



Munich Personal RePEc Archive

**Importance of WhatsApp And Facebook  
Advertisement on small Business  
startups in Nigeria: A Case Study of  
Abuja Municipal Area Council**

Negedu, Godwin and Isik, Abdurrahman

Nile University of Nigeria

May 2020

Online at <https://mpra.ub.uni-muenchen.de/102029/>  
MPRA Paper No. 102029, posted 27 Jul 2020 14:15 UTC

# **JOURNAL ARTICLE**

## **IMPORTANCE OF WHATSAPP AND FACEBOOK ADVERTISEMENT ON SMALL BUSINESS STARTUPS IN NIGERIA: A CASE STUDY OF AMAC**

Godwin Negedu

Professor Abdurrahman Isik

### **ABSTRACT**

The purpose of this paper is to examine the importance of WhatsApp and Facebook advertisement on small business startups in Nigeria. Small and medium enterprises (SMEs) is widely belied to be an essential ingredient for economic growth, the performance of current policies are identified and proposals are offered to address the impediments.

This paper uses the Abuja Municipal Area Council as a case study. Appropriate literature has adequately reviewed; some citations and data were referenced to, Data was analyzed using statistical package for social sciences (SPSS) software, survey data was distributed to 438 respondents. The survey was carried out to get responses on the contributions, and impact of Social Media Advertisements on Businesses in Abuja Municipal Area Council of Nigeria.

The result of the survey analysis came out in the form of frequency tables, bar charts and histogram, and a detailed summary was carefully explained by researcher afterwards. The study showed that social media advertisements not only has a positive impact on business growth in Nigeria but has the potential to improve ease of doing business in Nigeria if research recommendations are followed and adequate improvements are made.

The government needs to ensure low-cost tax-free online advertisement for startup businesses. Improvements in internet infrastructure will significantly reduce overhead costs for business owners and help startup businesses to grow.

The paper explains the potential benefits of important policy improvements and the current impact of low-cost online advertisement in Nigeria

**Keywords** – Nigeria, Entrepreneurship, Business Startup, Online Advertisement, WhatsApp, Facebook, Policy, Economic growth, Internet.

## INTRODUCTION

This paper seeks to study the economic impact that the internet, specifically websites and social media, have on small businesses. It aims to study the benefits available from the use of the internet and social media sites for businesses in Nigeria. Firms have been affected by the global recession, so they have developed many low-cost strategies and looked for new tactics for this global challenge (Nory, 2015). While they are searching for new tactics, one of the most conspicuous tools which firms have used to get their goals is social media. Social media, which begins as an entertainment tool, has become the most recent marketing phenomena in Nigeria because of its remarkable advantages in the business area. Social media has a unique feature of time, audience, relations and cost advantages. For a developing country like Nigeria, a low cost of business marketing is consequential to the economy. Communication of brand product and reviews of past users help create a favourable or less favourable image for those who read the information posted and consider them in the information or purchase.

Online sites like blogs and facebook in 2004, and their increased popularity, lead marketers to recognize the potential of low cost online marketing. Online advertisements on platforms like Facebook and Whatsapp enables businesses to reach customers worldwide, to carry out satisfaction survey, and customers go through review, select products online and purchase products & services online from businesses around the world. (Ramesh, 2019).

The change of marketing preference over the years followed from favourable customer attitude towards media marketing, cutting edge computer algorithms employed by companies like facebook.

Currently, a great majority of marketing experts utilize social media as part of their product marketing strategies, and successful businesses utilize social media marketing for services marketing, branding, lead generation, customer retention, and research. Not only do social media management to significantly reduce marketing expenses and the time needed to market products and services, it also increased the effectiveness of marketing and overall customer satisfaction. This helped companies retain more of their customers, resulting in increased existing customer transactions. Online media companies like Facebook not only advance socially prized information and socially accepted behaviors, It makes effort to integrate marketing principles, ideas, tools, techniques and socially important concepts to promote communication and benefit society (Shraddha, 2018).

## **STATEMENT OF THE PROBLEM**

Marketing plays a vital role in the life of a business, especially in business startups. Due to its low popularity cost and widespread use, social media has been seen as a new platform and has been successfully used as a competitive marketing weapon by business firms (Shahizan, 2015). As more Nigerian business startups turn to social media to fulfill their marketing needs, the impact of social media marketing on businesses in Nigeria has to be called into question. This paper investigates how well social media satisfies the advertisement needs of startup businesses as opposed to traditional methods of marketing in specific areas of cost reduction and awareness creation. It also investigates how well Nigerians are utilizing the unique opportunities presented by social media advertisement, especially Facebook and WhatsApp advertisements in areas like business awareness, and startup cost.

## **LITERATURE REVIEW**

Many theories have been propounded to understand essential concepts related to Social Media advertisement, some of them include.

**Social Marketing Theory:** The theory had its roots in the 1970s when marketing techniques were realized to sell ideas, attitudes and behaviours rather than products it also encompasses the concept of “Edutainment” (Education and Entertainment). The theory was proposed by Philip Kotler and Gerald Zaltman, which is now being used by social and welfare organizations (Shraddha, 2018). Both socially valuable information and socially accepted behaviours were promoted. It also integrates principles, marketing ideas, tools, socially beneficial concepts and techniques to promote communication and benefit society. It is almost impossible today to find a society unaffected by electronic media, the media enjoys tremendous attention and audience, and It is estimated according to comScore’s 2017 cross platform future in focus report, a third of earth’s population spend over 17% of their time on their media devices and in turn over 70% of the time spent on this media devices are spent on social media. The study tries to find out how exploitation of this facts have improved the growth of businesses in Nigeria for Whatsapp and Facebook in particular.

**Empirical Literature:**

A wealth of research has been documented in this work. Among these research include is the work of Bajpai et al. (2012) which said that Social media had become a platform that is easily accessible to anyone with Internet access. SME uses social media for strategic functions like a customer and internal communication (Ismawati, 2013). Increased communication for organizations fosters brand awareness and most times, improved customer service (Rana, 2014). Several studies examined the use of Facebook among SMEs and found SMEs used Facebook for various organizational objectives such as marketing, communication, sales, advertising, innovation, problem resolution, customer service, human resources, information technology, driving cultural change (Bhanot, 2012). The work of Bajpai et al. (2012) said that Social media had become a platform that is easily accessible to anyone with Internet access. SME uses social media for strategic functions like a customer and internal communication (Ismawati, 2013). Increased communication for organizations fosters brand awareness and often, improved customer service (Rana, 2014). Some studies investigated the use of Facebook among SMEs and found SMEs used Facebook for various organizational objectives such as marketing, communication, sales, advertising, innovation, problem resolution, customer service, human resources, information technology, driving cultural change (Bhanot, 2012).

## **METHODOLOGY**

The methodology employed in this research comprises a combination of questionnaire, library and desk research. The questionnaire was designed for SME owners. A pilot survey was conducted along with strict supervision, in order to identify and detect any questions that were not easily understood or poorly constructed and even those that were irrelevant or scary to the respondents. The entire questionnaire was refined and improved upon to take care of the observed shortcomings, enhance the validity, and make the questions easier to answer and more response-friendly. Due diligence on the study was thoroughly carried out, and libraries were adequately consulted in order to read up some materials on Social Media's roles, contributions and place in economic development and growth of many small businesses, both developed and developing. Many books, publications, journals, magazines, International Labor Organizations (ILO) and United Nations Development Program (UNDP) reports and newspapers were massively read, relied on and utilized in the course of this research, especially during the literature review. These sources helped a great deal in providing relevant information and data regarding developments in the SME sub-sector. These also aided the study in constructing the questionnaire. The library of Nile University of Nigeria was particularly helpful.

## RESULTS AND DISCUSSION

The responses of the 438 participants to the nine (9) questions stated in the questionnaire were keyed into the system and analyzed using statistical package for social sciences (SPSS). The bulk of information and data generated were frequency tables numbering about 9 representing the distribution of responses to each of the questions.

### No. of Employees

	Frequency	Percent
Valid One	195	44.5
10 or less	200	45.7
11-20	31	7.1
20+	12	2.7
Total	438	100.0

Source: SPSS Version 22

The table above shows that 44.5% of respondents had just one Employee, while 45.7% had Employees of in between 10 or and less, 7.1% had Employees of in between 11 or and 20, while the remaining 2.7% had Employees of over 20.

### Good Rate of Social Media Utilization

	Frequency	Percent
Valid Strongly Disagree	2	.5
Disagree	45	10.3
Undecided	92	21.0
Agree	218	49.8
Strongly Agree	81	18.5
Total	438	100.0

Source: SPSS Version 22

From the above statistics, 18.5% strongly agreed that they had Good Rate of Social Media Utilization, 20% agree, 22% were undecided, 20% disagree, and 4% strongly disagree.

**Business Experience**

	Frequency	Percent
Valid One Month	78	17.8
10 Months or Less	71	16.2
1-2 Yrs	111	25.3
2 Years +	178	40.6
Total	438	100.0

Source: SPSS Version 22

The table above shows that 17.8% of respondents had been in business for one month, 16.2% of respondents had been in business for ten months or less, while 25% had been in business for 1-2 years, while the remaining 40% had been in business for 2 years or more.

**Online Advert Raises Awareness**

	Frequency	Percent
Valid Strongly Disagree	2	.5
Disagree	44	10.0
Undecided	94	21.5
Agree	228	52.1
Strongly Agree	69	15.8
Total	438	100.0

Source: SPSS Version 22

The above statistics show that 15.8% of the respondents strongly agree that online advert raises awareness, 52.1% agree, and 0.5% strongly disagree that online advert raises awareness.

**Online Advert Saves Cost**

	Frequency	Percent
Valid Strongly Disagree	3	.7
Disagree	43	9.8
Undecided	95	21.7
Agree	209	47.7
Strongly Agree	87	19.9
Total	438	100.0

Source: SPSS Version 22



From the above statistics, Online Advert Saves Cost has been strongly agreed by 19.8%, 47.7% agree, 21.7% were undecided, 9.8% disagree, and 0.7% strongly disagree.

**Online Advert is Necessary for Growth**

	Frequency	Percent
Valid Strongly Disagree	1	.2
Disagree	42	9.6
Undecided	103	23.5
Agree	221	50.5
Strongly Agree	71	16.2
Total	438	100.0

Source: SPSS Version 22

From the above statistics, Online Advert is Necessary for Growth has been strongly agreed by 16.2%, 50% agree, 23.5% were undecided, 9.6% disagree, and 0.2% strongly disagree.

**Online Presence improves customer experience**

	Frequency	Percent
Valid Strongly Disagree	1	.2
Disagree	41	9.4
Undecided	97	22.1
Agree	227	51.8
Strongly Agree	72	16.4
Total	438	100.0

Source: SPSS Version 22

From the above statistics, Online Presence improves customer experience has been strongly agreed by 16.4%, 52.8% agree, 22.1% were undecided, 9.4% disagree, and 0.2% strongly disagree

**Preferred Advert Network**

	Frequency	Percent
Facebook	234	53.4
WhatsApp	191	43.6
Others	13	3.0
Total	438	100.0

Source: SPSS Version 22

The table above shows that 53.4% of respondents Preferred Facebook, while 43.6% Preferred 10 WhatsApp, 3.0% preferred others.

**Online Advert is indispensable for Startups**

		Frequency	Percent
Valid	Strongly Disagree	3	.7
	Disagree	44	10.0
	Undecided	87	19.9
	Agree	203	46.3
	Strongly Agree	100	22.8
Total		438	100.0

Source: SPSS Version 22

The above statistics, 22.8% of the respondents strongly agree that Online Advert is indispensable for Startups, 18% agree, 19.9% were undecided, another 10% disagreed, and 0.7 strongly disagreed.

**Chi-Square Tests**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1058.919 <sup>a</sup>	16	.000
Likelihood Ratio	749.727	16	.000
Linear-by-Linear Association	354.776	1	.000
N of Valid Cases	437		

- a. 0 cells (0%) have expected count less than 5. The minimum expected count is .01.
- b. Based on 437 sampled tables with starting seed 299883525.

With a degree of freedom of 16, at 0.05% level of significance, the chi-square test proves the significance of the responses.

The result presented above showed that there exists a positive relationship between improvement in the social media networking of a nation and small and medium scale businesses growth in Nigeria. The result indicates that an improvement in social media advertisement would improve the businesses of over 65% of the respondents, and according to 67.9% of respondents believe that social media advertisement and

business awareness. The empirical findings also showed that social media advertising has a significant impact on the growth of businesses in Nigeria.

## **CONCLUSION**

The study has shown that social media advertising has a significant role in the actualization of Nigerian SME potential. In developed countries, substantial investments in the homegrown social network have led to groundbreaking impacts and development of businesses and startups. Also, the study has confirmed the expectation that online advertisements lead to a proportionate increase in awareness for over 67.9% of the respondents. We also discovered that most businesses are yet to fully utilize the opportunities presented by online adverts for the growth of their business; over 68.2% of respondents asserted that their online presence had improved customer experience. Also, over 66.7% of respondent believed that online advertising is necessary for businesses growth. Notable findings from the review of related literature highlighted showed that social media is most effective in countries with a homegrown customized social media platform, for instance, Facebook connects over 1.5 billion businesses to customers each month in the United States, and China's Weibo and Russia's VK connects over 500 million businesses each month. Based on the responses received from the survey data, coupled with the research findings, improving the social media advertisements in Nigeria is almost certain to increase the growth of businesses in Nigeria.

## **RECOMMENDATIONS**

The study has shown the various areas through which social media affects the growth of businesses in Nigeria. The study also showed the inadequacies of social media advertising in a country without a custom-built social network, thus also calling for an improvement in this area. Also, the study realizes the fantastic impact of social media platforms in countries with a homegrown social media platform, and therefore recommends that the government should promote and invest in our home built social media platforms, and also the government should limit the amount of tax charged to startup businesses seeking to advertise their business online. The Nigerian governmental authority should also reduce the stratospherically high cost of licensing required for high tech Nigerian startups with electronic trading abilities, and guarantee trust between buyers and sellers.

## REFERENCES

- Abed Abedniya and Sahar Sabbaghi (2010). The Impact of Social Networking Websites to Facilitate the Effectiveness of Viral Marketing. *International Journal of Advanced Computer Science and Applications*, Vol. 1, No.6.
- Agwu Edwin and Omozyza Icha (2016). Effectiveness of Social Media Networks as a Strategic Tool for Organizational Marketing Management. *Journal of Internet Banking and Commerce*, Jan, Vol. 21, no. S2 Special Issue: Recent Research on E-commerce and M-commerce.
- Amber King (2019). Small Business. <https://smallbusiness.yahoo.com/advisor/evolution-social-media-marketing-043109995.html>
- Bhanot, S. (2012), "Use of social media by companies to reach their customer", *SIES Journal of Management*, Vol. 8 No. 1, pp. 47-55.
- Bhanot, S. (2012), "Use of social media by companies to reach their customer", *SIES Journal of Management*, Vol. 8 No. 1, pp. 47-55.
- Bhanot, S. (2012), "Use of social media by companies to reach their customer", *SIES Journal of Management*, Vol. 8 No. 1, pp. 47-55.
- Bajpai, V. Pandey, S. and Shriwas, S. (2012). Social media marketing: Strategies and its impact. *International Journal of Social Science and Interdisciplinary Research*, 1 (7).
- Bhanot, S. (2012). Use of social media by companies to reach their customer. *SIES Journal of Management*, Vol. 8 No. 1, pp. 47-55.
- Devon Glenn (2012). The History of Social Media from 1978 – 2012. *Infographic* <https://www.adweek.com/digital/the-history-of-social-media-from-1978-2012-infographic/>
- Rana Zehra (2014). Social Media Marketing-A Tool of Innovative Marketing *Journal of Organizational Management J. Org. Management* 3(1), 01-07, 2014
- Shraddha Bajracharya (2018). Social Marketing Theory. <https://www.businessstopia.net/mass-communication/social-marketing-theory>

- Sulaiman Ainin and Farzana Parveen. (2015). Factors influencing the use of social media by SMEs and its performance outcomes.
- Keith Terrell (2016). History Cooperative Article <https://historycooperative.org/the-history-of-social-media/>
- Muhammad Saarim (2016). Impact of Social Media Applications on Small Business Entrepreneurs.
- Nkiru Esther (2015). Social Media Advertising/Marketing: A Study of Awareness, Attitude and Responsiveness by Nigerian Youths. *International Conference on Communication, Media, Technology and Design 16 - 18 Dubai – United Arab Emirates*.
- Nory Jones (2015). Impact of social media on small businesses. *Journal of Small Business and Enterprise Development*, Vol. 22 Issue: 4, pp.611-632, <https://doi.org/10.1108/JSBED-09-2013-0133>
- Omotayo Adeniyi Adegbuyi and Akinyele and S.T. Akinyele (2015). Effect of Social Media Marketing on Small Scale Business Performance in Ota-Metropolis, Nigeria August
- Siti Zaleha (2015). Strategic Use of Social Media for Small Business Based on the AIDA Model.
- Ismawati Jaafar (2015). Factors Influencing the Use of Social Media by SMEs and Its Performance Outcomes. *Industrial Management & Data Systems*, Vol. 115 Issue: 3, pp.570-588, <https://doi.org/10.1108/IMDS-07-2014-0205>

## Questionnaire

This questionnaire is designed to help get survey responses on the importance of Social Media Advertisements on Businesses in Abuja Municipal Area Council of Nigeria.

### A. Recipient Data

I. Name \_\_\_\_\_ of \_\_\_\_\_ enterprise

.....

II. Contact

Email.....

III. Business

Address.....

IV. Business

Venture.....

### B. Research Questions

#### 1. How many employees do you have?

A) One (1)..... B) 10 or less..... . C) 11-20.... D) 20+...

#### 2. How long have you been in business?

A) One month (1).. B) 10 months or less.. C) 1-2yrs.. D) 2yrs+...

### 3. What is your preferred Social Media Advertisement Site?

A) Facebook....   B) WhatsApp ...   C) Others .....

Please rate the following accordingly:

	Strongly Disagree	Disagree	Undecided	Agree	Strongly Agree
4) Online Advertisement have been a major cost saver for my business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5) Online Advertisement successfully improved my business awareness	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6) Online Advertisement have been a major factor in the growth of my business	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7) Online presence improved my customer experience	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8) My business relied heavily on online advertisements

9) Without social media I would've spent more on advertisements