

LEVERAGING SOCIAL MEDIA PLATFORMS (WHATSAPP AND FACEBOOK) FOR SMALL AND MEDIUM SCALE BUSINESS: A COMPREHENSIVE LITERATURE REVIEW

Jeremiah Sunday Daramola

Department of Business Administration,
Adekunle Ajasin University, Nigeria.

e-mail: jeremiah.daramola@aaua.edu.ng;
jerry4daramson@gmail.com

Abstract

Social media platforms (WhatsApp and Facebook) now powered by Meta have revolutionized businesses' operations, offering Small and Medium-Sized Enterprises (SMEs) new avenues for marketing, customer engagement, and brand building. Brian Acton and Jan Koum founded WhatsApp in 2009. Initially, the goal was to offer a user-friendly and effective messaging platform. Early versions of WhatsApp only offered simple text messaging features. This section introduces the importance of SMEs in the global economy and their growing reliance on social media platforms. According to this study, the presence of social media platforms enhanced the profitability ratio. In addition, this study also shows the significance of interactive participation and its crucial part in creating successful marketing strategies.

1. Introduction

Social media platforms (WhatsApp and Facebook) now powered by Meta have revolutionized businesses' operations, offering Small and Medium Enterprises (SMEs) new avenues for marketing, customer engagement, and brand building (Okeke, A. U. (2019). In February 2014, Facebook (now known as Meta Platforms, Inc.) purchased WhatsApp. It has received numerous modifications and updates since then. In February 2014, Facebook acquired WhatsApp for approximately \$19 billion, one of the largest technology acquisitions at the time. This acquisition provided WhatsApp with significant resources and access to a broader user base. After the acquisition, WhatsApp continued to evolve with the introduction of several new features and updates. These included:

- Voice Calling (2015): WhatsApp introduced voice calling, allowing users to make phone calls over the internet.
- End-to-End Encryption (2016): WhatsApp implemented end-to-end encryption for all messages, enhancing user privacy and security.
- Video Calling (2016): Video calling was added to the platform, expanding communication options.
- Status Updates (2017): WhatsApp introduced a feature similar to Stories, allowing users to share updates with their contacts.
- WhatsApp Business (2018): WhatsApp introduced a business-oriented version to facilitate communication between businesses and customers. Please be aware, though, that some other changes have taken place as of 2023. The importance of SMEs in the global economy and their growing reliance on social media platforms. The prevalence of social media in the world has led to a shift in the way Small and Medium-Sized Enterprises (SMEs) do business. It is impossible to overstate how

important SMEs are to the growth of many developed and developing nations in terms of job creation and substantial contributions to the Gross Domestic Product (GDP) (Kwaku Amoah, 2018; Kumar, 2017). Additionally, according to Kaplan & Haenlein (2010), social media is a collection of web-based programs that builds on the conceptual and technical underpinnings of Web 2.0 and permits the production and exchange of user-generated content.

Social media platforms have grown to be an important resource for customers or consumers looking for information about a product or service. Nowadays, the majority of small and medium-sized businesses have social media platforms that give their clients access to the majority of the information they require about their goods and services. Social media enables consumers to compare promotions, offers, and services from many firms to obtain the best deal, according to a study by Darban and Li (2012) that assessed the influence of online social networks on consumer purchasing behavior. To take advantage of the benefits that social media offers businesses, Small and Medium Enterprises (SMEs) can choose from a variety of social media platforms. The platforms that SMEs use the most often are Facebook, LinkedIn, Instagram, and Twitter. At any point in time, SMEs frequently carry out promotions on at least one of these platforms. These social media networks are currently some of the most widely used. However, the choice of social media platform for an SME depends on things like the platform's accessibility and user base (Greenwood, Perrin, & Duggan, 2016). Additionally, Kaplan and Haenlein (2010) have noted that social media has the benefit of quickly and affordably connecting businesses with end users. In addition, it allows for interactive communication between people and organizations, facilitating efficient feedback loops. Georgi and Mink (2013) also noted that social networking sites allow users to interact with retailers as well as other users. This enables people to freely express their worries and to get prompt responses from SMEs.

Social media has a substantial impact on stages of consumer decision-making processes, including brand recognition, information acquisition, purchasing behavior, and post-purchase communication and evaluation (Mangold and Faulds, 2009). Consumers were shown to be quite discriminating in how they processed and chose the information before making a purchase, according to Lee's (2013) study on the effect of social media on consumer buying behavior. The study also showed that consumer buying behavior was influenced by group input, notably by access to word of mouth and customer experiences on social media.

A study on the usefulness of social media as a medium to communicate and its potential for technological linkages was done by Baruah (2012). The study's 200 respondents, who included teachers, students, marketing experts, engineers, and businessmen, were all citizens of Guwahati city in the urban areas of North-East India. According to the study, social media technology is a highly effective promotional tool because it can reach audiences throughout the world.

There are still information gaps that present chances for additional research, despite the increased interest in this field of study.

2. Literature Review

Interaction and Marketing Strategy

Social media platforms offer a distinctive setting for dialog between companies and customers (Smith, Fischer, & Yongjian, 2012). Consumers who participate in interactive interaction develop a sense of belonging and brand loyalty, which increases trust and customer retention (Rapp, Beitelspacher, Grewal, & Hughes, 2013). Higher levels of consumer satisfaction, trust, and loyalty are the result of meaningful interactions on social media platforms (Li, 2019). Customers' experiences are ultimately improved when

firms engage them in a two-way conversation and effectively address their demands and problems (Hoffman & Fodor, 2010). Based on their interests and behavior, businesses can use social media to tailor their interactions with specific customers (Smith, Fischer, & Yongjian, 2012). According to Rapp, Beitelspacher, Grewal, and Hughes (2013), personalized communication shows a company's appreciation for each client's particular wants and preferences, which boosts customer satisfaction and loyalty. Businesses have the chance to actively listen to client input through social media platforms, which can provide insightful information for enhancing products and services (Hoffman & Fodor, 2010). Customers are more satisfied and loyal to companies that actively respond to consumer feedback because they are committed to continuous development (Rapp, Beitelspacher, Grewal, & Hughes, 2013). The reach and impact of a brand can be greatly increased through collaboration with influencers on social media platforms (Li, 2019). Increased brand visibility, trust, and customer engagement can result from using influencer collaborations (Smith, Fischer, & Yongjian, 2012). Businesses can publish stories and intriguing information on social media that appeal to their target audience (Hoffman & Fodor, 2010). According to Rapp, Beitelspacher, Grewal, and Hughes (2013), good storytelling increases brand loyalty, emotional connection with customers, and customer engagement. Businesses can evaluate the success of their interaction methods using social media analytics tools and then modify them for the best outcomes (Smith, Fischer, & Yongjian, 2012). Marketing strategies can be improved by analyzing interaction metrics like response rates and engagement levels (Hoffman & Fodor, 2010). A consistent and unified brand image is ensured by the effective integration of social media interaction efforts with the larger marketing strategy (Rapp, Beitelspacher, Grewal, & Hughes, 2013). Marketing tactics for SMEs have improved thanks to social media networks. Online product and service promotion has thus proven to be efficient and successful (Sokolova & Kefi, 2020). Additionally, Hwang & Zhang (2018) described how social media platforms have reduced the problem of para-social interactions that once existed between customers and product providers. In this approach, the relationship between the client and the provider is more informed and trustworthy than it would be through more conventional means of communication. In their article examining the causes of consumer-based brand equity and customer brand engagement in social media, Algharabat et al. (2020) concluded that three important factors—consumer involvement, consumer participation, and self-expressive brand—are always taken into account by businesses when enhancing their marketing and communications. A more significant and consistent consumer experience is produced through coordinated efforts across numerous marketing platforms, including social media (Li, 2019). Collectively, these studies stress the significance of interactive participation on social media platforms and its crucial part in creating successful marketing strategies. Businesses must be flexible and change their engagement and marketing strategies to keep up with changing consumer tastes and behaviors due to social media's dynamic nature.

Profit Maximization

Platforms for social media provide a range of user demographics and habits. Targeting the desired audience requires choosing the appropriate platform (Smith, Fischer, & Yongjian, 2012). By focusing content and marketing efforts on particular user groups, audience segmentation improves conversion rates (Rishika, Kumar, Janakiraman, & Bezawada, 2013).

For grabbing and holding the attention of social media users, high-quality and interesting material is crucial (Hoffman & Fodor, 2010). To improve content, targeting,

and advertising activities, data-driven decision-making is essential (Smith, Fischer, & Yongjian, 2012).

Paid social media advertising offers a way to directly connect with target markets and encourage conversions (Smith, Fischer, & Yongjian, 2012). To maximize return on investment, effective ad targeting, creative design, and campaign optimization are essential (Hoffman & Fodor, 2010). Building trust, loyalty, and brand promotion through social media interaction with customers increases profitability (Rishika, Kumar, Janakiraman, & Bezawada, 2013). Quick responses to client questions and comments show attention to detail and raise customer satisfaction (Hsu & Lin, 2015). E-commerce-enabled social media platforms give enterprises a new source of income (Li, 2019). Higher conversion rates are a result of a smooth buying experience, which includes simple navigation and safe payment methods (Smith, Fischer, & Yongjian, 2012).

Businesses must address privacy and security concerns related to online transactions to maintain customer trust (Li, 2019). Strong security procedures can guard against potential breaches for both the company and its clients (Hsu & Lin, 2015). Social media networks often change their algorithms, which affects reach and visibility. For continued profitability, it's important to remain flexible and make necessary strategy adjustments (Kaplan & Haenlein, 2010). New technologies like virtual reality (VR) and augmented reality (AR) are anticipated to have a big impact on social media marketing and revenue (Li, 2019).

According to extensive research by Odupitan (2017), social media sites like Facebook, Instagram, and Twitter have helped many fast-moving consumer items in the food business surpass their sales goals, resulting in higher profitability. Cross-cultural research on the use of social media to maximize profits can offer useful advice for companies doing business in other markets (Rishika, Kumar, Janakiraman, & Bezawada, 2013).

Collectively, these studies demonstrate the complex approaches and factors that firms must take into account when utilizing social media for profit maximization. For continued profitability, it is necessary to do continuing research and change business strategies due to the dynamic nature of social media platforms and consumer behavior.

STRATEGIC GROWTH AND DEVELOPMENT

Small and medium-sized businesses (SMEs) have the chance to contact their clients directly through social media platforms, developing a personalized and interactive experience (Smith, Fischer, & Yongjian, 2012). This open dialogue strengthens bonds, creates trust, and increases client loyalty, all of which support the expansion of SMEs (Kaplan & Haenlein, 2010). SMEs can reach a larger audience and boost brand recognition by being active on social media platforms, which is essential for luring new clients and broadening market reach (Sashi, 2012). Increased recognition, trust, and credibility are all necessary for SME growth and development, and higher brand awareness fosters these qualities (Fotiadis, Tsihrintzis, Virvou, & Jain, 2012). Advanced targeting capabilities on social media platforms enable SMEs to target particular demographics and segments, ensuring that their messages are viewed by the right people. Due to the accuracy of the targeting, marketing initiatives are more successful, resulting in higher conversion rates and business growth (Kaplan & Haenlein, 2010). Social media platforms frequently offer more affordable ways for SMEs to reach a wider audience than traditional advertising channels, making them an appealing tool for companies with limited resources (Sashi, 2012). According to Fotiadis, Tsihrintzis, Virvou, and Jain (2012), achieving a high return on investment (ROI) with relatively low costs is a key factor in the growth and profitability of SME's.

According to Smith, Fischer, and Yongjian (2012), social media platforms are a valuable source of information and insights into customer behavior, preferences, and trends and help SMEs make strategic business decisions. SMEs are better equipped to respond to market developments and adjust their plans swiftly thanks to access to real-time data. In order to address individual market needs, SMEs can modify their products or services through direct consumer connection, which promotes growth and competitiveness (Fotiadis, Tsihrintzis, Virvou, & Jain, 2012). Geographical barriers are broken down by social media platforms, enabling SMEs to connect with a global audience without the requirement for a strong physical presence or global activities (Smith, Fischer, & Yongjian, 2012). For SMEs, this potential for globalization creates new markets and opportunities, fostering their overall growth and development (Kaplan & Haenlein, 2010). Together, the aforementioned points out the considerable advantages social media platforms have for the expansion and improvement of SMEs. For SMEs trying to succeed in today's cutthroat business environment, social media platforms are essential resources because of their accessibility, affordability, and interaction opportunities.

MARKET ENLARGEMENT

Social media platforms are effective tools that help SMEs expand their business by connecting with a larger audience both domestically and abroad (Sashi, 2012). SMEs can access global markets by using social media, circumventing regional restrictions and conventional entry hurdles (Fotiadis, Tsihrintzis, Virvou, & Jain, 2012). A strong social media presence builds brand recognition and enables SMEs to reach prospective clients on a worldwide scale (Smith, Fischer, & Yongjian, 2012). The recognition, credibility, and trust that comes with increasing brand presence all help the market grow (Kaplan & Haenlein, 2010). Social media platforms provide advanced targeting options that let SMEs contact particular demographics and market sectors, improving their chances of breaking into the market (Sashi, 2012). SMEs can maximize market growth efforts by using precise customer segmentation to make sure that the correct people are receiving their goods or services (Fotiadis, Tsihrintzis, Virvou, & Jain, 2012). Engaging with customers on social media helps to develop relationships and establish trust, which in turn encourages repeat business and customer loyalty, both of which are essential for long-term market growth (Smith, Fischer, & Yongjian, 2012). A positive brand image is developed by active engagement with clients on social media, which promotes referrals and future market growth (Kaplan & Haenlein, 2010). To inform market expansion strategies, social media platforms offer a variety of information and insights into customer behavior, tastes, and trends (Fotiadis, Tsihrintzis, Virvou, & Jain, 2012). SMEs might find new prospects and unexplored markets for growth by conducting rigorous market research via social media (Sashi, 2012). Numerous social media platforms have e-commerce capabilities that let small and medium-sized businesses (SMEs) sell goods or services directly to customers, opening up new opportunities for market expansion (Smith, Fischer, & Yongjian, 2012). According to Kaplan and Haenlein (2010), the ease of online shopping can draw new clients and aid market expansion initiatives. Social media platforms frequently provide more affordable choices for reaching a larger audience than traditional marketing channels, making them an important tool for SMEs with limited resources (Fotiadis, Tsihrintzis, Virvou, & Jain, 2012). By creating value for the customer, identifying the value stream, establishing flow, producing only what the customer requests, and continuously improving by continuously identifying and eliminating waste, Small and Medium Enterprises have increased their market share (Ghezzi and Cavallo, 2020). The global accessibility of social media platforms levels the playing field for SMEs and gives them equal opportunities for business expansion (Sashi,

2012). Collectively, these studies show how important social media platforms are to SMEs' efforts to increase their market reach. For SMEs trying to expand and compete in today's global business scene, social media platforms are vital resources due to their accessibility, affordability, and interaction opportunities.

Given the above literature review, Figure 1 is the Conceptual Framework.

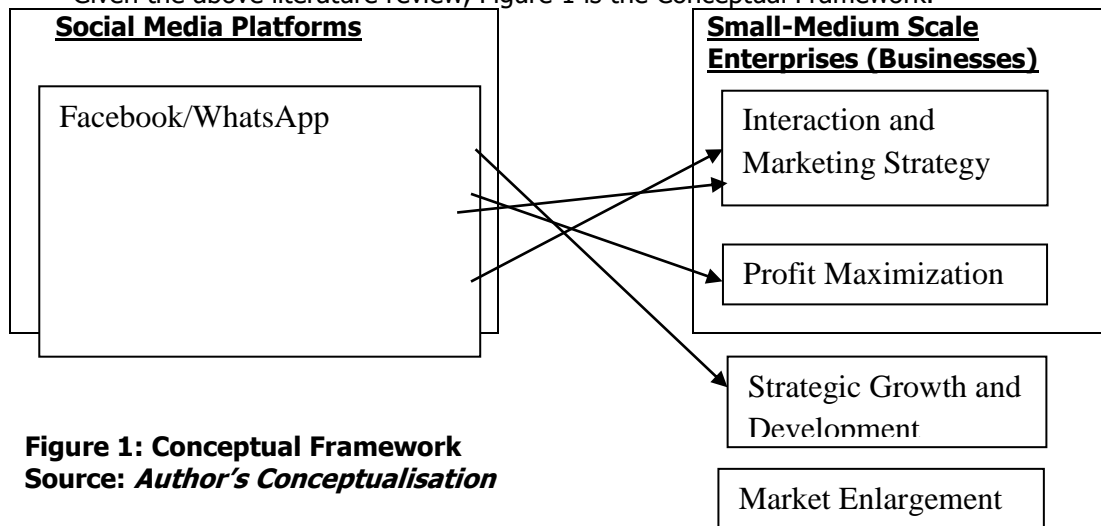


Figure 1: Conceptual Framework
Source: Author's Conceptualisation

3. Methods

This paper adopted the qualitative method as the main approach for the work. Document analysis was used as the key technique for the study. Smith, J.A. (2015) defines document analysis as a qualitative research technique used to investigate written, visual, or audio-visual data in a controlled and methodical way. To draw relevant insights, patterns, or themes relating to a particular study subject or topic, entails the in-depth investigation and interpretation of documents such as texts, reports, memoranda, images, videos, or any other recorded information. Both primary and secondary sources were employed.

4. Issues Arising from the Review of Literature

This paper adopted the qualitative method as the main approach for the work. Document analysis was used as the key technique used to investigate written, visual, or audio-visual data in a controlled and methodical way. To draw relevant insights, patterns, or themes relating to a particular study subject or topic, entails the in-depth investigation and interpretation of documents such as texts, reports, memoranda, images, videos, or any other recorded information. An extensive literature review was conducted on the subject of leveraging social media platforms (such as Facebook and WhatsApp) for small and medium-sized businesses, with an eye on how it might apply to organizations. The end goal was to give small and medium-sized businesses the information and perspective they needed to succeed through the usage of social media platforms, particularly Facebook and WhatsApp. Additionally, this research would strengthen ties with clients, educate the audience, improve data collection, and allow entry into a new, heterogeneous market. According to this study, the presence of social media platforms enhanced the profitability ratio. However, this paper's theoretical implications would contribute to the already-existing body of knowledge.

5. Conclusion

This research made a connection between social media platforms and their effects on SME businesses using Facebook and WhatsApp. Since the traditional methods of

communicating products and services to customers are becoming less effective, the researcher has shown that Small and Medium Enterprises can dependably use social media platforms to enhance their interaction and marketing strategy, profit maximization, strategic growth and development, and market enlargement. Again, there are many reasons why SMEs should utilize social media platforms going forward, particularly in developing nations like Nigeria where this phenomenon is emerging, as it can strengthen their operational foundation, please customers, and, most importantly, enhance their financial status or performance. The study's use of a qualitative technique thus leaves potential for further investigation and suggestions. As seen in Figure 1 above, the researcher has also proposed a conceptual framework model. Since the complete work has not yet been put to an empirical test, certain media and modernity theory and resource mobilization theory literature was also evaluated. Additional strategies can be employed for in-depth future research on the subject.

References

- Erdogan, Y. (2023). Impacts of Social Media Marketing on SMEs and Entrepreneurs in Central Finland, The Company of Uusia Events. *Jamk University of Applied Sciences*
- Ghezzi and Cavallo (2020). Agile Business Model Innovation in Digital Entrepreneurship: Lean Startup Approaches. *Journal of Business Research* pp 519-537
- Greenwood, J. (2016). Companion interview. *BSAVA Companion*, 2016(4), 28-29. <https://doi.org/10.22233/20412495.0416.28>
- Hsu, H., Hsu, H., & Lin, J. (2015). Control design and implementation of intelligent vehicles with robot arms and computer vision. <https://doi.org/10.1109/aris.2015.7158370>
- Joshi, A., Zhang, Y., Bogdanov, P., & Hwang, J. (2018). An efficient system for Subgraph discovery. *2018 IEEE International Conference on Big Data (Big Data)*. <https://doi.org/10.1109/bigdata.2018.8622126>
- Kaplan, A. M., & Haenlein, M. (2010). Users of the world, unite! The challenges and opportunities of social media. *Business Horizons*, 53(1), 59-68.
- Kwaku Amoah, S. (2018). The role of small and medium enterprises (SMEs) to employment in Ghana. *International Journal of Business and Economics Research*, 7(5), 151. <https://doi.org/10.11648/j.ijber.20180705.14>
- Li, W., Wang, J., Li, L., Zhang, G., Dang, Z., & Li, S. (2019). Intelligent anti-jamming communication with continuous action decisions for ultra-dense network. *ICC 2019 - 2019 IEEE International Conference on Communications (ICC)*. <https://doi.org/10.1109/icc.2019.8761578>
- Meta Platforms, Inc. (2014). Facebook to Acquire WhatsApp. Retrieved from <https://investor.fb.com/news/2014/02/facebook-to-acquire-whatsapp/>
- Okeke, A. U. (2019). Enhancing Employee Selection Through WhatsApp Integration: A Case Study in a Nigerian Technology Firm. *Nigerian Journal of Human Resource Management*, 13(2), 89-104.
- Rishika, R., & Janakiraman, R. (2018). Social media and retailing: A review and directions for future research. *Handbook of Research on Retailing*. <https://doi.org/10.4337/9781786430281.00024>
- Sashi, C. M. (2012). Customer engagement, buyer-seller relationships, and social media. *Business Horizons*, 55(3), 253-261.
- Smith, J. A. (2005). Qualitative document analysis in psychology. *Journal of Psychology*, 33(2), 67-89.
- Sokolova, K., & Kefi, H. (2020). Instagram and YouTube bloggers promote it, so why should I buy it? How credibility and para-social interaction influence purchase intentions. *Journal of Retailing and Consumer Services*, 53, 101742. <https://doi.org/10.1016/j.jretconser.2019.01.011>
- Statista. (2022, July). The global digital population as of July 2022. <https://www.statista.com/statistics/617136/digital-population-worldwide/>
- Statista. (2022, Sept). Number of social network users worldwide from 2018 to 2027. <https://www.statista.com/statistics/278414/number-of-worldwide-social-network-users/>
- Statista (2023a). Daily time spent on social networking by internet users worldwide from 2012 to 2022. <https://www.statista.com/statistics/433871/daily-social-media-usage-worldwide/>
- Virvou, M., & Tsihrantzis, G. A. (2012). Guest editorial. *Intelligent Decision Technologies*, 6(2), 77-77. <https://doi.org/10.3233/idt-2012-0124>