Social Media Adoption Challenges of Small Businesses: the Case of Restaurants in the Cape Metropole, South Africa

Obiefula Nnadi Elvis Oji*
Faculty of Business and Management Sciences
Cape Peninsula University of Technology, South Africa
obiorji.orji@gmail.com

Professor Chux Gervase Iwu
Faculty of Business and Management Sciences
Cape Peninsula University of Technology, South Africa
iwuc@cput.ac.za

Dr Robertson Khan Tengeh
Faculty of Business and Management Sciences
Cape Peninsula University of Technology, South Africa
tengehr@cput.ac.za

Corresponding author*

Abstract

Regardless of the claim that there is a large uptake of social media, it is reported in both scholarly and mainstream media that more than half the world's population remains offline. Several fingers point in the direction of the high cost of devices, lack of infrastructure, and poor/intermittent supply from providers and many more as reasons for the low uptake. A major concern that emanates from this state of affairs, especially for small firms that have to embrace technology for its acclaimed virtues, is that they have to find creative ways of reaching out to their customers, expand their customer base and generally improve their businesses. Worryingly, considering the value of small businesses in a developing economy such as South Africa, there should be sustained inquiry into the factors that prevent small businesses from blossoming. This study examines social media adoption challenges of small businesses. The purpose of pursuing a study of this kind was based on, among others what is generally considered as: (1) the necessity of social media in business, and (2) the inevitability of social media. Specifically focusing on restaurants in the Cape metropole, the study applied the quantitative method to obtain data which were analysed using the Statistical Package for the Social Sciences (SPSS). Perhaps surprising, the results suggest that access to the internet in this digital age is one of the most prominent factors that inhibit the adoption of social media by the restaurants surveyed. Other factors include a limited understanding of the role of social media, the capacity of social media, marketing strategies and lack of interest. While there is the urge to associate non-adoption of information technology to limited education, this was not the case as most of the respondents were moderately educated with specific insights in marketing. With digital technology driving marketing efforts nowadays, clearly businesses that choose to ignore or optimally deploy this new media may suffer or continue to suffer excruciating losses.

Keywords: social media, marketing strategies, restaurants, South Africa

Introduction

Despite the increase in user benefits worldwide, it is estimated that more than half the world's population remains offline. Several reasons account for this and they include cost, lack of
infrastructure, and poor and or intermittent supply from providers and many more. The implication of this for the business sector is that businesses which rely on internet technology have to find creative ways of reaching out to their customers.

Social media have emerged as the medium for combating the problem of communication between businesses and their target markets thus providing an opportunity for direct marketing to customers. Several social media platforms are today in use by many businesses for various transaction purposes. The tremendous uptake of these platforms by businesses tends to suggest that they support the growth of business. In recent times, social platforms such as WhatsApp, Twitter, and Facebook have been propositioned by scholars (such as Kimani, 2014) as intermediaries for customer relations management. There are other well-known social media platforms such as Instagram, Snapchat, LinkedIn, and YouTube. What has become quite clear is that some social media platforms are more popular in some regions and businesses than others. For instance, a look at the Fig. 1 below shows Facebook as the app with most coverage, but as reported by dreamgrow.com (online), Odnoklassniki and VKontakte dominate in Russia.

![World Map of Social Networks](https://www.ajhtl.com/wp-content/uploads/2017/01/wm_social_networks-1200x800.png)

Figure 1: World map of social networks

 Basically, these platforms have now taken interventionist positions for businesses wishing to grow their clientele base.

Interestingly, early business management research including recent ones has identified the importance of marketing for small business. In South Africa, a lack of marketing strategies and skills has been found to contribute to business failure thus strengthening the argument that marketing must be done to support the growth of business (Scheers, 2010). In fact, as far back as 1997, Chaston found that small businesses in the United Kingdom could achieve growth through marketing and so recommended that owner/managers should not simply implement a marketing strategy without considering how it would impact the business. Recently, several studies have focused mostly on the use of social media for marketing purposes. For instance, Castronovo (2012) found that social media were utilized to achieve business growth by creating awareness, effecting sales and building loyalty thereby suggesting that social media
offer effective marketing opportunity when integrated as a marketing channel. However, studies on the factors that could hinder the use of social media for marketing purposes suggest that attitude of small business managers and or owners and their capability to successfully manoeuvre the application were some of the likely factors that could inhibit small businesses from using the platform (Kanchanatene, Suwanno & Jerernvongrayab, 2014).

Different failure rates have been suggested for small businesses. Some studies (see Bruwer and Watkins, 2010) have failure rates at between 70-80% for South Africa. Ahmad (2009) has suggested it is between 50-60% in Malaysia. What is common among the different research reports is that most small businesses struggle to survive their first five years. Many factors are responsible for this state of affairs. These range from poor financial management practices (Hyder and Lussier, 2016), inefficient operations management abilities (Titus, 2016) and issues with human resource management (Rahman, 2016).

The necessity for small businesses in both developed and developing countries cannot be overemphasised since they play a vital role in the economy. In fact, Kritikos (2014) declares that small businesses do not only offer succour to declining economies but to economies in excruciating circumstances, they offer the opportunity to move away from stagnation possibilities. Considering the value of small businesses in a developing economy such as South Africa, there should be sustained inquiries into ways in which to grow the economy. These can be for example, in the form of research projects, conferences, and seminars.

This study focused on the factors that discourage the use of social media among restaurants in the Cape Metropole in South Africa. A crucial element of this study is that it offers an opportunity to rethink strategic marketing plans of businesses, especially the ones within the hospitality sector. According to ILO (2010), the hospitality sector is highly labour intensive, and it is a major source of employment for a variety of jobs requiring different levels of skills. The ILO (2010) further notes that hotels and restaurants in developing countries generate as much as a staggering $260 billion annually.

**Literature Review**

**Social media marketing platforms usage and factors that might inhibit their use among small businesses**

According to the DTI in 2012, (cited by Ramukumba, 2014) South Africa has more than 800 000 small and medium enterprises (SMEs), with an estimated labour force of about 60%, and contributing up to 50% to the GDP. Hence, SMEs are key to economic growth, considering their unique ability to create employment opportunities. Despite all these beneficial attributes, small businesses are still confronted with widespread challenges such as dilapidated infrastructure, overbearing regulations, poor marketing techniques and funding. Smit and Watkins (2013) explain that poor managerial skills, lack of education and basic business training, as well as a lack of knowledge of marketing trends, all contribute towards small business failure. Poor market access and the failure to observe and implement some risk management strategies to avert internal and external risk factors, further increase the potential for failure of small business in South Africa.

Social media is defined as part of internet communication technology (ICT), built on the ideology and technological precept of Web 2.0, which allows the creation and exchange of generated content (Chu and Kim, 2011). Different social media marketing platforms exist namely Facebook, Twitter, WhatsApp, YouTube, Instagram, Linkedin and many others. These platforms offer users especially businesses competitive edge (Pradiptarini, 2011), by clarifying
customer needs – sharing personal information, understanding consumer behaviour through video posts (Nguyen, 2010). Facebook in particular has changed the way people communicate with others in the United States of America, and also changed the way companies attract and retain their clientele, by promoting their businesses on the platform (Leung 2012). In Kenya, a recent study by Waithaka, Muturi and Nyabuto (2014) found Facebook and Twitter to have impacted small businesses by improving communication between owners/managers and customers. According to Waithaka et al, the platforms were financially more cost effective than other media.

Another study in Kenya (Kimani, 2014) on the use and effect of social media for the growth of small business, confirmed that Facebook and Twitter had the most users among small businesses. Their study also showed that social media was a good way to share information among different social classes. The platform created product awareness, which could be used to track client experience and more active communication. However, they suggested that the combination of both traditional and social media could gain a wide selection of customers.

In addition, Jagongo (2013) found that the social media offered huge market access, which resulted in the significant return on investment (ROI) for small businesses. In a related study in South Africa, Khan and Karodia (2013) revealed a high rate of positive response about the usefulness of social media from respondents: 51% of these brands agreed that Facebook was an effective channel for marketing, 70% of respondents agreed that the platform was useful for public relations, 62% of the respondents suggested it was useful for marketing, and 43% agreed that it was useful for customer relations.

Notwithstanding the glowing benefits of social media for small businesses, there are obstacles to their optimal utilisation. Some of these obstacles pertain to lack of ability and time to use the platform (Michaelidou, Siamagka & Chistodoulides 2011; Werees 2012). Other obstacles include the lack of knowledge of what is appropriate for clients in terms of posts. For instance, Koshy (2013) reported that failing to transmit ‘culturally’ correct material on the internet could lead to drastic consequences by the United Arab Emirates government. The implication of a condition such as this is that businesses have to invest ample time to understand their clients so as not to offend them by posting inappropriate material.

In Thailand, Kanchanatanee et al. (2014) found that the attitudes of the small business manager, and the compatibility and perceived usefulness of social media marketing, are probably some of the factors that can prevent small businesses from adopting e-marketing. A study in South Africa by Ndlodo and Dhurup (2010) found that the factors which could inhibit small businesses from using electronic marketing include, amongst others, a lack of knowledge about the capabilities the platform could offer, technology incompatibility with the target audience, the stakeholder not being ready to use social media technology, a lack of orientation to, and misperception of social media.

The above challenges could be more severe for rural communities in South Africa. This can be in the form of lack of steady power supply, a high illiteracy rate, users’ acceptance and the standard of local content, and a lack of ICT equipment (Boateng, 2012).

**Methodology**

This quantitative study aimed to establish the factors that prevent restaurants from optimally utilising social media in the Cape metropole. The social media platforms used in this study were WhatsApp, Facebook and Twitter. The choice of these platforms was based on the popularity of the platforms among owners/managers. This was evident during our preliminary
interaction with the population. A large number of restaurants are located in the designated area. This has implications for data collection. Therefore, for the sake of expediency and efficiency, data were collected using a questionnaire.

**Data collection**

A respondent self-completed questionnaire was used to collect data. The questionnaire was designed bearing in mind the three focal social media sites of the study - Facebook, Twitter and WhatsApp. Interestingly, a pilot study which was conducted before the study took place, revealed the need to adjust the questionnaire because some of the items in the questionnaire were not properly phrased. This led to a significant review of the questionnaire. In reviewing the questionnaire, efforts were made to reduce the length by excluding some items. For instance, we noted that as a result of time pressures, questions should be direct, and short. The researchers’ also eliminated items such as owner’s business names/addresses as well as how long they had been in business. We gathered from the pilot study that those were too personal items. More importantly, the pilot study revealed the following: (1) there is no comprehensive, up-to-date directory of operators in the hospitality sector; (2) the most common social media apps in use among operators included WhatsApp, Twitter and Facebook.

Data were analysed descriptively using SPSS version 23. Presenting data descriptively affords a reader the benefit of reading material that has been simplified thereby conveying meaning (Hallett, 1997).

**Population**

The targeted population included all the restaurants in the Cape metropole. These comprised restaurants such as fast foods operators, pubs, pizzerias, seafood restaurant, and coffee shop operators. Because we could not get an updated all-inclusive catalogue of SME operators in hospitality sector, a target sample of one hundred restaurants was specified; whose owners/managers would be respondents. This paradigm has been used successfully in similar studies (see Bruwer, 2010; Maduekwe & Kamala 2016). The researchers therefore identified one hundred owners/ managers, who were deemed to be the decision-makers of the businesses. Again, the choice was based on the researchers’ reasonable assumption that they would have knowledge of social media and also might be familiar with the use of the platform in their trade.

**Sampling technique**

The purposive method of sampling was used to select one hundred restaurants in the Cape metropole. The objective was simply to draw from that part of the population which has the attributes to meet the researchers’ goal of enquiry (De Vos et al., 2011; and Maree 2007). This method was also deemed to be cost effective especially considering that with the respondents located in the same areas; accessibility was easier for the researchers. Bearing in mind that there was no comprehensive list of restaurant operations in the Cape Metropole, using other alternative sampling methods for instance random sampling was not an option. This technique has been extensively used by other researchers (see Monette, Sullivan & De Jong 2005).

**Findings**

First, the researchers needed to ascertain that we had the right target audience. And so we requested the participant to indicate their position in the business. With respect to the position
of the respondents in their business, the results show that 66.3% respondents were managers of the enterprise, while 33.7% were owners (See Figure 2). This confirmed that the appropriate respondents had been targeted, specifically owners and managers, whose function included decision-making about marketing.

![Position in the business](image)

Figure 2: respondents’ position in the business

**Respondents’ level of education**

Considering the focus of the study which was to uncover the obstacles to optimal use of social media platforms, we considered it necessary to determine the academic qualifications of the subjects. With regard to the respondents’ educational qualification, the result shows that only 3.2% of respondents had a doctorate (See Figure.3), while the rest had a matriculation exemption (40%), a diploma (29%) and a first degree (10.5%) respectively. Some respondents (11.6%) had completed short courses. Therefore, it could be argued that most of the respondents had an academic qualification, while working in the business as a decision-maker.

![Level of education](image)

Figure 3: Respondents’ level of education
Respondents’ scope of qualifications

With respect to whether the respondents qualification was business/marketing related, the study found that 38.9% of respondents’ highest educational qualification was business/marketing related (See Figure 4).

![Figure 4: Respondents’ business/marketing-related qualification](image)

What we gather from the figures above, is that the subjects were sufficiently literate, and academically qualified to work the social media space. We do not see the lack of a marketing-related qualification as a deterrent to the effective deployment of social media.

Factors that can hinder the use of social media

The table below shows that most respondents cited lack of internet facilities such as a smartphone or computer internet connection (37.3%) as a factor that might hinder their businesses from using social media to their advantage. The next percentage (25.8%) refers to those respondents who agreed that they did not know the capabilities social media might offer. Those respondents, who did not know about any marketing strategies, made up 24.7%, while 22.6% strongly agreed that they were unaware of social media platforms.

The lowest percentage (15.9%) indicates respondents with a lack of interest in social media. The standard deviation above 1 showed the level of disagreement or variation amongst the respondents.

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<tr>
<th>No.</th>
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<th>Percentage</th>
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Earlier, we reported that most of the respondents had some form of tertiary education (see Fig. 3). The reason for requesting the participants to indicate their educational credentials was to ascertain whether those would have any effect on their ability to optimally deploy social media.

The results above (Table 1) are somewhat surprising. Firstly, we were wrong to have assumed that possession of an academic qualification left one with some fair understanding of the potential of social media. Could a qualification in marketing have made a difference? It is clear that the popularity of social media does not translate to fair understanding of what it can offer. Even when users are aware of what social media can offer, its optimal utility may be hindered by lack of how to beneficially deploy it. There could also be doubt as to whether investment in social media is worthwhile. Evidently, almost 16% of the subjects indicated a lack of interest in social media leaving us to wonder whether they rely more on other channels such as word of mouth. The results nonetheless show some similarity with previous studies. For instance and to some extent, the findings of Kanchanatanee et al. (2014) in Thailand, who found that the perception that social media was not useful, and a negative attitude towards e-marketing, were factors that might hinder businesses from using social media to their advantage.

Similarly, Werees (2012) in a study conducted in Canada, found that respondents perceived their own lack of ability and lack of time as factors that deterred them from fully adopting social media. These results confirm what was found by Ndlodo and Dhurup (2010) in South Africa, namely that lack of knowledge about e-marketing capabilities was a factor which could inhibit stakeholders from adopting the platforms. The similarity could be attributed to different individual perceptions amongst the participants in the above studies.

**Conclusion**

While poor sales has emerged as a big contributor to the failure of most small businesses, social media is touted as the likely panacea given the variety of usable platforms and their capacity for wider reach. In spite of this gigantic shift in marketing strategies brought about by this revolution, some businesses are yet to tap into the potential of the social media. To reposition the debate with regard to the usage of social media by small businesses, this study focused on the factors that discourage the use of social media by restaurants in Cape Metropole. Following the quantitative research method, data were collected using questionnaires from 100 restaurants that were purposively selected. The collected data were analysed using version 23 of the Statistical Package for the Social Sciences (SPSS) software with the primary intent of producing visual statistics. Interestingly, and contrary to some experts’ views, whether one has a qualification in marketing or not, the factors that deter one from fully deploying social media relate to infrastructure, lack of knowledge of the potential of social media platforms and a general lack of interest in social media.
Firms nowadays confront a marketplace that has become “increasingly more competitive, more specialised, more globalised and more technologically-driven” (Iwu, 2009). Iwu (2009) further argues that “to participate and sustain relevance, marketers require a combination of creativity and knowledge”. Nowadays, social media are considered as a profitably creative means of playing in the highly competitive business environment. They are considered as influential sources of information having changed the ways firms communicate with their external and internal customers. According to Lamb et al (2007), marketing is about sensing and sufficiently providing for a customer using avenues that can outperform the competitor but significantly benefiting the firm. Effective marketing has been identified as a factor that boosts business growth. The engine of socioeconomic development is touted as the small business sector. This is because of its acclaimed capacity to create jobs, reduce poverty levels and generally elevate living standards of operators of small businesses. The hospitality sector employs a large number of people. A significant portion of restaurants are in the small and micro categories. Most research on social media has paid meagre attention to this category. This category, as stated by Iwu (2017), is among those who struggle to survive beyond the 2-3year mark. Interestingly, Iwu (2017) established that small businesses can exist for much longer if they adopted some business management techniques, which include marketing.

“IT is our considered view that in order to address what the World Bank has termed Africa’s ‘missing middle’ serious investment must be made towards bridging the gap between big and small companies; as small business and cooperatives are the lifeblood of economic growth and development” (Minister Lindiwe Zulu, 18 May 2017). This quest for continuous inquisition into how to advance small businesses is an important element of this this study. Thus, the paper adds to literature on small business sustainability.

References


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