

An exploratory investigation of social media adoption by small businesses

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Abstract Social media has become an online platform for businesses to market products/services and to manage customer relationships. While more and more small businesses have jumped on the bandwagon of social media in recent years, we found that only a limited number of published articles are currently available regarding the decision-making factors for social media adoption by small businesses. To understand why and how small businesses (i.e., small non-manufacturing enterprises) in the U.S. adopt social media, and for which business purposes, we conducted a case study using an approach that combined literature review, interviews, and cross-checking social media sites. In particular, we interviewed 27 small businesses as our cases in a mid-size U.S. city in terms of their social media adoption for business purposes. This study revealed some novel insights and developed a decision support model composed of factors critical to successful social media adoption by small businesses.

Keywords Small business · Social media · Facebook · Technology adoption

1 Introduction

Social media such as Facebook, Twitter, Google Plus, YouTube and blogs have been widely adopted by various industries. Many large companies were early adopters of social media and integrated social media marketing as a key part of their comprehensive marketing strategies [43]. For example, Dell, Domino's Pizza, Starwood Hotels, and Starbucks adopted social media before 2010 and have been using social media to increase customer loyalty and retention, to increase sales and revenues, to improve customer satisfaction, to create brand awareness, and to build reputation [4, 10, 11, 25, 26, 32, 49, 59, 61]. Dholakia and Durham [12] found that customers increase their number of store visits per month after becoming Facebook fans of a retailer and spread more positive word of mouth than non-fans. Rishika et al. [45] found that customer participation in a firm's social media site leads to an increase in the frequency of customer visits and that this participation effect is especially greater when the level of social media activities in the social media site is high.

Large companies typically have ample financial resources and can designate full-time staff to manage social media marketing [22]. While Saldanha and Krishnan [46] found that larger companies have a higher propensity for adopting social media, small businesses are far less likely to use emerging technologies than their larger counterparts [20]. The differences between small businesses and large businesses can be seen in a variety of aspects such as ownership type, available resources, structure, culture, and market orientation [19, 63]. Social

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media adoption and use by small businesses can vary considerably from that by large companies. For example, He et al. [24] found that to compete with large pizza chains, small local pizzerias are often pressured to become more creative and more responsive to local customer needs and to do a better job in using social media to serve their local communities or neighborhoods. As indicated by Cragg and Mills' research [9], small businesses with limited resources and a small number of employees often fail to make good use of IT. As more and more small businesses are incorporating social media into their business activities, the attention on social media adoption behavior, rationale, and effectiveness is rising [17, 23]. However, the existing literature has not paid sufficient attention to the questions of why and how small business owners adopt social media for business purposes.

Most small businesses in the U.S. specialize in providing goods or services for their local areas. In this paper, the small businesses chosen are purposefully-picked local businesses in the service industry, usually with fewer than ten employees. This study aims to understand why and how small non-manufacturing businesses adopt social media, and for what business purposes. Different from traditional empirical studies that rely on quantitative research methods to test hypotheses, this exploratory study employs the case study research approach, including a literature review, interviews with small business owners or managers, and cross-checking their social media sites with interview results, in order to acquire deeper insights into how small business owners or managers decide on social media adoption. Specifically, our case study mainly used three research stages for data collection and analysis:

1. A literature review: To better understand the research objective and the theoretical foundation for social media adoption;
2. Interviews with small business owners or managers to acquire new insights regarding how small business owners or managers decide on social media adoption;
3. Cross-checking social media sites with interview results, to validate what was learned from the interviews.

The rest of the paper is organized as follows: Sect. 2 provides a literature review on relevant topics including social media and theories related to social media. Section 3 describes the research process that we used to conduct this case study. Section 4 presents the results of this study, Sect. 5 discusses the findings, and Sect. 6 provides insights and managerial implications for the adoption and use of social media by small businesses. Finally, conclusions, limitations, and suggestions for future studies are provided.

2 Literature review

2.1 Social media

Various definitions were given for social media. Social media are often defined as an entity that “consists of online technologies, practices or communities that people use to generate content and share opinions, insights, experiences and perspectives with each other” [55]. In general, social media is mainly about participation, sharing, interaction, and collaboration using online technologies [2]. However, to engage people in social media activities such as discussion, sharing, and collaboration on an ongoing basis, the content found on social media needs to be refreshed quite frequently [30]. Common types of social media include collaborative projects (e.g., Wikipedia), blogs and micro-blogs (e.g., Twitter), content communities (e.g., YouTube), social networking (e.g., Facebook), virtual game worlds, and virtual social worlds [30]. Among various social media tools, Facebook and Twitter are the most widely used by businesses. Many large companies such as Wal-Mart and Papa John's Pizza have used Facebook and Twitter to assist customers, to share specials, and to interact with customers. Weinberg and Pehlivan [60] suggest that some social media networks are better suited for certain marketing strategies than others. For example, Twitter enables fast, brief conversations and engagement. Facebook supports deep conversations among users with a variety of features and is well suited for building lasting relationships [7], and it can also be used to influence and track consumer beliefs and attitudes [60]. Among all social media networks, Facebook is dominant in attracting and retaining customers in the retailing industry [10].

Small businesses often have to rely on word of mouth in order to attract new customers. A study by Stokes and Lomax [53] indicated that the most important sources of gaining new customers for small businesses are recommendations from existing customers. A recent survey [51] found that the biggest challenge for small business owners is to reach customers effectively with limited resources. Since small businesses often face resource constraints, the use of social media can be an attractive tool to enhance marketing and customer outreach at little cost. Also, small businesses usually have “a flat structure and an organic, free-floating management style that encourages entrepreneurship and innovation” [13], which makes small businesses more informal and flexible in decision-making and more responsive to new technology adoption. However, while more and more small businesses are exploring and exploiting social media for business purposes (SMB [50]), there is inadequate understanding on effective social media adoption strategies for small businesses. Small

businesses without a strategy often report being less satisfied with social media's ability to generate new leads (SMB [50]).

2.2 Theoretical foundations for social media

Our literature review identifies several theories including “word of mouth”, social exchange theory, and social capital theory that paved the way for social media research and applications. For example, social capital theory is often used to understand social media adoption by businesses [2].

First, *traditional communications theory* considers “word of mouth” (WOM) as having a powerful influence on consumer behavior [28]. The WOM theory [28, 48] suggests that the information communicated by friends and relatives is construed as more credible, honest, and trustworthy than that generated by marketers because the communicators are not compensated for the referral. Social media allow consumers to access personally meaningful critiques, not only from friends and relatives, but also from strangers. The messages posted on social media by consumers are perceived to be more reliable, credible, and trustworthy than firm-initiated communications [56].

Second, *social exchange theory* [5] states that individuals engage in social behaviors based on each actor's subjective cost-benefit assessment. They communicate or exchange with each other contingent upon reciprocal actions from the other communicating party [15]. This theory mainly applies a cost-benefit framework for comparing behavioral alternatives in order to explain how individuals communicate with each other, how they form relationships, and how they develop communities through communications and exchanges [29]. Social media networks such as Facebook or Twitter in this regard become an ideal platform for social exchanges. The cost-benefit assessment of a user determines what and how the user will participate in social media activities.

Third, *social capital theory* [36] holds that social capital affects a venture's performance and ability to accumulate financial capital. Social capital has three main components: the resources embedded in a social structure, the accessibility of these resources, and the ability to summon these resources when needed [36]. Ellison et al. [14] state that social capital “lies in the connections between people and the potential for individuals to access resources embedded in their network of social ties, as opposed to the resources directly held by those individuals” (p. 7). Social capital is also regarded as a competitive advantage of a firm [18]. Therefore, firms are motivated to build their own social media sites using Facebook or Twitter to facilitate the creation and exploitation of their social capital.

As a social exchange platform, social media can help small businesses spread “word of mouth” and build social relationships with customers and other businesses [13]. Such social relationships can potentially engender social capital that brings more customers and revenues to small businesses [36, 64]. As social media are being used increasingly by individuals, small businesses that can effectively leverage social media to acquire social capital are more likely to succeed in today's competitive business environment. Whereas numerous anecdotes or suggestions of social media use by small businesses exist, only a limited number of studies have verified why and how small businesses adopt social media to improve their business performance. The potential of adopting social media for small businesses' benefits is relatively unexplored in the literature.

3 Research method

In order to uncover the complex decision-making factors about adopting social media used by small businesses, we decided to conduct a case study. Yin [62] defines case study research as an empirical inquiry that “investigates a contemporary phenomenon within its real-life context; when the boundaries between phenomenon and context are not clearly evident; and in which multiple sources of evidence are used” (pp. 13–14). Case study research is often performed to understand a complex issue or phenomenon in which the hypotheses are difficult to identify or to define, before collecting research data. Although some researchers dismiss case study research as useful, many researchers in the business domain continue to conduct case studies with success in studying real business situations, issues, and problems [16]. Unlike quantitative research using statistical tools, case study research generally involves multiple sources of data for triangulation, includes multiple information-rich cases within a study, and yields intensive amounts of data (“thick description”) for systematic analysis. Cassell et al. [3] point out that qualitative research outputs are “of more relevance and interest to management practitioners” than quantitative research. Yin [62] maintains that data analysis consists of “examining, categorizing, tabulating, testing, or otherwise recombining both quantitative and qualitative evidence to address the initial propositions of a study” (p. 109). The intention of repetitive data analysis in case study research is to identify emerging themes or patterns as research results [41]. Urquhart and Vaast [57] recently suggest that case studies are most useful in the context of social media research.

As the first step of our case study, we conducted a literature search to determine whether this study is a worthy

endeavor and to refine the research focus. We did an extensive literature search using academic databases including Web of Knowledge, ACM Digital Library, and Google Scholar. We found that prior researches mainly focus on two areas: (1) small businesses and their social media marketing; and (2) large organizations and their adoption of social media, mostly for marketing (which is a growing body of research). Many anecdotes or suggestions for social media marketing for small businesses were also found. However, the literature review confirmed that only a limited number of academic publications regarding why and how small businesses adopt social media could be found [8, 23]. For example, Michaelidou et al. [40] found that small businesses in the business-to-business content industry in the UK mainly adopted social media in order to achieve their branding objectives. In another example, Wamba and Carter [58] explored the profile of small and medium enterprises (SMEs) involved in social media initiatives for organizational transformation. They found that organizational factors such as firm innovativeness, age, and geographic location have a significant impact on the decision by SMEs to adopt the use of Twitter. He et al. [24] studied the social media sites of 32 small pizzerias in a mid-size U.S. city in terms of their social media use for business and found that small pizzerias emphasizing community relations and social responsibility on their social media use tend to be more successful in attracting and engaging local customers. Papachristos et al. [42] suggested that many small businesses are slow to adopt social media due to several perceived barriers including lack of resources, negative views about their usefulness, and unfamiliarity with technology. They (2014) found that the adopting SMEs only started to see a positive effect on their sales revenue growth after a couple of years of persistent use of their Facebook platforms.

Second, we conducted interviews with various small businesses to find out why and how small businesses adopt social media, and for what purposes. Strauss and Corbin [54] claimed that interviews are an effective method to use in order to understand the underlying reasons behind the complexities of human decisions and behaviors. The results of our literature review provided guidance and a solid foundation as we developed interview questions. The interviews allowed us to explore in-depth the social media decisions made by small business owners or managers. As in any qualitative study, our study used purposeful sampling for selecting those cases that fit the research objective. We interviewed 27 owners or managers of locally-owned small businesses (eight restaurants, five training schools, nine retail stores, five personal services providers) with fewer than ten within a mid-size U.S. city. Each in-depth semi-structured interview lasted up to 45 min. The main purpose of the interviews was to identify what

motivators or barriers would encourage or limit the adoption of social media by small businesses.

In addition to learning about the basic profile of the small businesses, we asked the participants to explain:

- Whether or not they had adapted social media
- why they adopted or did not adopt social media
- what social media tools they were using
- what benefits they had gained from social media
- what issues they had encountered
- how much time they had spent on social media
- what assistance they needed, and how they used social media
- how they addressed customer complaints or concerns
- future plans for social media adoption and use.

Follow-up questions were also asked, depending upon the interviewees' responses. The participants had the opportunity to discuss those factors related to their small businesses' adoption and use of social media that they thought were important and relevant. We encouraged them to fully express their views, and to talk about their experience with social media, allowing new insights to emerge that were not constrained by the researchers. Furthermore, to verify what the participants said about their social media experiences during the interviews, we cross-checked the social media sites and pages of all of the interviewed social media adopters who participated in this study.

4 Results

The main objective of this study was to understand why and how small businesses adopt social media for business purposes. Therefore, the interviews focused on the drivers of small businesses to adopt social media and on the impact of social media adoption on business performance. The initial draft of the interview protocol was tested with two small business owners. The interview questions were then revised before we conducted the formal interviews. Table 1 shows the basic profile of the participants.

After the interviews, we carefully analyzed the transcripts using content analysis as a main method. Two researchers experienced in qualitative content analysis coded the content independently. Differences and inconsistencies in coding were later compared, discussed, and resolved to reach a specific level of consistency and interrater reliability (90 %). A third researcher also reviewed the coding results for the purpose of accuracy and validation.

Overall, we found that 20 out of the 27 small businesses adopted social media; two small businesses had adopted Facebook previously, but had stopped using it at the time

Table 1 Profiles of the small businesses that took part in the study

No.	Industry type	Adoption stage	No.	Industry type	Adoption stage
1.	Restaurant	Non-adopter (no intention to adopt it)	15.	Training school	Already adopted
2.	Restaurant	Already adopted	16.	Training school	Quit adoption
3.	Retail Store	Already adopted	17.	Retail store	Non-adopter (no intention to adopt it)
4.	Restaurant	Already adopted	18.	Personal service	Already adopted
5.	Restaurant	Already adopted	19.	Retail store	Already adopted
6.	Training school	Already adopted	20.	Retail store	Already adopted
7.	Restaurant	Non-adopter (no intention to adopt it)	21.	Retail store	Non-adopter (no intention to adopt it)
8.	Restaurant	Already adopted	22.	Training school	Already adopted
9.	Training school	Already adopted	23.	Retail store	Quit adoption
10.	Personal service	Non-adopter (a prospector with intention to adopt it later)	24.	Retail store	Already adopted
11.	Personal service	Already adopted	25.	Retail store	Already adopted
12.	Restaurant	Already adopted	26.	Retail store	Non-adopter (no intention to adopt it)
13.	Restaurant	Already adopted	27.	Personal service	Non-adopter (no intention to adopt it)
14.	Personal service	Already adopted			

of the interview. Some of the small businesses were actively using social media (mainly Facebook) to their advantage. We also went to the Facebook sites of those adopters to assess their actual use of Facebook, in order to cross-check the interview results. By looking at the content posted on their Facebook sites during the past three months, we were able to compare what the small business owners or managers said in the interviews against what they actually did on social media. This examination enabled us to confirm the responses from the interviews. Below is a separate summary of the interview results from various perspectives of social media adopters and non-adopters including the two discontinued adopters.

4.1 Social media adopters

We found that Facebook was the dominant social media network used by the small businesses in this case study. Only three small businesses also used Twitter or YouTube, as well. Many of these adopters actively posted daily specials, promotions, recipes, event announcements, achievements, and interesting stories and/or pictures for their fans on their Facebook sites. A few of them even posted contests and videos on their sites. They also responded to customer comments frequently and had interesting conversations with their fans on Facebook.

We noticed that nearly half of these adopters promoted their social media sites inside their stores. They displayed relevant URLs and QR codes on banners, brochures, take-out menus, bills, receipts, and business cards. However, the other half of social media adopters did not take actions to promote their online presences inside their stores or places of business.

Some interview participants shared the strategies that their businesses use to get more Facebook “likes.” One small business owner constantly posted a message on an in-store banner that actively encouraged his customers to “like” his Facebook site by giving customers a discount in exchange. Another owner said that a good way to get more “likes” was to visit the Facebook sites of other businesses and to befriend them and comment on their pages. This strategy helped his own Facebook site gain more followers because people on other sites became aware of his Facebook sites by reading his online comments. As another example, a small restaurant owner suggested posting social media sites on main restaurant business portals such as Urbanspoon or Yelp as well as on local community sites. Many cities in the U.S. have local community sites to help tourists learn about local history, attractions, dining, and entertainment.

When we asked the adopters why they adopted social media, we got various responses. Most told us that social

media such as Facebook were free and easy to set up so that they could easily promote their products or services on the Internet at minimal cost. Most of the adopters also used Facebook on a personal level and were fairly familiar with Facebook. Some of them even thought that it was fun to use Facebook to keep in touch with customers. Accordingly, it was perceptually natural for these owners to adopt Facebook as a tool for growing their business. For example, one small restaurant owner told us that he was personally interested in any new technologies and was an early adopter of Facebook for bringing more customers to his business. Several small business owners adopted social media simply because they found that their peers had adopted social media and had gained more customers.

When asked who managed and maintained their social media sites, the adopters also responded differently. The majority of social media sites (14 small businesses) were managed by the owners or managers directly without assistance from or involvement with the staff. For example, an owner who set up Facebook page himself spent about 2.5 h a day on average managing and updating the Facebook content of his business. Three social media sites were managed and maintained by the owner and their staff collaboratively. Another small restaurant with several local locations assigned a particular staff member in each location to post social media content and to answer customer comments. The staff members were also asked to check and update Facebook content on an hourly basis. We only found one small business (a nail and beauty salon) that hired a third-party social media marketing company to manage its Facebook site.

The majority of these adopters revealed that they gained more customers and revenue because of social media adoption. Many of their customers found their businesses via Facebook. For example, a martial arts school owner told us that he just recruited a new student through Facebook. Still, not every adopter attained such benefits. As an example, a small pizza restaurant owner was disappointed that he did not get tangible benefits after using Facebook for three months. He indicated that he might run some contests on his Facebook site later to see if he could get more customers. Interestingly, we found that all of the social media adopters in our study still mainly relied on traditional advertising methods such as word-of-mouth, direct mail, flyers, and door tags for marketing. Nonetheless, most of them felt that social media marketing would become an important method for marketing in the future.

Although these adopters expressed different business purposes for adopting social media, these purposes all fell into the categories of either social media marketing or customer relationship management (CRM). While most of them adopted social media mainly for promoting products/services to attract more customers, three adopters clearly

told us that they adopted social media for retaining existing customers. These three small businesses were happy with the number of customers they already had and wanted to build customer loyalty through social media.

These adopters also talked about some of the issues and challenges that they faced in terms of using social media. A key challenge was to acquire Facebook “likes” and attract new Facebook fans. For example, two small businesses owners still expressed their concern about attracting Facebook users to repeatedly visit their Facebook pages although they had already gotten quite a few “likes.” They had this concern primarily because they didn’t have automated tools to monitor the web page flow of their Facebook fans. In addition, they were eager to figure out how to turn Facebook fans or their number of “likes” into real customers in their physical stores. One small restaurant manager said that she was asked by the owner to check Facebook and Twitter on an hourly basis but did not get extra pay for this additional workload. While most of the adopters felt that social media sites such as Facebook were easy to set up and to use, two small business owners indicated that Facebook did not have all of the features they wanted. One owner even contacted Facebook but did not get any response. Another owner simply outsourced social media marketing to a third-party company because he was too busy to manage his Facebook site on a daily basis. Due to limited financial resources and the concern over the return on investment, this owner was the only adopter who was willing to hire a third party for social media marketing.

4.2 The non-adopters and the two discontinuing adopters

In our study, we found that seven small businesses (two restaurants, four retail stores, and one personal service store) did not adopt social media. Six of them said that they were not going to adopt social media in the foreseeable future. One owner indicated that she heard about Facebook from her son and was considering adopting it in the near future. When asked why they did not choose to adopt social media, these non-adopters told us that although they were familiar with Facebook, they were still not interested in social media marketing for the reasons below:

- Two non-adopters thought that Facebook did not cover their target customers. For example, one manager said that his business’ customers were typically old and loyal and did not use Facebook at all. For his business, social media marketing would be a waste of time and money without tangible benefits. He still preferred traditional marketing methods such as direct mail or coupon flyers.

- Four family business owners indicated that they had enough loyal customers and had no interest in getting more customers. These businesses usually had a limited number of staff members, a busy work schedule, and/or a limited store space. For example, two owners said that they were old but happy with the current revenues of their businesses. They did not have the intention or the ambition to expand their businesses any further.

In addition, we found two discontinued Facebook adopters (a small retail store and a small training school) in this study. These two owners told us that they gave up using Facebook to promote their businesses for two reasons. First, they got frustrated with managing and updating the Facebook content after setting up and using Facebook for a while. Second, they felt that they did not get much direct benefits, even as they had difficulties with finding the time and resources to maintain their Facebook pages. In addition, they reported, since these two owners were over 60 years old, they did not want to spend more time learning or keeping up with new technologies. At their age, their willingness to learn and try new technologies was low.

5 Discussion

The primary objective of interviewing small business owners or managers was to identify the decision-making factors that affect social media adoption by small businesses for business purposes. The interview results show that these factors can be classified as (1) the adopter's perception of social media, including perceived ease of use, perceived usefulness and perceived enjoyment, (2) the adopter's characteristics including age, educational level, familiarity with social media, and willingness to try out new technology, (3) social influence from peers and/or media, (4) current business performance, and (5) business purposes including marketing and CRM. Social influence refers to perceived pressures from other people or media to make or not to make a certain behavioral decision [33]. For example, several small business owners in our study decided to adopt social media mainly because their peers had already adopted social media and had already seen benefits. We found that small business owners who were satisfied with their current revenues or who had no plans to expand their businesses were less likely to adopt social media.

The interview results helped us gain deeper insights as to why and how small business owners or managers adopt social media. By synthesizing the results of literature review and the interviews, we developed the social media adoption decision support model for small businesses depicted in Fig. 1. Our research results indicate that small

businesses would use a two-stage process for social media adoption aimed at enhancing the value of their marketing or their CRM activities. Five main adoption factors including the adopter's social media perception, the adopter's personal characteristics, social influence from peers and/or media, current business performance, and the business purposes for adoption affect their adoption decisions. Many social media adopters then face challenges such as managing and maintaining their social media networks after adoption. Their struggles with these challenges often turn into difficult decisions as to whether or how to continue to use social media. In our study, two adopters were compelled to abandon their social media because they could not overcome the challenges. Their primary reason of discontinuing social media use was that the owners (both more than 60 years old) felt too frustrated to keep up with the constant development of social media like Facebook. The continuing factors identified from this study mainly include resources for social media management, return on social media investment, achieving business purposes, and turning social media fans into real customers. We believe that the failure of social media adoption by a small business would be minimized if the adopter takes these continuing factors into account when making the decision to adopt social media for business use.

6 Managerial implications

As social media applications become more prevalent and more affordable, they offer a great opportunity for small businesses with fewer resources to market themselves and to engage customers [1, 6, 21]. This study found that many small non-manufacturing businesses have adopted social media and have gained business benefits in marketing and/or CRM. However, many of the issues and challenges of social media adoption and use still exist, in terms of maximizing these benefits [31]. Based on our study and on the relevant literature, we provide the following insights and recommendations for small non-manufacturing business owners or practitioners who are interested in adopting social media for business benefits:

First and foremost, a small business should prepare a social media adoption plan including planning for social media use when making the decision to adopt the use of social media. The plan could be as simple as a checklist that takes into account the adoption and the continuing factors uncovered in this study. Regarding the adoption factors, small business owners tend to adopt social media mainly by personal perception. Since the perceptual initial cost of setting up a social media site is low, it often becomes compelling for a small business to jump on the bandwagon. However, the real cost of social media

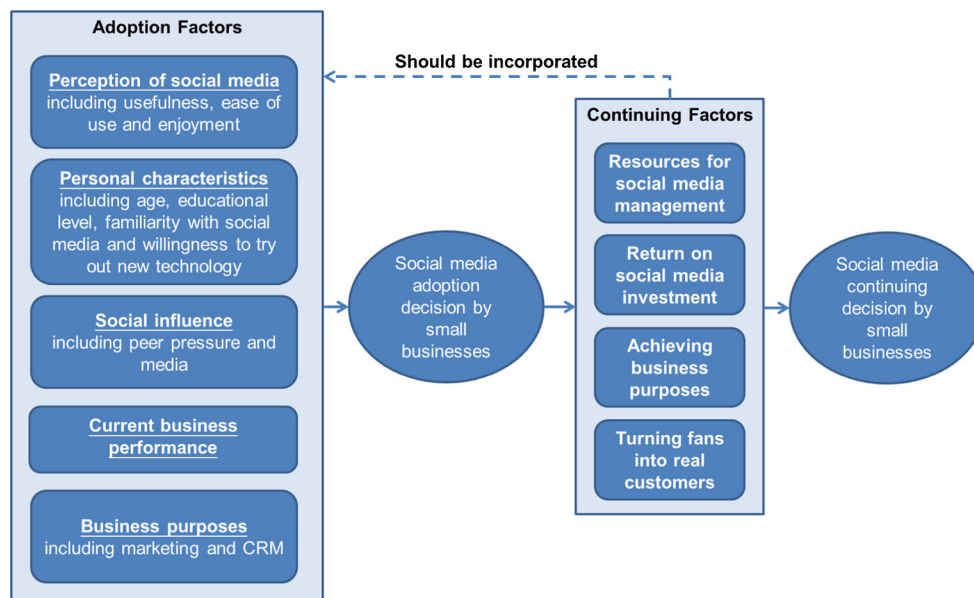


Fig. 1 The social media adoption decision support model for small businesses

adoption usually occurs after adoption—from the daily use of social media such as content management and business activities. Sarosa and Zowghi [47] warn that a bad IT investment decision could negatively influence the profitability of a small business. As demonstrated in this study, a social media investment by small businesses without considering the continuing factors in the adoption decision may not produce expected benefits or may even fail.

Second, a small business should check and plan for the resources required for social media management. Small businesses need to realize that managing a social media site, including content management and updating, requires a tremendous amount of time and effort. In practice, many small businesses owners take the responsibility of social media management upon themselves, but at cost of losing business leadership in the store. Many owners also like to put an extra workload on their employees to manage their social media content (such as checking and updating Facebook or Twitter content constantly). However, small businesses should recognize that social media management requires a professional and dedicated staff to do the job well. A small business with adequate resources could consider outsourcing social media management and marketing to a professional company.

Third, should small businesses decide to take care of their social media management on their own, the owners and employees should get training on the use and management of social media before rolling out their social media sites and should become familiar with the social media networks they select. They should learn those “dos and don’ts” with social media in order to effectively

leverage social media to support their business activities and to minimize the risks caused by social media. For example, since discussions usually take place in an open public environment on a social media network, this openness possibly could lead to the development of greater trust or distrust, depending on the context of social media use. As another example, inferior handling of customer feedback would be detrimental to business reputation and could lead to revenue loss [39]. In contrast, addressing customer concerns properly and promptly on social media would likely help businesses gain positive reputations and potentially get more customers.

Fourth, a small business should develop metrics in its social media adoption plan for measuring social media use. These metrics are used to determine whether its social media efforts are working to achieve its expected business performance or goals. Developing these metrics would also help a small business develop a better understanding of the social media impact on business. In reality, many small businesses just don’t keep track of social media usage or results. Consequently, they don’t know either how effective their social media efforts are or the amount of the return on their social media investment. Some recommended metrics [52] include average reply time, number of complaints, number of praise, number of fans and followers, and number of mentions on the Web. By monitoring these numbers at different times, small businesses can find how these numbers are changing (increasing or decreasing) over time and then can figure out ongoing trends. Based on the identified trends, small businesses can further decide whether or not they need to change their social media

strategies. Small business owners could also monitor their social media efforts against their competitors by using these metrics [22] in order to figure out what they can do to make improvements. An important goal of tracking social media efforts is to eventually turn those numbers into real customers and/or brand advocates.

Fifth, the main purposes for adopting social media by small businesses in this study are marketing (such as product/service promotions) and CRM (such as building customer relationships or retaining existing customers). Therefore, any social media strategies used by small businesses need to be very customer-centric. Small businesses first have to make sure that the target customers in their geographic business areas are social media users. Two small businesses in this study did not adopt social media, simply because most of their customers were not social media users at all. For example, the customers of a traditional barber shop tend to be old-fashioned and thus would not use new technologies like social media. Also, a small business with enough loyal customers who bring satisfactory revenues would not necessarily adopt social media for marketing purposes. A small business with a strong desire to expand its customer base is apt to adopt social media for business purposes. The profile of its target customers could also determine how to choose and use a social media network for a small business. For example, we found that small businesses in martial arts training could use YouTube for branding and promotion. The owners of small professional service companies tend to establish personal profiles on LinkedIn or to write blog posts about their professional services for promoting their businesses.

Sixth, since small businesses usually have limited resources for social media, we recommend that small businesses start with only one social media network such as Twitter or Facebook instead of spreading their resources thinly across multiple social media networks. Although different social media networks have different characteristics which may generate different benefits, managing a social media site is often time-consuming and arduous. Setting up more social media sites simultaneously doesn't necessarily bring more value or benefits [10] to small businesses considering the time and effort needed for social media investment. Because of this trade-off, setting up a second social media site should only be considered after a small business accumulates sufficient experience in managing the first social media site.

Seventh, the fundamental objective of adopting social media by a small business is to build social capital in a cost-effective way. Social media marketing and CRM through social media are a means to achieve business objectives. Eventually, small businesses using social media want to turn social media followers or fans into real

customers who can bring revenue to their stores. This is also the most critical factor for continuing social media use. In this regard, we offer the following tactics:

1. Small businesses, especially those new on social media, should actively promote their social media sites both online and offline, in order to gain enough followers or “likes.” For example, once a Facebook homepage is established, getting more Facebook “likes” should be a priority for any small business embarking on social media activities. Methods to gain “likes” include putting social media URLs on store signs, brochures, flyers, business cards, and receipts, posting social media URLs on various Websites, and building connections with other social media sites. Since getting a large audience on social media in a short amount of time is difficult [27], small business owners must be patient with the return of their social media efforts. They need to realize that it could take a long time to gain many new followers and fans, especially when more and more social media competitors appear on the same social media network.
2. Small businesses should consider building strong relationships with target customers first before aggressively marketing their products and services. The success of social media marketing largely relies on “word of mouth” by online “strangers.” It could be very difficult for a small business to sell products or services directly to social media users if this small business does not win enough “likes” from the trust of these strangers. Building a relationship with customers would increase trust and brand recognition [34]. Once that trust is built, selling products or services would be easier.
3. Small businesses should engage social media users and keep them coming back [11]. User engagement is crucial not only to getting more Facebook “likes” but also to converting those “likes” into sales and revenues. Methods to use in engaging social media users include offering specials and discounts, creating interesting and relevant content, advertising fun videos or events, updating pages frequently, encouraging meaningful discussions, running online campaigns, and holding contests [44]. Rishika et al. [45] suggest that business managers need to integrate their knowledge of their customers' transactional relationships with their knowledge of their customers' participation in social media in order to create sustainable business value.
4. Small businesses should try to collect email addresses from their fans or followers so that follow-up messages of product/service promotion can be sent by email later. The reason for doing so is because many

Facebook users are “window shoppers” and never return to a page after hitting the “like” button. By providing discounts to those customers who are willing to disclose their email addresses, a small business should be able to obtain their email addresses and build an email list that will enable them to send specials and discount information to these target customers list on a regular basis [38].

7 Conclusion, limitations, and future research

Social media provides businesses an opportunity to enhance brand awareness, increase sales, improve customer service, and implement marketing campaigns [37, 38]. However, as demonstrated in our case study of 27 small businesses in a mid-size U.S. city, the opportunity could turn into an investment nightmare for those small businesses which have constrained resources for adopting social media. This study highlights several critical success factors for social media adoption decision by small businesses and provides empirical evidence to support the potential impact of social media on small businesses. Currently, academic studies about social media adoption and use by small businesses in the U.S. are limited. This study contributes to the social media literature by providing the first decision support model for social media adoption by small businesses. The findings are presented in Fig. 1. Based on these findings, we are able to provide practical insights and suggestions for small business owners or managers to help them choose whether and how to adopt social media for marketing and CRM purposes. Overall, our study provides new findings and insights which may help other researchers gain a deeper understanding and prepare for further investigations in this emerging research area. In addition, this case study takes a rather novel research approach by combining literature review, interviews, and social media site examination. This approach has been proven to be effective in social media studies.

There are several limitations to this case study. First, case studies are usually exploratory in nature. While this case study is able to uncover adoption factors and continuing factors and to provide useful management guidelines for social media adoption by small businesses, researchers and practitioners who want to apply the research results need to be cautious about the research sample, context, and scope of this study. In other words, the results of this study should not be generalized to all social media applications or studies. Second, this study mainly focused on Facebook because it was the primary social media network used by the adopters in this study. We did not collect data from other social media networks

(such as Twitter). However, many other social media networks such as Google Plus, Instagram, and Pinterest, with different features and functions, could be adopted by small businesses to serve different business purposes. Thus, the recommendations provided by us may not be completely applicable to the adopters of other social media networks. We suggest that future research expand the scope of data collection by including relevant data from other social media networks.

The identified factors presented in the proposed model, as well as novel insights for practical guidelines, all set a foundation for further research regarding social media adoption and use by small businesses. In the near future, we plan to do an empirical study to test various factors in the model by using a survey method in order to understand the influence of the identified factors on adoption decisions and on the importance of different factors, as well as on the relationships among the factors. Furthermore, we plan to conduct the same type of interviews with SMEs in China and then do a comparative analysis to see what commonality and differences may exist among SMEs in the U.S. and China in terms of their social media adoption decisions and usage. Finally, since some small business owners have outsourced their social media services to marketing companies, we are interested in conducting a longitudinal study to examine the costs, benefits, and challenges caused by the outsourcing.

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