

The Use of Social Media and Social Networks as the Promotional Tool for Rural Small, Medium and Micro Enterprises in KwaZulu-Natal

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Abstract- This study aims to establish and develop an understanding of the effect social media and social networks technologies have in developing and sustaining rural SMMEs, by evaluating how social media and social networks can be used to enhance and add value to the marketing promotions and development of rural SMMEs in KZN. A mixed approach of qualitative and quantitative techniques was used to collect primary data from five rural villages in KwaZulu Natal (KZN). Various social technologies appropriate for rural business networking have been identified and recommended. Results of the survey revealed that the majority of respondents do not use social media and social networks for business purposes, these media and networks are, instead, used to socialize with friends and families, with a few respondents indicating that they sometimes communicate with other people about business-related issues. Further research should aim to develop a social media and social networking communication model in remote and underdeveloped areas for unskilled or illiterate consumers. Technological, developmental know-how of rural entrepreneurs in KZN, as well as a reduction in marketing promotional costs, will mean that more and more promotional information will be easily available to more rural SMMEs' customers. This will result in unprecedented levels of transparency of dealings between businesses and their customers. The main challenge, when applying social media and social networks, is how to protect the business image and reputation from negative comments about the business. This paper provides practical guidance on how to use social media and social networks as a promotional tool for rural SMMEs.

Index Terms- social media, social networks, promotional tool, rural, SMMEs

I. INTRODUCTION

The paper aims at providing a clear understanding of how SMMEs in rural KZN can make use of social media and social networking as marketing promotional tools for sustainable growth and future development of their business. South African rural SMMEs can take advantage of social media and social network technologies to enhance their businesses, by increasing market share and sharing marketing information with potential customers. Based on the survey, it is evident that South African rural SMME's in KZN are behind in leveraging these technologies to promote their products and services, as well as for interacting with potential customers. Since these technologies

are not applied properly as promotional tools by rural SMMEs, and are instead used inactively, their full potential is not realized. The survey recommended that these technologies should be better understood, in terms of how powerful they may be to marketing promotions of rural business, where interaction is not only with potential clients but also with other entities, such as stakeholders and supporting institutions, including financial support agencies for rural development and communities. In order to implement these technologies correctly, social network sites should not be directed at only meeting the needs of a single business function, in the manner in which SMMEs consider using social networks; the leverage and use thereof should be aligned to all the divisions of a business. In this way, social network sites could be used as a strategy for business growth and competitive intelligence. [1]

II. PROBLEM STATEMENT

Mobile networks report 63-million active accounts, making for cellular penetration of 126 percent; a consequence of widespread use of dual-SIM cards. World Wide Worx research shows true individual penetration to be about 80 percent, with 40-million South Africans using phones [2]. Furthermore, [3] indicates that the use of social networks by SMMEs in South Africa is very low. Reports highlight that one in 10 SMMEs are beginning to treat social networks as a business tool, mostly for marketing purposes. While 90 percent of SMMEs use word-of-mouth as their preferred marketing tool, 34 percent rely on leaflets and 17 percent place adverts in printed mass media such as newspapers. According to [1], the application of such technologies in rural-township SMME's is therefore not clear. [4] support the premise that people in developed and developing countries who have access to the internet, are increasingly using social media for entertainment, socializing, and information gathering, rather than for brand promotions and competitive differentiation.

III. AIMS AND OBJECTIVES

A. Aims

The overall aim of the study was to establish and develop an understanding of the impact of existing social media and network technologies in developing and sustaining rural SMMEs, by evaluating how social media and social networks can be used to enhance and add value to the marketing promotions and development of rural SMMEs in rural KZN.

B Objectives

To achieve the overall aim of the study, the following sub-objectives were fulfilled, by means of a questionnaire/survey, through which data was collected and analysed:

- (i) To determine how existing social media and social network technologies are used by rural SMMEs as a promotional tool in rural KZN;
- (ii) To establish factors influencing the use of social media and networks as a promotional tool in rural KZN;
- (iii) To identify knowledge of, and to what extent social media and network technology can be used as a promotional tool in rural KZN;
- (iv) To suggest proper social media and social network technologies that can be used by rural SMMEs in KZN as a promotional tool.

IV. LITERATURE REVIEW

A. Defining social media and social networks

[6] describe social media as customer-generated media that have changed the tools and strategies for communication with customers significantly. This form of media is a descriptive term to illustrate sources of online information that customers create, initiate, and use, with the intention of telling each other about products, brands, services, and issues. It thus includes a wide range of online, word-of-mouth forums such as blogs, discussion boards and chat rooms, customer-to-boards and forums, moblogs and social networking websites. The small business environment in the rural areas is often mistakenly understood as “non-conducive for business”. Rather non- conducive means that integration within essential social, socio-economics, and economics situation, organizational and governmental networks to refine business operations and develop markets. According [5], [6], social media is a hybrid element of the promotion mix because in a traditional sense it enables companies to talk to their customer, while in a non-traditional sense it enables customers to talk directly to one another.

Electronic technology tools, social media included, have become so popular that most individuals, even if not using them, know what they are [7]. How the world communicates is changing and requires expansion to change as well. Social media provides abundant opportunities to interact with and meet with client’s needs on platforms they are using and embracing in their

everyday lives [8]. SME networking is becoming an increasingly important tool for development “SME-friendly” [9]. [10] Indicates that more and more businesses are adopting social media as a marketing tool, however, it is just one of many tools being used, and the one they rely on most, is marketing through their own websites.

B. Social media and Social networking in the South African context

Social media in South Africa has crossed the age barrier, the urban/rural divide, and even the relationship gap [11]. The South African Social Media Landscape 2012 study, produced by technology market researchers World Wide Worx and information analysts Fuseware, shows that the fastest growing age group among Facebook users in South Africa is the over-60s. Between August 2011 and August 2012, the number of over 60s on Facebook grew by 44 percent compared to less than 30 percent for those aged 30-60, less than 20% for those aged 19-30, and less than 10 percent for teenagers.

This is good news for South Africa because the entire time infrastructure is an obstacle for development in South Africa, more especially so in the rural areas. Poor roads, congestion, and lack of ports are some problems. Building infrastructure is not easy. Lack of government budget allocation makes land acquisition hard to achieve. Over the last decade, South Africa has achieved massive development in internet infrastructure. The development of internet users and providers has risen significantly. [12] indicates that at the end of August 2012, 5.33 million South Africans were active on the Web, 2.43 million were on Twitter while 9.35 million were using Mixit. Due to Facebook not measuring mobile usage only among those who have registered via their cell phones, the full extent of its penetration is significantly understated. Primary research by World Wide Worx shows that 6.8 million people access Facebook on their phones.

The use of internet for economic development seems promising for South Africa, with wireless and satellite technologies likely to be the best tools available for reaching rural and remote areas in South Africa. Rising costs of fixed line installation and falling fees for setting up mobile networks have made mobile systems cheaper to install.

Most used social networks in South Africa

Social network statistics in South Africa		
* Number of active users, not registered shown in absence of accurate data.		
Social network	Registered users	Source
MXit	10,000,000*	MXit / World of Avatar
Facebook	4,840,360	SocialBakers
BBM	3,300,000	Rough estimate based on Our Mobile Planet stats

Social network statistics in South Africa		
LinkedIn	1,100,000	World Wide Worx and Fuseware
Twitter	1,100,000	World Wide Worx and Fuseware
Google+	466,828	plusdemographics.com

Source: <http://mybroadband.co.za/news/internet/44061-biggest-social-networks-in-south-africa.html> (26/04/2013)

A. Social media and social networks in rural KZN

The rural poor, who are in need of the benefits of ICT applications, are mostly unskilled and illiterate [13]. Rural areas lag behind in terms of ICT access, with contributing factors including that of illiteracy, lack of computer skills, and lower household incomes [14]. The major factors preventing rural regions from benefiting from ICTs are quality and cost, as well as low penetration of landline telecommunication services. The recognition and application of social networking, based on indigenous knowledge systems, requires greater attention on the part of policy makers, especially in rural areas where it has sustained the livelihoods of people in many developing countries for generations [15]. In the absence of effective market institutions; social networks play an important role in spreading knowledge about a firm's existence and its practices. Networks also help a business learn appropriate behaviour and therefore obtain needed support from key stakeholders and the general public. This suggests that networking can positively impact on the growth of new SMEs in rural KZN [16].

B. Social media as promotional marketing tool for rural SMMEs

It needs to be understood that social media marketing is not a 'one size fits all' tool. Each business is unique, with its own flavour and voice in its 'community', and each business is situated within a community. The rules for engaging with communities have changed radically since the inception of the web. Within a South African context, people are still as 'wide eyed as a rabbit caught in the headlights of an 18-wheeler' [17]. Social media providers need to understand how to tackle digital media and mould it to benefit small businesses and non-profit organisations. "People think that they can simply set up a Facebook page and post a few things here and there, and the sales will come flooding in. In truth, social media needs to be seen as an integral part of your overall marketing strategy and activities, for it to deliver to its full potential," explains [18].

V. RESEARCH METHODOLOGY

In this study, primary data was collected from 184 owners/managers of SMMEs in rural KZN, with a questionnaire containing both closed-ended and open-ended questions. The research design was exploratory and cross-sectional in nature. Collection of the primary data was carried out using both quantitative and qualitative methods. The research was descriptive and a cross-sectional research design was used. Open-ended questions were used, in addition to the closed-ended questions of the descriptive questionnaire, with a total of 184

respondents interviewed. The target population of this study was SMMEs located in rural areas of the KZN province. Since a suitable sampling frame was not available from which to draw a probability sample, a quota sampling approach was used to select respondents from five areas in rural KZN, namely from uMzimkhulu, Underberg, Zingolweni, Harding and Ixopo. The sample quotas were based on area, as well as the Department of Trade and Industry's definition of SMMEs in terms of number of employees, which was important as it allows for a comparison with DTI statistics [19]. The specific sample elements in each quota group were selected on the basis of convenience. A final usable sample of 184 respondents was obtained.

The literature was used as the source of information to formulate the questionnaire for this study. A questionnaire, consisting of closed-ended questions, was employed as measuring instrument. Each question was provided with space for the inclusion of any other open-ended, relevant information regarding the question. Self-administered questionnaires were delivered to the respondents at their respective business sites. To standardize the conditions under which the questionnaires were completed; research assistants at local villages in the selected areas were recruited and trained as fieldworkers. They conducted interviews with respondents during the period 1 October 2012 and 30 January 2013, on weekdays and over weekends. The respondents' ability to answer the questionnaire was increase by the provision of a number of instructions throughout the questionnaire, and the questionnaire was personally administered.

VI. RESULTS AND DISCUSSION

A. Results

A survey was conducted among entrepreneurs in rural KZN. The total sample size consisted of 184 registered entrepreneurs. A careful analysis of data reveals the following results:

Respondent numbers regarding the possible use of social media and social networks as marketing promotional tools for business

Figure – I

Percentage of respondents on the use of social media and social networking as marketing promotional tools

Figure - i

A total of 73 percent of respondents indicated that they never thought of using social media and social networks for marketing promotions of their business, pointing out that it is

very expensive to use Facebook or Twitter and sometimes there is no electricity or internet connection in their areas. Respondents indicated that they only use social media and social networks when chatting with friends and relatives. Only 27 percent of the respondents indicated that they did think of using social media to promote their businesses, even though they did not yet use it for that purpose.

Respondent numbers for other things social media and social networks are used for

Fig – 2

Percentages of respondents regarding other things social media and social networks are used for

Fig – ii

Three quarters of the respondents indicated that they do not use social media and social network at all with regard to their businesses activities. Only 10 percent of respondents stated that they sometimes use social media for business related issues but not necessarily for the marketing of their products and services. The use of social networks for uses other than business related matters was indicated by 15 percent of respondents.

Number of respondents for benefits from social media and social network technologies

Figure – 3

Percentages for benefits from social media and social network technologies

Figure - iii

While 63 percent of respondents indicated that they use social media and social networks to socialize with family and friends, 20 percent specified that they use social media only for socializing with friends. A total of 18 percent of the respondents said that they use social media to gain business exposure in their surrounding communities, with seven percent indicating that they do use social media and social networks for the marketing of their businesses. These results suggest that the use of social media and social networks, as marketing promotional tools for rural SMMEs in KZN, is not yet receiving adequate attention, and the benefits are not clearly understood.

VII. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

Since the use of social media and social networking is rapidly growing in South Africa in both the business and social sectors, owners/managers in rural KZN should be made aware of the value of social media and social networking, in promoting their business, especially on Facebook and Twitter. Cost benefits and advantages of using social networks as marketing promotional tools for products and services must be clearly understood.

B. Recommendations

In order to enable SMMEs to improve their use of network technologies as promotional tools, it is recommended that more needs to be done to promote online entrepreneurship in rural KZN. Apart from the difficulties of broadband and electricity, rural SMMEs also face barriers such as poor telecommunications infrastructure, insufficient entrepreneurial knowledge, management incompetence, and a lack of marketing skills. It is recommended that government strengthen the human resource base by ensuring strategic ICT co-ordination in its policy development programme delivery in the rural areas. This will help business people in rural areas to understand the benefits of using network technologies. A further recommendation is that government establish a steering agency responsible for championing and co-ordinating a skills agenda for rural training and skills building capacity, with specific reference to ICT use.

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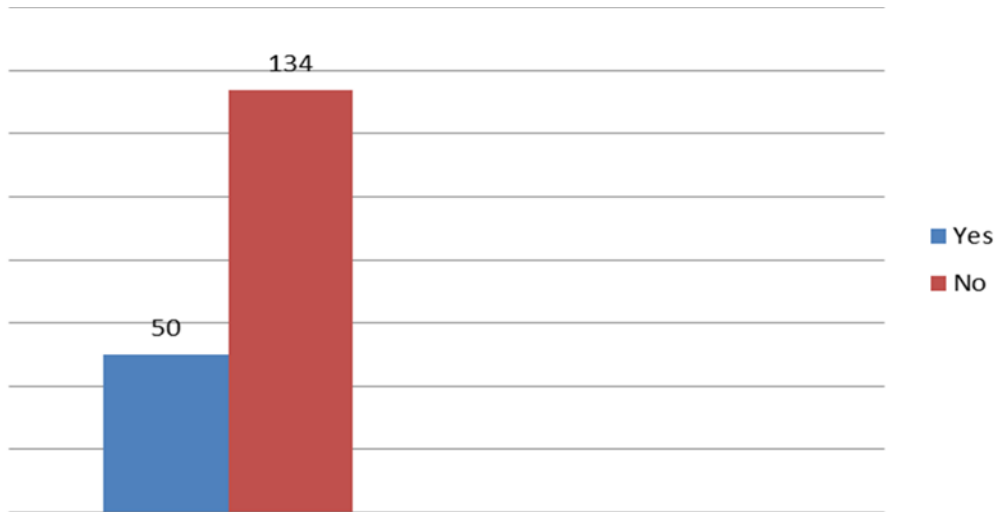


Figure -1

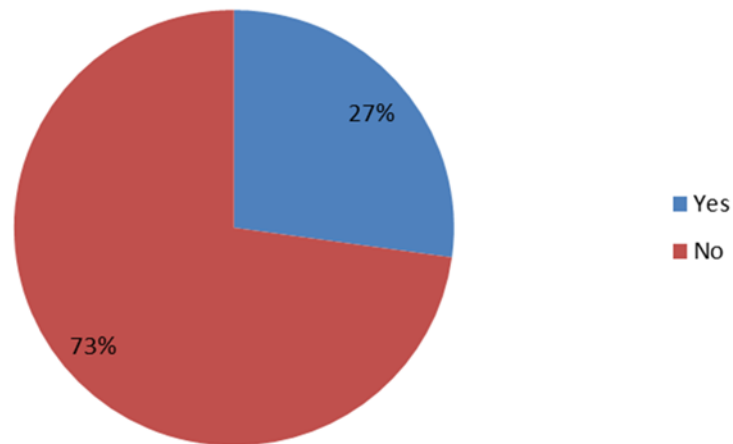


Figure – i

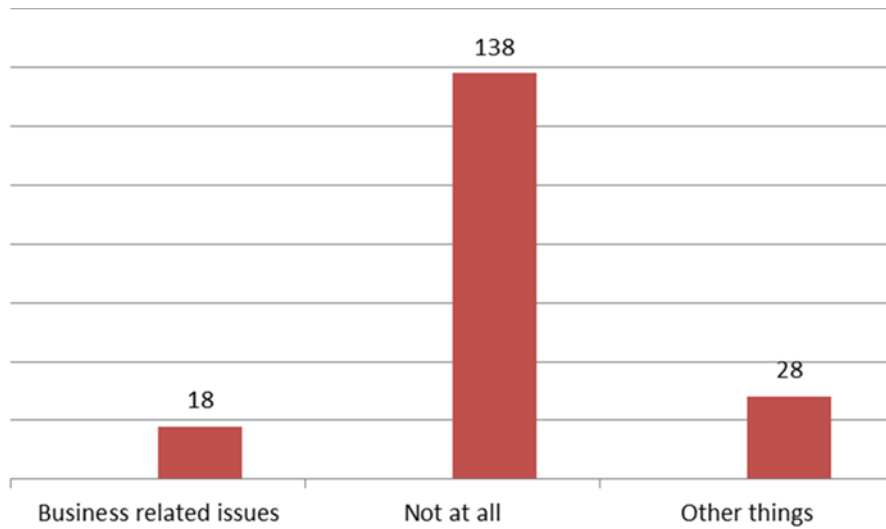


figure – 2

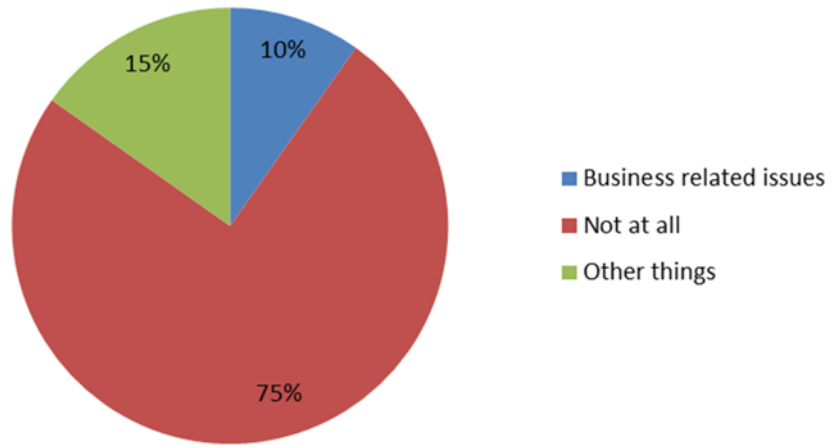


Figure – ii

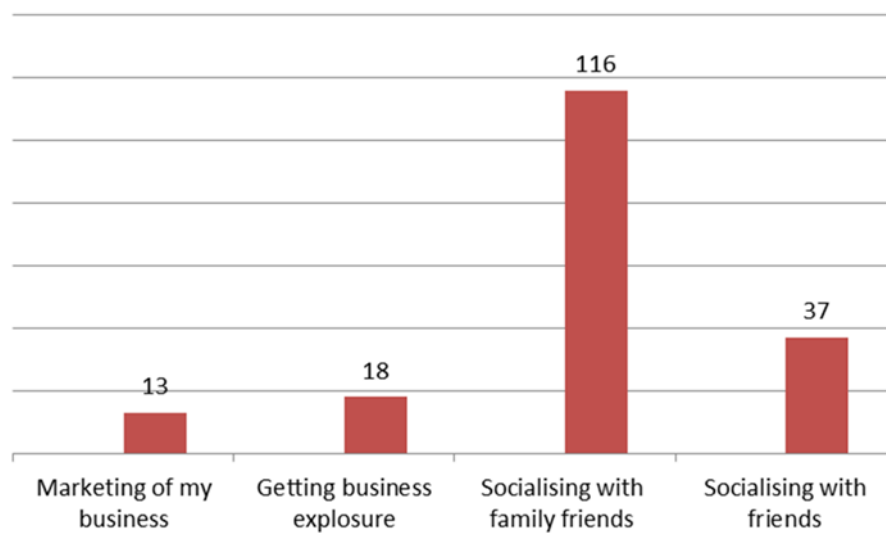


Figure - 3

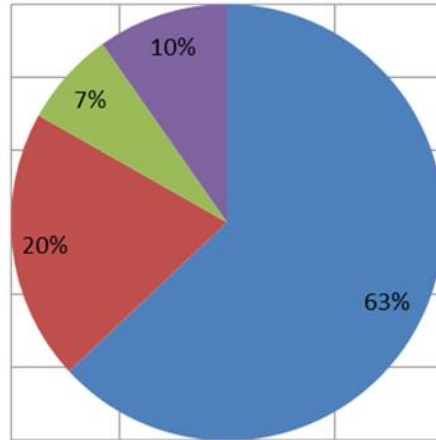


Figure - iii