

# The effectiveness of social media marketing: a case of Lagos state Nigeria

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Received: March 23, 2021.

Accepted: June 10, 2021.

Published: September 1, 2021.

## **Abstract**

Small businesses are drivers of any economy because of their capacity to, among others, provide employment to the people and the owners. Their extinction will greatly affect a nation. This study focused on small enterprises in Lagos, Nigeria and how social media is deployed in them. The study is necessary because most small enterprises in Nigeria do not make it past the first few years of operation. Perhaps the adoption of social media by small businesses in Lagos may create extra opportunities for their growth. A questionnaire was employed to collect data from participants since it was less expensive and allowed for huge amounts of data to be gathered in a short amount of time. This study shows that the majority of small enterprises in Nigeria employ social media to promote their goods and services. Most business owners confirmed that the platform is efficient when applied in business. The findings also reveal that some enterprise owners are still yet to implement social media marketing into their advertising plans. Some implications and recommendations are flagged.

## **Key words**

Social media; social media marketing; business development; small businesses; advertising, information communication technology.

## **How to cite this article**

Eze, I. F., Iwu, C. H., Ruhode, E. (2021). The Effectiveness of Social Media Marketing. A Case of Lagos Nigeria. *Harvard Deusto Business Research*, X(2), 255-271. <https://doi.org/10.48132/hdbr.328>.

## 1. Introduction

The advent of social media has changed the way individuals and enterprises connect and relate with each other. While digital social networks were initially created for social connections at individual and family levels, businesses have since established opportunities to advertise their latest products, connect with consumers and suppliers, manage relationships with other corporations, etc. Individuals and businesses have adopted digital social network sites like Instagram, Twitter and Facebook, and they have become part of human life (Alalwan et al., 2016). The popularity of digital social networks has made it necessary for businesses to adopt innovative marketing strategies to register their company in the hearts of the customer (Abdul & Nor 2016).

The social media revolution is noticeable in business enterprises because, in the pre-social media era, company owners paid for radio and television commercials and moved from door to door with posters to get the public to notice their company. Proof of the advantages of digital social media to businesses abounds in the literature. According to Castronovo (2012), businesses in Canada employ social media to grow their sales prospects and generate awareness of their business. Sports gambling companies leverage social media for client loyalty and communication, according to Edwards (2017). This helped them build long-term connections with their clients, which is linked to brand loyalty. Nyambu (2013) investigated the effects of promotion on social networks and its influence on telecommunications companies in Kenya. According to the studies, social media helped telecoms companies, especially Safaricom, develop by giving a venue for effective, low-cost advertising. According to a study conducted in Polokwane, South Africa, social media increased retail revenue growth; for this reason, businesses yet to integrate a social media tactic in their promotional mix should do so, since being online will likely have a positive effect on their business (Oni & Papazafeiropolou 2014).

While the benefits of social media to big and established corporations are well documented, there is scant literature on the same benefits to small businesses, primarily in the thriving commercial hotspot of Lagos, the Island. Broadly, this paper attempts to establish the role that social media plays in promoting small businesses in a developing country context. Specifically, the paper studied the effectiveness of social media marketing in Lagos, Nigeria. The small business landscape in Nigeria has been selected as the empirical case. The importance of the small business sector to the Nigerian economy cannot be overemphasized, especially in the backdrop of its contribution to job creation, and consequently enhancing the lives of the employees and the owners. As Akingbolu (2014) stated, most small businesses in Nigeria do not make it past the first few years of operation. This could be a consequence of inadequate marketing or failure to integrate the current advertising trends and approaches, such as applying social media into a firm's marketing plan. After all, ineffective marketing techniques are one of the most significant issues that small businesses confront when it comes to advertising (Walt 2013).

## 2. Theoretical framework

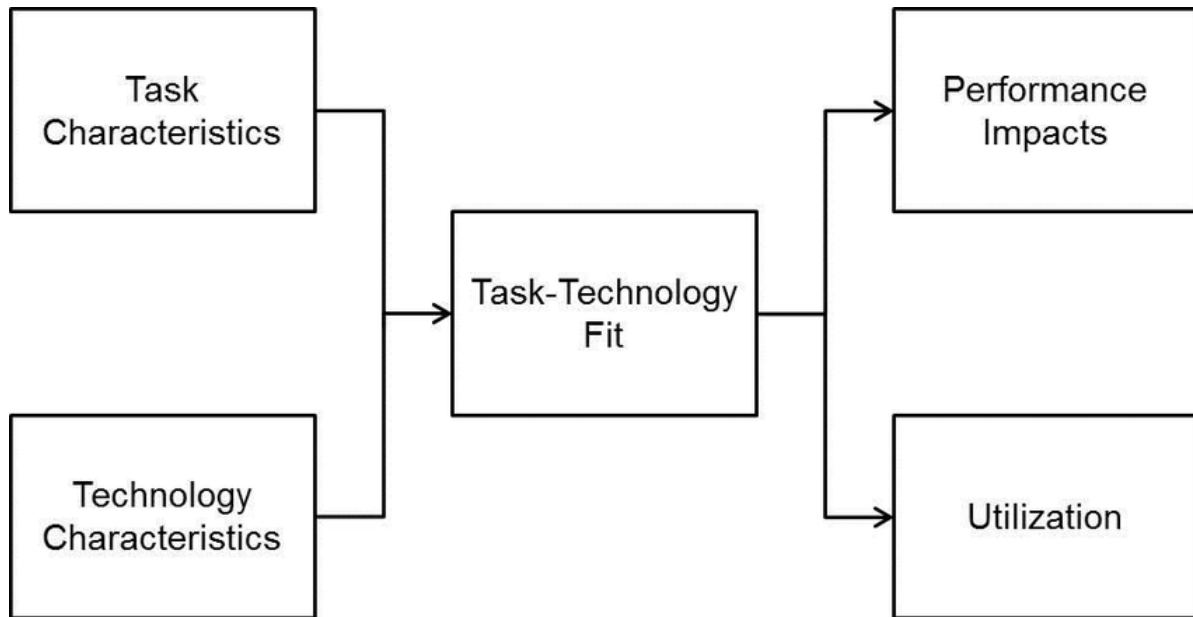
ICT (information communication technology) instruments that are compatible with daily business activities have emerged as a result of technological improvement. In today's business world, using ICT technologies is no longer an option; it is a requirement for any company.

The task-technology fit theory was used in this study to show how information systems (IS) and SMEs may work together to assist small businesses in reaching their goals.

Task-technology fit (TTF) is described as “the degree to which technology assists an individual in performing his or her portfolio or tasks” (Goodhue & Thompson, 1995:216). Goodhue and Thompson discovered that “fit” had a substantial effect on individual performance and system usage. In the context of business, it refers to what extent information technology, such as social networks, can assist businesses in promoting their products and services to the general public. Social networks present small businesses with mutual benefits as enterprise owners can apply the platform to promote their goods, and the online community will reply by showing readiness to buy the product. TTF has been tested in exploratory circumstances such as in the transportation and insurance industries, where the employers affirmed that if the task to be performed fits the technology, performance will be significantly impacted (Goodhue & Thompson, 1995). When Staples and Seddon (2004) researched college students, they discovered that whenever there was a connection between fit and the objective for which the technology was deployed, the students' grades dramatically increased. In the same vein, Goodhue and Thompson (1995, p 213) asserted further that “for information technology to have a constructive impact on individual performance, the technology (i) must be utilized and (ii) must be a good fit with the tasks it supports.” From an enterprise point of view, (i) technology (social media) must be applied by the business and the intended target, and (ii) it must suit the objective for which the technology was intended. Employing social media when marketing is an excellent fit for small enterprises because recently released figures show that Facebook has 2.3 billion active users (Statista, 2018). The 2.3 billion Facebook users are prospective clients for any enterprise that promotes its product on the platform.

TTF looks at how people use technology based on four features, which are “technology characteristics, task characteristics, individual characteristics, and utilization. These four concepts shape the general concepts of the TTF (Goodhue and Thompson, 1995)”.

Figure 1

**Task technology fit model**

Source: Adapted from Goodhue and Thompson, 1995.

In the context of this study, task characteristics denotes advertising carried out using a social network site. With respect to technological characteristics, we assume technology characteristics to mean social media. Performance impacts refer to the extent to which the individual can sufficiently achieve results using the technology. Regarding our study, Individual characteristics will represent the owner/manager's understanding of social network sites. The utilization concept shares a close association with the performance impact in that it refers to using a technology such as social media when conducting a task.

### 3. Literature review

There are several ways by which social media empowers business owners, for example, giving them a channel to engage with customers, and convincing them that their product is superior than the competition. It also gives clients a way to compare product costs with those of other competing brands without having to leave their homes, as well as express negative or positive

feedback to other consumers on the site, which will help the firm grow (Malthouse, Haenlein, Skiera, Wege & Zhang 2013). The potential of social media in securing financially rewarding exposure to both big and small businesses through advertising has been documented in extant literature.

In this section, we review literature that discuss how businesses have benefited from advertising through social media. The review offers a mix of examples from both the Western world and developing economies.

Lacoste (2016) conducted a study in France to see how managers use social media to communicate with their consumers. They discovered that the platform was used to create long-term relationships with clients and prospects, as well as persuade people to buy from them rather than the competitors. Swani et al. (2017) studied 214 Fortune 500 companies' usage of Facebook and how they can employ emotional appeal on the platform to lure consumers to patronize them. Their studies revealed that when companies use their firm brand names and make psychological appeals to buyers or potential customers, the online community notices them and, as a result, patronizes their items.

In addition, when Nguyen, Yu, Melewan, and Chen (2015) surveyed 357 SMEs in China, they focused on branding done on social networking platforms by small businesses. They discovered that when businesses advertise on social media, they better understand their current and future customers, making it easier for them to serve each client individually. This is one of the benefits of applying the platform in business.

Karjaluoto, Mustonen, and Ulkuniemi (2015) conducted a survey of 60 companies and identified three key sections where social media may assist organizations. They used a case study to highlight the power of social media, which is establishing a relationship with clients, assisting with turnover (sales), and raising awareness. Customers are conversing online, they said, and firms should take advantage of this.

Another study by Jarvinen and Tarminen (2016) looked into how companies employ social networking sites for promotion. They concluded that companies that provide informative, funny, and relevant information on their social media accounts make more money than those that do not. In a similar line, Khan and Karodia (2013) revealed that more than 94 percent of South African big businesses use social media methods when targeting customers in a study on the usability of social networks for advertisement. Additionally, 71% agreed that the platform was beneficial for creating business awareness.

Waithaka, Muturi, and Nyabuto (2014) claim that firms who market themselves on social networks have a better chance of increasing their business because Twitter and Facebook have proven to be effective in reaching a specific audience and connecting with them at a low cost. Hence, the greater the number of consumers they reach, the higher the return of investment (ROI) they get. The results of Qurashi et al. (2014) study in Islamabad in Pakistan specified that social networks are an excellent fit for businesses that want to sell to a larger audience and target specific individuals for their products.

Furthermore, in India, Bethapudi (2013) noted that ICT in the tourist business proved to be crucial to its success since it allowed people to instantly obtain tourist services from anywhere in the world. In addition, a single post on the site can reach millions of customers.

Another study in Jordan revealed that social media platforms were beneficial in establishing communications with clients and speaking online, exchanging material, and allowing corporations to make their information available on the network (Rumman & Alhadid, 2014).

Also, Kenly and Poston (2016) examined 91 manufacturing and service companies and discovered that those who employed social media in their business reaped a range of benefits. The advantages included a cheaper way of advertising, more innovative concepts developed from the virtual community, and brand awareness. These advancements increased the exposure of the businesses and increased their revenue. These reports reiterate the benefits of marketing on social media and why businesses cannot do without the platform.

In a multicultural study by Szolnoki, et al (2014) regarding how wine makers in Australia utilized social networks in their business. The authors discovered that the platform was an avenue by which the winemakers communicated with their consumers in real-time.

Social media sites also represent innovation and cost-effective conversing methods between consumers and organizations (Leefflang et al., 2014). Besides its ability to send information anywhere globally and obtain comments from clients in an unpolluted manner (Shilbury, Westerbeek, Quick, Funk, & Karg 2014). Furthermore, a study by Roberts and Candi (2014) reported that the platforms have made it possible for consumers to propose new product ideas, suggest the things that organizations need to improve upon.

Qureshi, Nasim, and Whitty (2014) interviewed 85 participants in a study in Lahore, Pakistan, on the impact of social networks as a promotional channel on consumer preferences in the food service business, and they concluded that most companies employed the platform daily for promotional information and product reviews. The platform was also important, according to the participants, as it allowed and changed customers' perspectives of the restaurant as a business.

In Nigeria, Alakali, Alu, Tarnong, and Ogbu (2014) explored how some enterprises exploited social media technology to access the global market. According to evidence, companies in Nigeria were able to sell their products, ideas, and services internationally thanks to social media marketing. Because small companies are known to be suited in their surrounding area, social media offers them an avenue to expand their customers globally.

A study carried out in Faisalabad by Ali, Muhammad, Mashal, and Abid (2016) used multiple regression analysis to examine the effect of social media advertising on consumer opinion. The findings uncovered that the platform substantially influenced how customers perceive a company and its products and services.

In addition, a study by Otugo and Uzuegbunam (2015) looked at the advertisement that was piloted on social media among three hundred college students in Nigeria's Eastern area. The outcome revealed that most of the students still remembered the previous advertisements they had seen on Facebook. Respondents disclosed that they have come across product

advertisements such as restaurants, guesthouses, real estate, etc. Companies should use funny pictures or images when advertising so it would stick in the minds of the consumers.

According to research conducted by Kwok and Yu (2013), tourism customers frequently evaluate previous consumer feedback when on social media using scores of restaurants and hotels before making reservations. In an analysis carried out by Nwokah and Aeenee (2017) in Rivers State, Nigeria, a link exists between Facebook and increasing car dealers' revenues in the state. They concluded that advertising companies should draw the attention of the virtual community by posting catchy and appealing images on their social media page.

The effects of new media marketing on SMEs in Ogun State, Nigeria, was investigated by Omotayo, Akinyele, and Akinyele (2015). The outcome revealed that the platform had a noteworthy positive influence on SME company performance in the Ota city.

According to a Pew Research study published in 2015, the majority of smartphone users in seven Sub-Saharan African nations, including Senegal, Nigeria, South Africa, Ghana, Kenya, Tanzania, and Uganda, used their phones primarily to access social networking sites. Due to improved internet connectivity and strong mobile adoption in Africa, this number is anticipated to climb. This increases the worth of internet advertising for small businesses by allowing them to reach a larger audience through their cell devices.

#### 4. Social network reach

A glance at the present number of social media users reveals how rapidly the platform has grown recently. As of January 2018, seventy-five percent (75%) of online users employed social media sites, according to the Pew Research Center. Facebook, whose users makeup 71% of individuals online, remains the site of preference (Pew research center 2014). To date, Facebook has about 2.2 billion active users, nearly 20% of the global population (Statista, 2018).

Reach is the number of people in the target market (Sterne, 2010), and it is among the most significant factors that impact a brand. Social networking has created a means for enterprises to spread their reach and bring their merchandise closer to their customers through a combination of technology and social interaction. As quoted by ISACA (2010), "of the Fortune Global 100 companies, 65 percent have active Twitter accounts, 54 percent have Facebook pages". That is the key reason why companies have chosen to communicate with potential clients in social media marketing-immediate contact. Facebook users invest more than a quarter of their time on the internet, reading Facebook news updates and engaging with them. This behavior constitutes four percent of the total online activities in the United Kingdom. Users are more likely to accept branded content in the timeline than to visit the fan page directly, according to Lipsman et al (2012).

With the number of social media customers around the globe, it has become easier for companies to tap into multiple marketing channels (Perdue, 2010). Users are people who spend a lot of time on the internet and could be potential consumers. Although the rationale for using social media differs widely, brand awareness represents a step in the right direction. Social media

advertising focuses not on products but on people (Diamond, 2015). As a result, practically every sort of business has explored going online at some point. Even the academe is beginning to “embrace social media and realizing the potential power and implications for using it as a component of their overall marketing mix” (Reuben 2008). Companies can learn about their future customers and choose how best to suit their desires and expectations. Reach can now be achieved faster, more affordably, and more effectively, perhaps leading to enhanced corporate growth.

## 5. Social media as a cheaper means of advertising

Fisher (2009) states that advertising professionals' various recent decisions are the need to explain preferences for online communications over conventional advertising methods. Historically, marketing spending on distribution messages has always been by cash and is commonly seen as high expenditure (Weinberg & Pehlivan, 2011). However, there are currently several free or inexpensive solutions which can be used successfully. In comparison to traditional media, which is usually expensive, a social media strategy does not necessitate a large budget (Hanna et al., 2011). As cited by many academics, Social media networks are cost-effective and lucrative marketing techniques (Ainin et al., 2015). Furthermore, it is possible to generate target groups and disseminate structured promotions to these individuals using social media at lesser costs (Dong-Hun, 2010). Because most social platforms are free to join, the price is frequently determined by the amount of time spent crafting messages and responding to consumer feedback (Zappe, 2010).

Aside from being an inexpensive platform, social media allows for a successful expansion of interactive content sharing through geographic distances to vast numbers of people (Korda & Itani, 2013). The cost of targeting consumers outside those boundaries may be far higher by traditional media. With more than two billion users on Facebook, customers are increasingly drifting away from the conventional media as an avenue to access product and service information. As a result, businesses now benefit from implementing creative, strategic brand initiatives that effectively connect and reach their customers in various ways, across multiple channels, without requiring high-cost marketing advertising and innovation (Hanna et al., 2011). For example, Hello health is well-known and profitable due to its low-cost use of the platform to engage with customers, particularly about drug prescriptions (Hawn, 2009). With the application of social media potentially leading to real cost savings, it has become a vital choice for most small businesses which are generally peddled with limited resources (Hoffman & Fodor, 2010).

## 6. Methodology

The research was conducted on the Island of Lagos state. The island boasts a large presence of different sectoral companies from wholesale/retail, clothing (retail) and the hospitality businesses



including restaurants. Considering the lack of a reliable database to feed from, the research covered all the sectors in Lekki-axis, Balogun market, Ikoyi, and Victoria Island.

Lagos state is the most populated city in Nigeria and on the continent. Much of the small business trading is known to take place in Lagos Island. As stated by John, et al (2013), it is one of the highest-growing cities in the world. It is further regarded as the financial capital of Nigeria (Bigthink.com, 2018). As of 2015, the population of Lagos state was approximately twenty-one million (National Bureau of Statistics, 2015). As Ahmed (2012) points out, SMEs account for more than 90% of employment in Nigeria. These characterizations justified the choice of Lagos, and in particular, Lagos Island, as the focus of the study.

This quantitative research intended to understand how useful social media is when employed for business development. The social media application employed in this study were Twitter, Instagram, and Facebook. These platforms were chosen because they are the most prominent social networking sites in Nigeria (Olufemi, 2016). Questionnaire was employed as a means of data collection.

### 6.1. Data collection

A questionnaire was applied as an instrument to collect data. The questionnaire was sent to the participants by email as well as by personal delivery. The questionnaire was created with the three social media networks in mind- Facebook, Instagram, and Twitter. A questionnaire was used due to its inexpensive nature, and the capacity to collect large data within a short space of time (Al- Mubarak,1997). A pilot study was carried out to discover if the questionnaire was ready for distribution and through the pilot study, the researchers found out that some of the questions were vague, or incomplete. This led to further scrutiny of the questionnaire until it was ready for distribution. SPSS 25th edition was used to analyze the received data. Descriptive statistics were also employed to explain the received data.

### 6.2. Population

The target population comprised companies in the hospitality business including restaurants, wholesale/retail, clothing (retail). Because of the lack of a certified register of small enterprises operating in Lagos State, Nigeria, we followed the methodological example of Maduekwe and Kamala (2016) to select from the population of different sectoral businesses a sample of three hundred and seventy-one small enterprises whose owners/managers constituted the subjects. This method was successfully implemented by Eze (2019). The researchers carefully selected three hundred and seventy-one business managers/owners who they considered made all of the decisions in their respective businesses, had a reasonable understanding of social networks, and were likely to be leveraging the platform for business development. Finally, all the small businesses that participated in the survey had fifty or fewer workers.

It is important to note that out of the three hundred and seventy-one questionnaires that were distributed, only one hundred and ninety-five (195) operable questionnaires were returned and used in this study.

### 6.3. Sampling technique

Alternative sample techniques, like random sampling, were not practicable as there was no directory of small enterprises operating on Lagos Island. Past researchers have applied this approach, and the result was productive (Monette, Sullivan & De Jong, 2005). Sampling aims to ensure that the correct population is identified during the procedure (Mouton, 2006). Owing to this, we implemented the purposive method to choose three hundred and seventy-one small enterprises. The usage of this approach was motivated by the researchers' objective, which was to ensure that the targeted sample included the managers/owners that possess the traits to address the study aims (De Vos et al., 2011; Maree 2007).

### 6.4. Design of the questionnaire

The questionnaire was created with 3 key platforms in mind: Facebook, Instagram, and Twitter, which are the three sites highlighted in this study. The questionnaire, including the consent letter, was five pages long in total. The letter of consent was to obtain approval from the participants and to assure them that all data about them or their company would be reserved for the purpose of this research only. Some items in the questionnaire were adapted from Goodhue and Thompson (1995), and Orji (2018) whilst the rest were drawn from literature to address the questions of the study.

The questionnaire began with basic questions on which social network site the businesses employed. It was further filtered to the three social media sites that were chosen for the research. In addition, participants were asked questions about how useful social media is for advertising activities and how respondents employed social media in their businesses; and factors that could deter an enterprise from using the platform in their business. Also, the questionnaire contained questions about the company profile of the respondent and questions about task-technology compatibility.

### 6.5. Findings

First, it was vital to confirm that we had targeted the right respondents. So, we required that the respondents specify their rank in the business. With reference to the rank of the participants in the business, we found that 59.4% of the respondents were owners while 40.6% were managers of an enterprise (as shown in Table 1). This affirmed that the suitable respondents were targeted whose owners/managers were the participants.

Table 1

#### Respondents position in the business

Managers	40.6 %
Owner	59.4 %

Source: Authors' compilation.

Table 2

### Respondents' usage of social media

Yes	86.7 %
No	13.3 %

Source: Authors' compilation.

Based on the 195 surveyed businesses, 86.7% of them agreed to be using either Facebook, Instagram, or Twitter (see Table 2), while 13.3% did not employ any social network platform in their business.

### 6.6. The kind of social media platform employed by the respondents

With respect to Table 3, Instagram was identified as the most used social media site with 35.4% of the participants agreeing to employ the platform, in second place is Facebook at 26.7%, followed by Twitter with 15.9%. 4.1% of the participants used other social network sites like LinkedIn and WhatsApp. The mean further reaffirms Instagram as the most employed social network site at (2.05), followed by Facebook at 1.75, while Twitter has 1.49. The high standard deviation would suggest that most of the participants of this study used social media in their business. This study is consistent with Phua et al. (2017), who looked at users' use social platforms and discovered that Instagram was the most used by customers to track their favourite brand.

Table 3

### The type of social media platform employed for advertising

Figure	Social application site	Portion who (utilized the application regularly)	Respondents (n = 195) - Mean	Standard deviation
1	Facebook	26.7%	1.75	1.006
2	Twitter	15.9%	1.49	0.846
3	Instagram	35.4%	2.05	1.194
4	Other	4.1%	0.03	0.173

Source: Authors' compilation.

### 6.7 The effectiveness of employing social media for advertising

The respondents were required to specify how effective social media was to their business when used for marketing purposes. 63.3% of the respondents cited Instagram as the most effective social network platform, Facebook was chosen by 55.5%, while Twitter had only 45.6% (see Table 4). The mean further shows Instagram as the most effective with 3.57, accompanied by Facebook at 3.52, while Twitter with only 3.12. The findings are comparable to those of Stelzner (2016), who discovered that several of the participants promoted their items on Instagram and Facebook.

Table 4

#### An assessment of the effectiveness of using social networks for advertising

Social media platform utilized for advertising	Perceived effectiveness	Respondents (n= 195) - Mean	Standard deviation
Facebook	55.5%	3.52	1.305
Twitter	45.6%	3.12	1.269
Instagram	63.3%	3.57	1.252

Source: Authors' compilation.

### 6.8. Measuring the efficacy of social media

The respondents who reported that social media was effective in their enterprise were asked how they accessed the usefulness of these platforms in their enterprise. The respondents had to choose between a yes or a no response.

Table 5

#### Measuring the efficiency of social media

Apparatus	Yes	No
Percentage of the respondents who measured the effectiveness of using social media in their business	75.7%	24.3%
Increase in fans/followers/like	46.5%	53.5%

Retweets	23.3%	76.7%
Comments	39.5%	60.5%
Share of conversation	17.8%	82.2%
Referral	17.8%	82.2%
Number of customers attracted via social network sites	54.2%	45.8%

Source: Authors' compilation.

According to Table 5, 75.7 percent of participants measured the effectiveness of social networks in their company and the rest 24.3 percent did not. The amount of clients drawn via social media was highlighted as the most successful technique to enhance a small business by 54.2 percent of the 75.7 percent that assessed the efficacy of social media in their firm, while 45.8 did not. An increase in fans/followers/like was chosen by 46.5% and it was canceled out by 53.5% who did not agree. Comments had 39.5% of owners/managers in favour while 60.5% did not agree with it. Retweets were mentioned as a means to gauge the efficacy of social media by 23.3 percent of respondents, while 76.7 percent were against it. Share of conversation and referral both had 17.8% of the participants agreeing to this method, while 82.2% did not accept the method as a way to measure the efficiency of social media platforms. This result is similar to a study conducted in the United States by Hsu and Ting (2013). They stated that effective use of new media elements like "likes" and "comments" increased sales by providing valuable and engaging updates as well as replying to feedback.

## 7. Implications for theory and practice

Small businesses are needed in every country, especially a country like Nigeria where unemployment is on the rise. When small businesses are not growing, it affects the entire country because (1) they cannot hire people (as stated by Ahmed, 2012, small businesses hire up to 90% of the Nigerian workforce) (2) they cannot open new branches, (3) poverty and crime will increase (Maduekwe & Kamala, 2016). Research has shown that small businesses in Nigeria are not growing, which is why most of them do not survive past the first few years of operation. This could be because of inadequate marketing, such as only advertising using the traditional method or not advertising at all. The traditional method of advertising can only attract clients who are in the same vicinity as the business. More than ever, effective marketing is needed by small businesses such as advertising using social media platforms which have proven to get the attention of millions of people which is not surprising considering the number of people who log in to these platforms on a daily basis (Copley, 2014).

Finally, the Nigerian government should also work with the internet service providers (ISP) to make data affordable so enterprise owners/managers who are not yet convinced of the profits of social media in their enterprise to jump at the opportunity and use the platform to attract people all over to buy from them.

## 8. Conclusion

Small businesses are critical to a country's economy since they create employment for both employees and owners. Their elimination would have a significant impact on a country. According to study, advertising on social media will substantially assist smaller companies in growing and increasing sales. In Nigeria, just like most parts of the world, businesses use social media for so many reasons, such as marketing, reaching the global market, and making more sales. Most surveyed companies in this study used social media as specified in the findings. Instagram was noted as the most common social media platform, followed by Facebook and Twitter.

This research has confirmed that social networks are effective when employed in business, so it is imperative that every business owner/manager who is yet to implement these platforms in their day-to-day activities should do so now as there are benefits from doing so.

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