Problems and concerns in the process of purchasing new brand products.
3.2. Interview Data

The first interviewee was Mr. Guo, the CEO of a small technology company in China. The company’s main business is establishing a connection between the Kuaishou Douyin live broadcast platform and influencers and providing cooperation opportunities for both parties. Mr. Guo shared that as a technology network company, he always believes that digital marketing and social media have become indispensable marketing solutions in today’s society, and the proportion of the company’s marketing budget is getting higher and higher. Compared with traditional marketing methods, digital marketing can attract more customers with a lower amount, especially when cooperating with influential and highly trusted influencers. It can effectively promote products and expand the influence of the company’s own brand. Mr. Guo believes that for small and medium-sized brands, due to the faster and faster product updates and fiercer competition, it is difficult to open up the market only by relying on original users or traditional marketing methods. Because customers often choose to ignore or feel disgusted by traditional marketing methods such as various website pop-up windows and TV advertisements, digital marketing can well make up for this problem.

The second interviewer is Mr. Yin, a manager of agricultural and sideline products. The company’s main business is the trade of agricultural and sideline products. The interviewees believe that digital marketing has gradually become popular because it can determine the consumer group for promotion according to the company’s own needs and can more accurately control the way of product promotion. For small and medium-sized enterprises, digital marketing is one of the most effective ways for companies to expand and promote products quickly. But at the same time, it may also be accompanied by some problems. For small and medium-sized enterprises, the production efficiency of many products cannot keep up with the large number of customer groups brought by digital marketing, and it is easy to cause a short-term supply shortage. This will reduce the customer’s sense of purchasing experience and corporate reputation due to the unguaranteed product quality or slow delivery of products. Mr. Yin believes that after the company decides to use digital marketing extensively, it needs to ensure that the after-sales and supply chain can be provided normally. If there is an overloaded product demand in the market, it should be explained to the consumer group in time to improve consumer satisfaction as much as possible.

3.3. Summary of the Collected Data

Until 2020, there were more than 140 million SMEs and independent contractors in China. SMEs produce 68% of exports, 50% of tax revenue, 79% of new jobs, and over 60% of the nation’s GDP. There will be around 2.52 million new businesses in 2020, with 22,000 new businesses registered daily [8]. In such a huge market, according to experimental data, a large number of consumers are worried about the product quality and after-sales service of new products. These problems are also the main problems that small and medium-sized enterprises need to solve if they want to expand through social media and digital marketing successfully.

4. Discussion

4.1. Data Analysis

First of all, according to survey data, consumers now shop online with a relatively high frequency. Because the age of the data collected is generally young, most are students or people who have just started working, so the consumption level is not very high. 500-2000 RMB is about 70-300 US dollars. The vast majority of subjects are willing to learn about and purchase new products, which means the acceptance of new products in the market is increasing. Although a small group of people are reluctant to learn about new products, this may come from bad shopping experiences in the past, or they are unwilling to try new products as they grow older. For them, the biggest concern when buying new products comes from quality. This coincides with what Mr. Yin said in the interview. Many new companies and new products introduce their products very well at the beginning. With social media
and digital marketing, a large number of consumers flock in. However, in the early stage, it is easy for supply to exceed demand and product quality to decrease because the production capacity of many new companies cannot keep up with the rapidly expanding market demand in time. At the same time, there is not enough after-sales service training within the company. Consumers’ problems cannot be solved without personnel, and their purchasing experience will be reduced. Therefore, although the cost of digital marketing is low, retaining loyal users is one of the issues that small and medium-sized enterprises need to consider [9].

However, 92.59% of people in the survey data are willing to learn about new products on social media, which also shows that digital marketing and social media are very important to small and medium-sized enterprises. As Mr. Guo said, the price of digital marketing is lower than traditional marketing methods. Through digital marketing, the company’s marketing costs can be reduced, and big data can be used to select potential customers more suitable for your company [10]. This is not available in traditional marketing or requires more budget. In order to maintain the advantages of social media and digital marketing for small and medium-sized enterprises and reduce its negative impact, two solutions will be mentioned.

4.2. Implication One

As people shop online more and more frequently and the market becomes more and more complete, small and medium-sized enterprises should invest more energy in social media and digital marketing. According to data in the article, more than two-thirds of small businesses are already using social media tools, and only 6% of small businesses find value in digital and content marketing. Nearly half of small businesses still use email marketing [11]. This information means that although they know the advantages of digital marketing, their operational methods are not perfect enough. Therefore, they cannot gain sufficient exposure on the Internet and attract potential customers with a lower marketing budget.

Businesses can optimize their product introductions, pictures, and videos. Attractive pictures and videos are often the main reasons consumers are willing to learn more about a product and are also a key factor in improving conversion rates [8]. When customers are shown product listings, they prefer to learn more about the product’s details through attractive photos and videos.

When more people are willing to browse the company’s new products, the company’s product story can be better showcased. And convert potential consumers into private domain traffic, that is, extract traffic from social media or online markets to private pools [8]. Private domain traffic makes it easier to retain loyal customers and increase repurchase rates. For conversions and potential customers, Development can bring more value to a company’s business.

4.3. Implication Two

For small and medium-sized enterprises, supply exceeds demand in the short term, resulting in product quality being unable to be guaranteed and customers having a poor purchasing experience. When a company decides to increase investment in digital marketing, it can increase inventory appropriately in advance and negotiate with product processors about the maximum production capacity in the normal cycle [11]. Based on market feedback, the company should follow up on product sales in a timely manner and estimate in advance whether it is necessary to continue to increase inventory to solve supply and demand issues to the greatest extent possible. When the online sales platform sets the sales quantity to reach the maximum production capacity, the sales will be stopped first.

When supply exceeds demand in the short term, the company cannot just look for other processors to increase production capacity but must fully understand the qualifications of the processors. Otherwise, it is easy for the product quality to be inconsistent with the description, resulting in a poor consumer purchasing experience. Or contact consumers through the after-sales platform, apologize to consumers, and promise to ship products as soon as possible according to production capacity. Please increase the number of customer service staff and train them so that consumers can find after-
sales customer service in a timely manner when they have questions about the product [12]. If there are any problems with the product, it can be returned or exchanged. The application of these two methods can solve the short-term supply and demand problem to the greatest extent, ensure product quality, and improve after-sales service.

5. Conclusion

Social media and digital marketing are very advantageous marketing methods for small and medium-sized enterprises. Not only does it have a lower budget than traditional marketing methods, but it can also better find potential consumers in the market through big data, convert them into private domain traffic, and expand the loyal user base. In order to avoid the negative impact of digital marketing on enterprises as much as possible, on the one hand, the company’s internal operators in digital marketing and social media should invest more energy in optimizing their own product content and brand content. On the other hand, in order to reduce supply shortages or product quality problems, the company can increase inventory appropriately. Then, the spot sales quantity on the sales platform is determined based on market feedback and the processor’s production capacity. Through after-sales customer service, the author provides timely explanations to consumers and provide product return and exchange services.

Better application of the Internet and digital marketing by small and medium-sized enterprises can help enterprises improve their brand competitiveness in an increasingly mature online shopping market, benefiting the brand in the long term. This article collects consumers’ concerns about potential problems with new products and proposes solutions to help small and medium-sized enterprises better avoid the negative effects of social media and digital marketing.

In this study, the survey used in the data can most truly collect the feedback of consumer groups of different age groups on online shopping. However, since the number of samples is only 27, and they are all Chinese, it is impossible to make a more accurate prediction of the overall market, nor to assess the international market through this sample better. The interview method used is also limited to Chinese entrepreneurs, and there is not enough understanding of the attitudes and opinions of entrepreneurs in the international market towards social media and digital marketing. Therefore, it is necessary to expand the sample size and increase the feedback of consumers’ feedback on online shopping in subsequent research, as well as understand the attitudes and opinions of entrepreneurs in different regions. This enables better predictions of the overall international market.

References


