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THE EFFICIENCY OF PROMOTION OF GOODS AND SERVICES THROUGH SOCIAL NETWORKS: A STUDY BASED ON THE PRACTICE OF SMALL AND MEDIUM ENTERPRISES IN MOLDOVA

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Abstract: *With the increasing popularity of social networks among users, studying their use for marketing purposes by small and medium-sized enterprises (SMEs) is particularly important. The article is based on a study of the communicative performance of SMEs in social networks on the example of 50 commercial trade and the provision of services companies from Moldova. The quality, coverage, and number of reactions to advertising posts were analyzed. Even though SMEs use social networks for marketing purposes, they are not entirely oriented to modern trends and create publications chaotically. On average, a large number of subscribers get low organic reach and low efficiency in their marketing activities. It was concluded that SMEs need to ensure the brand's presence on various social media platforms because, in current conditions, Internet platforms can most quickly and cost-effectively increase consumer awareness of the brand.*

Key words: *social media marketing, small business, promotion efficiency*

JEL CLASSIFICATION: M31.

INTRODUCTION

The Covid-19 pandemic and the isolation of people and businesses have mainly influenced the growth of interest in Internet marketing and social media marketing (SMM). The need for companies to survive in difficult conditions has accelerated the growth of online commerce, and there has been a shift from classic offline shopping to online. To avoid losses, the offline retail business was forced to get involved in the development of digital marketing: small companies created and began to promote social media accounts, and large companies began to accelerate the integration of their applications.

Social networks have significant potential for marketers, as they cover audiences of millions. The average screen time for social networks continues to increase, and the number of users skyrockets by tens of millions per code. Social networks provide direct access to the audience without restrictions on location and time. A rich set of social media tools allows you to properly segment the audience, quickly and easily create content, process, develop and launch advertising campaigns, and view statistics. The accessible interface enables users to advertise their projects on their own without the need to involve advertising companies.

According to AppDynamics, a large cloud technology company, 65% of offline retail companies in 2020 implemented delayed IT projects. A study by Coffee Analytics and Scanners showed that social media users increased dramatically in the first weeks of self-isolation. Still, after

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a month, there was positive growth in social media users. According to Global Digital, almost half a billion new users signed up on social media in 2021.

In recent years, not only has the interest of ordinary users and businesses in social networks changed, but content consumption has also changed. Increasingly, social networks act as search engines, where users search for goods and services, information about companies, and video feeds such as Reels, Shorts, and TikTok have become a substitute for television. Major social networks such as Instagram are changing their rules to be more convenient for smaller publishers, including small businesses. The level of trust in information on social networks is higher than on commercial sites, and consumers are more likely to trust information from users like themselves. Social media has made the human factor incredibly influential in the extended marketing mix.

SMALL AND MEDIUM ENTERPRISES IN MOLDOVA

According to the National Bureau of Statistics, microenterprises account for 97% of Moldova's total number of small and medium-sized enterprises. Following Law no. 179 of 21.07.2016 on small and medium-sized enterprises, a micro-enterprise is an enterprise with no more than 9 employees, an annual turnover of up to 9 million lei or a total amount of assets owned by it up to 9 million lei. National strategies for the last 10 years have contained goals for the digitalization of business (Digital transformation strategy of the Republic of Moldova for the years 2023–2030, Digital Moldova Strategy 2020), and state organizations for the development of the small and medium-sized enterprises sector, such as EDO (Entrepreneurship Development Organization), allocate significant funds to support the digitalization of small and medium-sized enterprises. However, the development of SMEs in Moldova faces several difficulties reflected in the statistics of business closures and relatively low economic indicators (BNS, 2022).

Obviously, in the context of the digitalization of the economy, the sustainability of SMEs largely depends on introducing new technologies in business process management and using the benefits of digital marketing. The statistics of recent years consider innovative marketing methods as one of the aspects of the creative activity of enterprises. However, the share of enterprises that use innovative marketing methods is tiny. The share of enterprises implementing organizational and marketing innovations is about 3% of the total number of enterprises (BNS, 2021).

Existing research highlights the benefits of digital marketing for SMEs, including the use of social media (Ignatieva, Zedgenizova, 2019; Aldarova, 2017; Vinokurova, Arbuzova, 2021). Social media promotes collaboration, information sharing, mutual trust, communication, and commitment among partners in the supply chain and improves the experience of suppliers and buyers (Trivedi & Malik, 2022).

Empirical evidence shows that SMEs' social media use falls into six categories: (1) branding, advertising and promotion; (2) improving community engagement and content sharing; (3) building trust and relationships; (4) reach of potential customers; (5) digital marketing trends, and (6) inexpensive content promotion and customization. However, achieving these benefits for SMEs is possible if social media marketing is done effectively and consistently (Berto Mulia Wibawa et al., 2022). Researchers note that there is a positive relationship between the level of education of SME owners/managers and the firm's online marketing activity (Civelek, 2020). In addition, empirical evidence shows that social media entrepreneurial marketing is not necessarily a productive approach for new firms or those operating under human and financial resource constraints (Fink et al., 2020)

Moldovan SMEs are increasing their online presence, including on social networks, but empirical studies on the effectiveness of their marketing activities are almost non-existent. This work aims to fill this gap partially. The purpose of the study is to analyze the marketing activities of Moldovan SMEs in social networks to determine the effectiveness of communication with customers.

RESEARCH METHODOLOGY

The object of the study was 50 commercial SMEs in the provision of car repair services and the sale of auto parts in Chisinau, operating on the market for at least five years. The study was conducted based on the analysis of social media posts by SMEs in June 2022.

Three social networks were selected for Moldova based on the data on the audiences of various social platforms: Facebook, Instagram, and TikTok. Youtube was not included in the study, as it is not exactly a social network. In addition, a preliminary survey showed that out of the entire sample, only a few companies have business accounts on this platform. However, they did not show any activity on it. According to marketing company NapoleonCat, Moldova has 1.96 million Facebook users, 1.05 million Instagram users, and presumably the same number of TikTok users in 2022 (NapoleonCat, 2022).

For each account, the number of publications for the selected period, the total number of reactions, the average coverage of publications, the maximum coverage of publications, and the maximum number of reactions were recorded.

To assess the effectiveness of promoting goods and services through social networks, the following indicators were calculated:

ER (Engagement Rate) – overall engagement score on a social media page.

$$ER = \frac{\text{total reactions}}{\text{number of subscribers}} * 100$$

ERR (Engagement Rate Reach), ER_{post} – the reach of a social media post.

$$ER_{post} = \frac{\text{reactions to post}}{\text{number of subscribers}} * 100$$

The engagement rate shows how the audience interacts with the content. This indicator is measured as a percentage of all actions to reach or the number of subscribers.

LR - attractiveness level

$$LR = \frac{\text{total number of likes}}{\text{number of subscribers}} * 100$$

To compare results, we tested one 48-second short video post that was posted to TikTok, YouTube Shorts, and Instagram Reels simultaneously. The video publication was devoted to some technical aspects of the work of one of the SMEs in the field of providing car repair services and the sale of auto parts in Chisinau. Testing was carried out for two days, from August 5 to 7, 2022.

RESEARCH RESULTS AND DISCUSSION

The study showed that in the period under review, only 29 out of 50 companies were active on social networks, and 21 companies did not create a single publication. Fifteen companies were active on Instagram and Facebook, four simultaneously on TikTok and Facebook, seven simultaneously on TikTok and Instagram, and only four were active on all three social networks under consideration. To calculate the coefficients, only the number of active accounts was taken into account.

The study found that most companies promote their content on Facebook and Instagram, and inactive companies do not own TikTok accounts. As a younger social network, companies use TikTok less commonly to promote products and services than others. It found that active accounts created Facebook and Instagram posts an average of 1-2 times a week, while companies that worked on TikTok posted content almost daily because Facebook and Instagram severely limit organic reach. Related to this fact is that, on average, the number of followers on TikTok is two more than on Facebook and Instagram. For example, for Facebook, organic reach is in the range of 5-7%. Instagram, being part of Meta, like Facebook, followed the same policy until mid-2022. At the beginning of October 2022, the coverage of subscribers was from 25% to 30%. The coverage also expanded due to accounts that did not subscribe to the profile, and the figure often does not exceed 5%.

According to the data (Table 1), the average reach of posts on TikTok is more than 20 times higher than on Facebook and Instagram. The average number of audience reactions to content for TikTok is 22 times more than Facebook and 73 times more than Instagram. The maximum reach of a single post on TikTok was 177,000 users, 95 times more than Instagram and 465 times more than Facebook. The maximum number of reactions per post on TikTok was 16035, almost 10 times more than Instagram and 16 times more than Facebook. The Love Rate for TikTok is 13 times higher than for Instagram and 61 times higher for Facebook, meaning content on TikTok evokes a more significant emotional response than on other networks.

Table 1. SME indicators in social networks

		Facebook	Instagram	TikTok
1.	Active accounts	21	21	7
2.	The average number of followers per account	2884	1916	4733
3.	The average number of publications per 1 month	6,6	6,1	27
4.	The average number of reactions per 1 month	490	149	11 000
5.	The average coverage of publications	645	752	13 462
6.	Responses on average	489	149	11 000
7.	Maximum coverage of 1 publication	380	1 852	177 000
8.	Maximum number of reactions per 1 publication	980	1 615	16 035
9.	The average LR Love Rate	0,16%	0,72%	9,76%
10.	The average ER	16,97%	7,78%	232,41%
11.	The average ERR	75,88%	19,81%	81,71%

Source: calculated by the author based on research

There were some deviations from the average performance of posts on Facebook and Instagram, and the variations were associated with paid promotion. Organic reach for paid-promoted accounts remained at a low level. For example, in the SST-Chiptuning account with 185 thousand subscribers, there are photo posts with 15 likes and one comment and videos with 502 likes and two comments, the maximum ER for such posts is 0.27%. Relatively high average and maximum organic reach were only available on TikTok. The maximum coverage and number of reactions for a single post on TikTok are orders higher than those for Facebook and Instagram. By Love Rate Engagement Rate, TikTok leads compared to Facebook and Instagram.

As for the latest ERR indicator - Engagement Rate by Reach - TikTok has the highest ERR, but Facebook's 75.88% indicator requires comment. It is essential to understand that ERR is a relative value and consists of absolute values, which in the case of Facebook are very low compared to TikTok and the high ERR is due to a small gap between the compared engagement and reaction numbers.

The "normal", "medium", "low", or "high" indicators will be different for each network. For this reason, selecting your own set of indicators for organizing activities in each social network is necessary. It is also necessary to compare the performance indicators of marketing activities in social networks with business indicators. Ultimately, marketing efforts aim to increase sales and promote new products and services. Large reach and high engagement, along with inappropriate content with a dubious degree of impact on the audience, can undermine the brand image, worsen the image, and therefore affect the decline in sales.

The rise of the TikTok concept has influenced the development of other platforms. Instagram adopted Reels in 2020 and changed the rules in 2022 to limit organic reach in favor of smaller content creators (with relatively few followers). YouTube also introduced Shorts in 2020. Reels and Shorts are almost identical to TikTok posts. Short video content has become more critical.

For testing, one 48-second short video post was selected that was posted on TikTok, YouTube Shorts, and Instagram Reels simultaneously. This publication showed that the TikTok network provides the maximum coverage of the audience of subscribers and gives access to a new audience. Publication coverage is not limited to the country of publication but is expanded to include users in other countries who may be potentially interested in this content (Table 2). TikTok content engagement rates are one or even two orders higher than YouTube Shorts and Instagram Reels. This applies to the publication's coverage, reactions of different types, and new subscribers.

Table 2. Coverage metrics on social media platforms (one video post, August 5-7, 2022)

		TikTok	Instagram Reels	YouTube Shorts
Subscribers		7200	125	52
	Subscribers RM	14%	78%	43%
	Subscribers RM	1 008	97,5	22,36
Coverage		1 400 000	232	6 300
	Likes	33 000	9	82
	Comments	333	0	0
	Reposts	416	0	3
	Conservation	1 713	0	
	New subscribers	2 120	18	11
Coverage	RM users	7%		
	RM users	98 000		

Source: calculated by the author based on research

The study clearly shows that in the category of short video content, TikTok is the leader in all indicators. Business activity within the already mastered social networks is relatively low due to the restrictions that social networks impose on organic (free) impressions. Younger social networks are much less often used by businesses to promote their brand and their products.

Because third-party marketing organizations' services are expensive, it is typical for SMEs in Moldova to promote themselves on social networks. An analysis of the accounts of SMEs shows that, in most cases, enterprises have a particular strategy in this direction. The objectives of the brand's presence in social networks and its positioning on these platforms are unclear.

CONCLUSIONS

Businesses use social networks to create accounts and publications, while SMEs are poorly oriented in modern trends; they make publications chaotically. Despite a large number of subscribers, SMEs get shallow organic coverage and low efficiency in their marketing activities.

The target audience spends a lot of time on social networks, and social media's organic reach is higher than other platforms. SMEs should pay more attention to creating and promoting content that better reveals the business itself, its products and services, goals, and values to the target audience.

For communication and cost-effectiveness of social media marketing, SMEs should have a clear strategy and tactics for managing the community. It is necessary to diversify social platforms, monitor trends and changes in user preferences, diversify content, and develop their resources - websites and instant messengers. It should be taken into account that all media resources are out of business ownership and can always be disabled or deleted by the social network.

The most significant players in the social networks and media markets, such as Instagram and Youtube, respond to changes in the needs and interests of the audience and make adjustments in their work and the entire concept of their platforms. In the same way, businesses must be ready to respond, change and redirect their content to new, more popular, and trending platforms, and create content in new formats.

TikTok, Reels, and Shorts (short-length videos) are essentially the same formats and do not require additional resources or effort to create. The business can produce content and host it across multiple platforms simultaneously, saving resources and maximizing the value of placement diversification and increased brand presence.

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