

IMPACT OF SOCIAL MEDIA ON BUSINESSES

Harvard Case Solution & Analysis

Traditional to Modern Shift

While the use of social media outlets provide new platforms of communication for business, and their customers, older businesses may have a hard time adapting to this electronic change.

A report from the online business community Manta states that "No matter how much time they (businesses) spend, they're simply not seeing a return on investment" (Cassery 2013).

In order to maintain attraction amongst new and old customers, small businesses must maintain and update their online presence.

Time and Money

Increased Customer Power

As a business owner, you have to be prepared to handle negative feedback immediately, before it ruins your brand's reputation. Stories of bad customer service and disappointing products can quickly run through social media networks.

- Comments on Facebook and Instagram, Tweets and Retweets -

It has become more difficult for small businesses to contain negative publicity due to social media's **speed** and **presence**.

According to a survey conducted by Cisco Systems Inc., "Only one in seven companies have a formal process in the use of social networking for their business (Brookins 2010).

Social Media: Good or Bad?

The introduction of social media has changed the way small businesses operate in their marketing and advertising tactics.

- Advertising via Twitter, Facebook, and Instagram
- Ability to promote coupons and specials
- Customers are able to share personal feedback from their experience
- A majority of social media is **free**
- A majority of social media is **free**

While these additions can benefit the name or brand of a small business, social media - especially if improperly used - can lead to serious consequences for a small business' reputation.

What Do You Think?

Through my findings...
"More than 60% of small business owners say they haven't seen any return on investment from their engagement online" (Lovering, Demand Media)

Why do you think this is?
According to social guru Ted Rubin, "Small business owners are being sold on the strategy of social 'experts' who are trying to get them to pay to set up accounts" (Rubin).
Is this an investment you would be willing to make as a small business owner?

Work Cited

Brookins, Miranda. "Disadvantages of Advertising With Social Media." Chron. Herald Newspapers, L.L.C., 1 Jan. 2014. Web. 1 Dec. 2014. <<http://smallbusiness.chron.com/disadvantages-advertising-social-media-16746.html>>.

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Measuring Results

One of the negative impacts of social networking sites is while it's free to use, it does take time to engage, and this time generally costs money.

- Opportunity costs, hiring employees, or outsourcing it to someone else -

When a business sends an e-mail marketing promotion using a marketing program, the business can track how many emails are sent, how many people opened the e-mail, and the number of sales generated as a result. Social media doesn't offer the same measurability, so business owners find themselves wondering if it's worth it to invest time and dedicate human resources.

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