

Social networks as a means of communication and their impact on microenterprises

Las redes sociales como medio de comunicación y su incidencia en las microempresas

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ABSTRACT

The objective of this research is to analyze the incidence of social networks as a means of communication in microenterprises in the commercial sector of Guayaquil. Through a descriptive, bibliographic and analytical-synthetic qualitative methodology, it was determined that the use of social networks in microenterprises in the commercial sector of Guayaquil favors business development and internal and external communication.

Key words: Qualitative, descriptive, business

RESUMEN

La presente investigación tiene como objetivo analizar la incidencia de las redes sociales como medio de comunicación en las microempresas del sector comercial de Guayaquil. A través de una metodología cualitativa del tipo descriptivo, bibliográfico y analítico-sintético se determinó que el uso de las redes sociales en las microempresas del sector comercial de Guayaquil favorece el desarrollo empresarial y la comunicación interna y externa.

Palabras clave: Cualitativa, descriptiva, empresa

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INTRODUCTION

Social networks are dynamic sites belonging to the Internet that allow users to generate, share, comment, edit content, as well as create networks of contacts with known and unknown users. According to Landeta, Salamea and Montecé (2019) the origin of social networks dates back to 1995 when Randy Conrads created a website called www.classmates.com, which sought to connect alumni of schools, colleges and universities, giving value to the number of connections and friends in common that users had, it became attractive to connect in this type of websites.

There are currently around 482 million social network users worldwide. According to Tello and Pineda (2017) the countries that have achieved the highest growth in the area of e-commerce are China, Japan, Singapore, Taiwan, Hong Kong, South Korea, Vietnam, India, among others. In Latin America, the Internet penetration rate is 60% in the countries of the region. Brazil and Mexico are among the countries with the highest internet penetration in the region with 70.2% and 66.5% respectively (Garzón, 2019).

In Ecuador, Internet penetration is 57.3%, there are 10.17 million Internet users who connect from any device, the average annual growth of users is 1.5%, that is, 147 thousand, and 98.0% of users access their social networks through mobile devices.

Ecuador is governed according to the Community Statistical Program of the Andean Community of Nations (CAN) for the classification of companies according to their size, for the case of microenterprises according to the CAN (2017) in Resolution 1260 are considered as such those companies that meet three requirements: a) have employed personnel from 1 to 9 collaborators; b) the gross annual sales value must not exceed USD 100,000; and, c) the amount of its assets must be up to USD 100,000.

This research aims to conduct a descriptive research and literature review on the impact of social networks as a means of communication in microenterprises in the commercial sector of the city of Guayaquil, since technological progress is inescapable and connects everyone, microenterprises are not exempt from adapting to the use of ICT and social networks as channels of internet and external communication.

MATERIALS AND METHODS

A qualitative, descriptive, analytical-synthetic and bibliographic methodology was applied, where the sources of information were books, scientific journals, databases and other research works.

According to Villón (2021) who cites the Superintendencia de Compañías, Guayaquil or the Greater Guayaquil area as it refers to the cantons of Guayaquil, Durán, Daule and Samborondón, concentrates 37% of the companies at the national level of which 91.9% are microenterprises, and of these 51.88% are engaged in commercial activity. (Quisnancela & Jácome, 2021)

By May 2021 according to data from the Chamber of Commerce of Guayaquil (2021) the port city recorded total local sales of US\$ 22,188 million compared to US\$ 14,173 million in 2020. The commerce sector was one of the hardest hit by the pandemic, registering losses of US\$ 10,687 million between March 2020 and May 2021.

The commerce sector in Guayaquil is one of the sectors that generates the most suitable jobs, since 18% of suitable jobs are in this sector.

In Ecuador, due to the penetration of the Internet and the use of technology in society, the number of users in the country has increased. Despite this, due to digital illiteracy or lack of knowledge about the available resources, not all businesses know how to take advantage of these tools.

Information and Communication Technologies (ICT) allow society to communicate and innovate in social, labor, personal and commercial matters, to such an extent that it is now difficult to conceive the idea of commerce without the use of these tools.

Traditional commerce has now been relegated mostly to the background due to social needs and the use of digital media for advertising and marketing has become a priority for business survival.

On the other hand, according to Castaño and Jurado (2016) from the growth of e-commerce and new technologies in the world, the means by which traditional marketing techniques and methodologies are applied have migrated to the digital field.

According to Selman (2017) digital marketing consists of marketing strategies applied to a virtual environment in which users can interact with the company and consult recommendations with other users. This generates user traffic that ends up becoming a communication network between customers and companies where information is very valuable.

For Salazar, Paucar and Borja (2017) is the application of advertising and commercial strategies through digital media, on the one hand it is nothing more than the translation of traditional techniques applied in the virtual environment. However, in digital marketing, the presence of tools becomes extensive due to the wide volatility and innovation of techniques, tools, media, channels and methodologies.

Zamora (2019) quotes Boyd and Ellison (2007) who mention that social networks are technological resources of great importance, both for consumers and individuals in general and for organizations, because they establish a communication bridge between them and generate new networks between companies and between users. On the other hand, they are tools of persuasion for users so that companies can market their products or services.

Therefore, social networks allow structuring communication networks, however, they are also used to market and also to create and develop a brand image and trust within

a network, which requires strategic and systematic planning in order to obtain expected results.

According to Harris and Rae (2009) the application of social networks in companies is growing due to the informative and commercial potential they have because of their great impact and reach; users are increasingly exposed to large amounts of information on a daily basis, making them a great marketing channel. For SMEs, this type of channel becomes a very important tool due to its low budget with a good impact for the development of the brand and products.

In marketing and communication, it is beneficial for SMEs because it allows them to generate market positioning strategies. In addition to having a direct and indirect channel of communication with customers, which facilitates the process of research, development and innovation, it is also a key factor in marketing strategies because they are feedback channels for companies when generating new strategies, campaigns, promotions and other decisions inherent to marketing, because you can get an overview of the opinions, tastes, criticisms of customers and the perception they have about the brand and products.

It is also applied for market research and feedback or level of satisfaction of users or customers to products offered, as well as perception and analysis of product improvements, it is not only a communication channel, it is a comprehensive tool that facilitates the processes of improvement and positioning, as it allows interaction between users, potential and target consumers, the company and suppliers. (Zamora, 2019)

Therefore, nowadays the presence of a digital spokesperson has become one of the most needed careers in the field of marketing due to the need of companies to have personnel specially assigned to the interaction and generation of content for social networks, who are able to guide users and filter complaints, opinions and suggestions. (Romero, 2016)

According to the Adevinta Spain study (2021) currently the use of social networks is not only based on entertainment content, it is also an informative medium that spreads massively and virally compared to other existing media. Its application in digital marketing and commerce at present is not only related to publish infographics, advertising images, it is more than that, now there are snacks contents that are short content with great visual impact such as instagram reels, tik toks or YouTube Shorts that can be from image collage to videos.

Affiliate Shops on Instagram is also in the pipeline, which will allow users to find products to recommend from various brands and earn commissions for this activity. The use of live videos for the launch of new products, brands or even for last-minute promotions or sweepstakes has become a trend in digital marketing through social networks.

In the future, the development of the Facebook Metaverse will be a new experience for commerce and digital interaction between users and companies, due to augmented virtual reality.

For Jones, Borgman and Ulusoy (2015) the use of social networks and websites in the development of microenterprises is favorable, because it allows them to be better

known locally, in addition to facilitating and increasing the network of contact with suppliers and users, as well as improving sales, and forces microentrepreneurs to improve the content they promote, which also intervenes in the improvement of the products and services offered.

In the study conducted by McCann and Barlow (2015) determined that microenterprises that do not apply social networks or other technological tools lost value and sales over time, on the contrary, those SMEs that use social networks had better return on investment.

According to Hassan, Ahmad and Shiratuddin (2015) SMEs are constantly undergoing innovation and improving competitiveness due to the Internet and globalization, which is why the use of social networks is an effective and accurate tool for this business sector that does not have large budgets to afford a group of marketing professionals or technology for the development of large advertising campaigns. However, social networks are tools of easy access and application.

Balan and Rege (2017) indicate that more and more microenterprises are implementing social networks for communication between employees, suppliers and customers, being a global communication network it is easy for SMEs to analyze and know the preferences, tastes, suggestions of consumers which facilitates constant feedback to maintain innovation and continuous improvement.

Poon and Swatman (1997) indicate that in Australia they identified an increase in revenues, an improvement in information management and facilitated a communication network between internal company applications and inter-organizational functions, improving company performance.

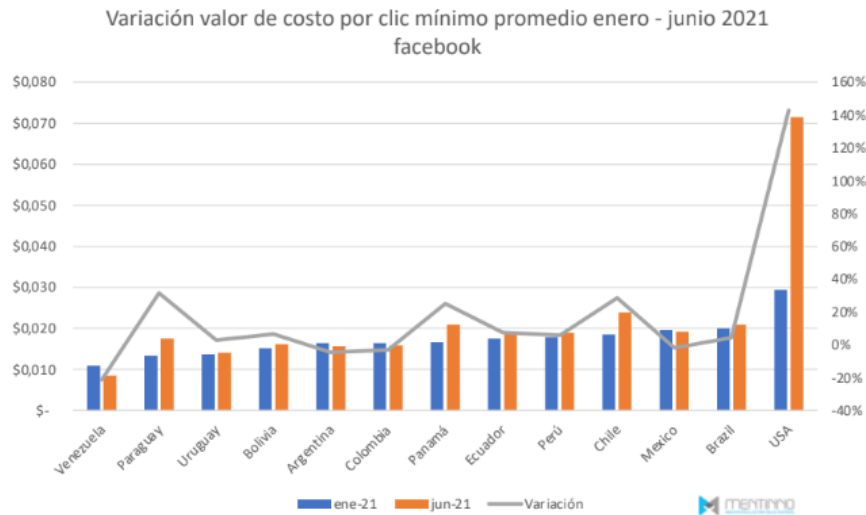
According to López, Beltrán, Morales and Cavero (2018) for 2012 the International Center for Higher Communication Studies of Latin America conducted the Digital Media Map of Ecuador, which mentions that **the most used social networks are** Facebook, followed by RSS, JustinTV, Ustream, Google, YouTube, Twitter. According to data from the National Institute of Statistics and Census (INEC) in 2015 Facebook is the most used application by citizens, followed by WhatsApp and Twitter.

According to the Branch website (2021) Ecuador has a population of 17.7 million inhabitants, of which 64.3% reside in urban areas of the country. 77.8% of the population has connected mobile devices, which represents 13.82 million active devices. In the country, there are 10.17 million internet users and 14 million profiles in social networks, representing 78.8% of the population. Compared to 2020, which was a year of digital immersion caused by the Covid-19 pandemic, the digital population increased by 1.5%, that is, about 147,000 inhabitants joined the Internet as users, so profiles in social networks increased by 2 million or 16.7%. The most used pages or social networks are Facebook, Instagram, Tik Tok and Twitter, the average use of networks such as Facebook is 18.50 minutes a day, being the network that most captures the time of Ecuadorians.

Figure 1. Audience in social networks of Ecuador 2021

Taken from (Branch, 2021)

According to Del Alcázar's research (2022) 35% of Internet users are in the province of Guayas, followed by 20% in Quito, 8% in Azuay and 37% in the rest of the country. The average use of applications and websites most used is Facebook with 18.17 minutes per day, YouTube with 19.43 minutes per day, Google with 17.26 minutes per day and Mercado Libre with 5.51 minutes per day. Within the most used social networks are Facebook with 13.7 million users, Instagram with 5.8 million, Tik Tok with 3.76 million, WhatsApp with 3.3 million, followed by LinkedIn with 3.2 million, Twitter with 1.5 million, Pinterest with 1.3 million and Snapchat with 0.26 million users. Of these, 20.41% of Facebook and Instagram users are located in the city of Guayaquil and 16.95% in the city of Quito, being the cities with the highest concentration of users nationwide. By the end of 2021, USD 104 million were invested in social networks, which represented a 17.1% growth compared to the previous year, while the investment in first searches in web browsers was USD 62 million, i.e. 22.1% more than in 2020. In Ecuador, the average cost per minimum click in June 2021 was USD 0.019, 74% lower than the average in the United States and 121% higher than in Venezuela.

Figure 2. Variation in the average cost per click value January-June 2021 on Facebook.

Taken from (Del Alcázar, 2022)

At the commercial level 49% of users prefer to buy through social networks such as WhatsApp, 49% through shopping or delivery applications such as Shein, Amazon, Uber Eats, Pedidos Ya, among others; and on websites such as Mercado Libre. Digital sales in Ecuador in 2019 were USD 1.6 billion, by 2020 they were USD 2.2 billion, so there was an increase of 54% of online purchases, of which 13% of these were first online purchases by the user. With respect to 2021, there was a 23.9% increase in e-commerce sales compared to 2020. The average expenditure per user in e-commerce is USD 340.01 per year. (Del Alcázar, 2022)

According to Michelena, Muñoz, Puente and Ribadeneira (2021) in the study entitled Digital Agenda Ecuador 2021-2022 mention that according to INEC data 91.55% of companies in Ecuador are classified as **microenterprises**, so the adoption of ICTs for production processes is essential as it promotes the increase of the company and improves organizational methodology, however, despite the fact that they use basic ICTs, investment in this area does not exceed 50% of the total number of companies surveyed. They also mention the main benefits of ICTs in microenterprises such as customer management, order control and follow-up, sales support service, research and development, ICT investment for these purposes varies between 22% and 36%, which shows the lack of use of these tools in microenterprises, Despite the high penetration of ICTs in MSMEs, ICTs are not used in the most optimal way, because only 17% of the companies surveyed in Ecuador carried out transactions over the Internet, of which 15% made purchases and 8% sold products or services.

At the level of microenterprises in Guayaquil, the lack of technological tools interferes with the economic and financial development of companies in this sector, digital communication channels and research and development technology, this due not only

to the lack of budgetary planning, also to the lack of knowledge and absence of strategic and organizational models. (Silva, Flores, Montalván, & Alejo, 2018).

RESULTS

The main results of the research are based on the fact that in Ecuador the internet penetration is 79% according to INEC. (2022)

In the city of Guayaquil according to data from INEC (2021) there are 25.8 thousand companies of which 78.46% are microenterprises. According to Michelena, Muñoz, Puente and Ribadeneira's research, microenterprises make use of microenterprises in Guayaquil. (2021) microenterprises make use of basic ICTs, however only 22% or 36% invest in the digitalization or automation of commercial activities, marketing or internal communication. On the other hand, 15% of microenterprises purchased through the Internet and only 8% made sales. As mentioned by Silva et al. (2018) the main problem of MSMEs in the city is related to the lack of ICT implementation, digital illiteracy and the lack of optimal use of these digital tools.

On the other hand, although the growth of digital platforms for marketing increased in SMEs, it was due to the confinement by the SARS-Covid-19 pandemic that microenterprises were forced to adopt new technological strategies to survive the pandemic, since, due to the confinement, traditional or face-to-face sales remained in the background. Thus, microenterprises resorted to delivery platforms such as Glovo, Pedidos Ya, Uber eats, which increased their downloads by 200%; and social media profiles, such as social networks. (Ekos, 2020) and profiles on social networks such as WhatsApp increased by 1.5% compared to 2019. (Branch, 2021)

DISCUSSION

Therefore, the use of social networks in the performance and development of microenterprises in the city of Guayaquil is as important as other factors for the development of these, because they not only provide benefits such as improving communication, serve as a source of continuous feedback, market positioning and marketing tool, but also as a more complete tool that will allow MSMEs to survive in the market, position themselves, grow and innovate, because it is necessary to always be aware of trends, changes in payment preferences, communication, consumption, among others.

But despite this, it should be noted the little use as mentioned by Silva et al. (2018), since not knowing the use of social networks, or the benefits it brings does not allow the full development of MSMEs, because the use of ICTs is limited to their most basic functions as communication tools and not as comprehensive technological tools with which you can not only perform deep analysis for decision making, also plan budgets, marketing strategies, and digital marketing, create customized reports suitable for the needs of business owners, among others.

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