

# Small Businesses' Uses of Facebook

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## Abstract

With their popularity among internet users as well as unique capabilities to engage customers, social media has become valuable marketing channels for businesses. Many implications of social media on corporate and marketing communication were reported, including branding public relations, consumer community, and business networking. Paniagua & Sapena [1] argue that companies may benefit from social media in three aspects including their financial performance, operational performance, and corporate social performance. Their study provided empirical evidence supporting the linkage between a company's stock price and its popularity on social media.

However, most studies of the uses and impacts of social media on businesses have been conducted for large corporations, international businesses, or specific industries. Research on overall small businesses' use of social media is limited and it tends to rely on survey data. Small businesses are intrinsically different than large corporations in terms of scope, organization, management, and available resources. As a result, they may have different cost-benefit calculation than their bigger counterparts and demonstrate different social media usage patterns. To further our understanding in this area, this study aims to provide concrete behavior data to answer this question: to what degree do small businesses adopt and use social media? The goal is to offer a benchmark for future studies.

To address the research question, data was collected on small businesses and their uses of a particular social media platform, Facebook. The sample of small business was drawn from a mid-size city in north Texas with a population of approximately 379577. Companies with a corporate office in the chosen city and less than 50 employees qualified for the study. A total of 12904 small local businesses in this city were identified via a commercial source, ReferenceUSA Online Database. This population includes businesses that have multiple locations of operations, such as chain convenience stores and insurance agencies. For the purpose of this study, each of these franchise stores and service providers is treated as an independent member of the population. From this population, 480 businesses were randomly selected to form the sample of this study.

Based on the North American Industry Classification System (NAICS), entries of this sample were categorized to 22 different industries. Health care and social assistance, retail trade, and professional, scientific, and technical services were the top three industries comprising 42.5% of the sample.

Each entry of this sample was then searched on both Facebook and Google to find their Facebook pages. The types of pages and other publicly available information on the pages including posts and reviews were recorded. All business pages are publicly available online. Three waves of data collection were conducted in 2014, 2015, and 2016. The results show that only about 1/5 of local stores and service providers have business fan pages and more than half of those pages are in a dormant state. The year-to-year change in Facebook adoption by small businesses was minimal. However, a surge in Facebook generated topic pages for small businesses was seen in 2015, which significantly increased local stores' presence on Facebook. Results of adoption rate, fan page life span, and user activities are presented and discussed. Overall, data from this sample indicate a lack of enthusiasm in adopting and continuously using Facebook by small businesses.

### **References**

- [1] Paniagua, J. and Sapena, J. 2014. Business performance and social media: Love or hate? *Business Horizons* 57, 6, pp 719-728.