

THE ADVANTAGES OF SOCIAL MEDIA FOR SMALL BUSINESSES

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PURPOSE

With social media at an all-time high in popularity, it is the opportune time to evaluate the opportunities it can create while keeping in mind its potential drawbacks. Is social media more beneficial or detrimental to a small business's livelihood? This is the core question sought to be answered from my research. My paper argues that social media is more beneficial than detrimental to a small business's livelihood.

RESEARCH METHOD

To gather information on the topic of the benefits and detriments of social media for small businesses, I evaluated numerous databases and utilized fairly strict search terms. Using terms such as "social media," "small business," and "advertising" collectively, I was able to narrow my searches to include only a handful of articles. I further narrowed my database searches by including only journals.

Out of the handful of articles I was able to find, some contained no relevant information to my area of interest, so these articles were discarded. Some articles were only vaguely connected to one or more of the three search phrases, I discarded these as well. I tried to include only articles that touched on each of my three search phrases and could be used more broadly in my paper for assessing the pros and cons of social media in regards to small business.

The most difficult aspect of my data collection method was the specificity of my search terms. When I used the three phrases "social media," "small business," and "advertising" together, the search results narrowed significantly and did not always yield the result I was looking for. If I broadened the search to only include two of the three search phrases, I received even fewer relevant articles.

With my research topic being so particular, I had to look at articles differently. Since I could not seem to find many articles specifically about my topic, I had to consider what I could use from each article that could help strengthen my argument (or address the counterargument).

SOCIAL MEDIA

The first way in which social media benefits small businesses is with cost-effective advertising. Many social media sites today use the same methods as Facebook to offer advertising opportunities for businesses. According to a MarketLine case study on Facebook's advertising business model, "Facebook ad system allows marketers to specify the types of users they would like to reach based on information that users chose to share about their age, location, gender, relationship status, educational history, workplace, and interests" ("Facebook: The Future", 2013, p.7). This ad system provided by Facebook and many other social media sites provides advertisers with a wealth of possibilities.

The second main way social media benefits small businesses is its ability to allow easier access to the global community. In the past, a company actually had to have a physical presence overseas to become relevant on a global scale. Today, even small businesses can enjoy global relevancy.

The third major way in which social media benefits small businesses is with community funded projects. This idea of funding an endeavor utilizing a social media community, also known as crowd-funding, is only possible with the advent of Web 2.0 and the increased ability for individuals to advertise their ideas, projects, and small businesses.

The fourth primary way in which social media benefits small businesses is by allowing for increased brand recognition. On social media sites, word of mouth becomes digital. On the surface, this seems like a fairly plain statement, but digital word of mouth allows for the rapid dissemination and spread of a company's brand image. For many small businesses, social media can increase brand awareness faster than ever imagined.

THE KICKSTARTER EXAMPLE

According to NPR's Aarti Shahani (2012) "On Kickstarter, the largest crowd-funding site, a handful of entrepreneurs have raised millions of dollars more than they'd expected, by selling the concepts of products they have yet to make" (p.1). Some examples of projects that far surpassed their financial funding goals are Wasteland 2, Double Fine Adventure Game, the Ouya, and the Pebble Smartwatch. According to each project's individual Kickstarter funding pages, each project received over 60,000 backers and in every case, more than tripled their initial funding goal. These examples may be outliers, but they highlight the newfound ability for small businesses and independent developers to make their projects a reality.

ABSTRACT

The paper "The Advantages of Social Media for Small Businesses" focuses on the topic of social media and both its positive and negative effects on small businesses. The author begins by introducing the topic through a brief history of the internet, web 2.0, and its byproduct, social media. The text continues on to discuss the central question of, "is social media beneficial for small businesses?" This question is studied as the author negotiates the positives and negatives associated with social media and its potential impact on small businesses. The author outlines the main benefits of social media and examines them in greater detail. The author provides examples of ways businesses can use social media to increase their publicity. These range from targeted and affordable advertising, to funding a project using fans as backers. The paper then compares these benefits of social media with the potential downsides. The author also offers the specific examples of products developed by small businesses, such as Minecraft, the Ouya Console, and the Pebble Smartwatch, to illustrate the ways in which social media has contributed to make each a success. The author ends the article with a summarization of why the benefits of social media outweigh the detriments for small businesses.

Keywords: social media, small business, advertisement.

THESIS

There are distinct opportunities small businesses now have that they could never have had in the past thanks to the development of Web 2.0 and social media. In today's information age, with the tool of social media, small businesses can: advertise cost-effectively, access the global community, fund projects utilizing a social media community, and increase recognition of their brand or product via word of mouth made digital.

CONCLUSION

Although social media is not without its flaws, it is most likely here to stay. Even considering its negative aspects, this is not necessarily a bad thing for small businesses. If managed properly, social media can be extremely beneficial, providing the benefits of potentially free or cost-effective exposure and new business model options. If nothing else, social media enables any given small businesses to stay afloat amidst the crowded market filled with both peers and larger companies, all fighting for consumer recognition.

YouTube AND THE MINECRAFT EXAMPLE

A great example of YouTube's sharing power at work is Minecraft. Although other social media helped spread the news of creator Markus Persson's innovative video game title across the web, YouTube largely contributed to its success and continues to contribute even today. With thousands of Minecraft oriented YouTube channels, people don't have to look far to learn about the phenomenon if they have not already. Without delving into any more details of Minecraft as a practically over-night success story, suffice to say Persson went from being an unknown every-man to a multi-millionaire without enacting aggressive advertising campaigns or relying on industry connections.



The Pebble SmartWatch, a watch that works in conjunction with your iPhone or Android phone is just one of many stories of successful crowd funding through Kickstarter. Pebble received 10 million dollars from Kickstarter backers although their original goal had been to receive at least 100,000 dollars.

