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## THE INFLUENCE OF SOCIAL MEDIA MARKETING ON THE GROWTH OF SMALL AND MEDIUM SIZED ENTERPRISES IN MACEDONIA

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**Abstract:** Social media was originally intended for people to share their moments and memories and to connect with people that they know. Over time though, social media has transformed into a powerful marketing tool that forever changed the way products and services are advertised. Nowadays, companies willing to market their products and services don't do it through TV ads, newspaper ads, or radio. Instead, they market on social media platforms. This has become the norm for all modern companies, regardless of their size. The question is if all businesses benefit from the evolution of Social Media Marketing, or some of them decided to stick with the conservative marketing approaches as they find them more convenient considering the product or service they're promoting. Maybe business owners are afraid to adopt the new ways of marketing, and they decide to play safe and practice what they already know. In today's digital age, social media platforms have revolutionized the landscape of marketing, offering businesses unprecedented opportunities to engage with global audiences. This study explores the profound influence of social media marketing on business growth. Through a comprehensive review of existing literature and analysis of case studies, this research examines how strategic utilization of social media channels enhances brand visibility, customer engagement, and ultimately, organizational profitability. The main objective is to find out if social media marketing is highly profitable for businesses in Macedonia and, consequently, if it directly influences business growth. This study investigates the impact of social media marketing on the growth of small and medium-sized enterprises (SMEs) in Macedonia. As digital platforms continue to redefine contemporary business landscapes, SMEs face both opportunities and challenges in leveraging social media for marketing purposes. This research adopts a qualitative approach, employing interviews and case studies with SME owners and marketing professionals. The findings underscore that social media marketing enhances brand visibility, customer engagement, and market reach for SMEs in Macedonia. However, challenges such as resource constraints, skills gaps, and algorithmic changes persistently affect marketing effectiveness. The study contributes insights into strategic social media practices tailored to local SME contexts, emphasizing the need for adaptive strategies to maximize growth opportunities. Future research directions include longitudinal studies to track evolving social media trends and their sustained impact on SME growth in Macedonian markets.

**Keywords:** Social Media Marketing, business growth, small sized business, medium sized business, Macedonia, ROI, social media activity.

### 1. INTRODUCTION

According to Spiller (2021), social media marketing is a form of digital marketing that utilizes social media platforms to enhance product and brand exposure and build relationships with consumers (p. 250). The key benefits businesses experience through digital marketing, especially social media, include relationship building, organic and real-time feedback, brand storytelling, and offering instant, positive experiences. Henderson (2021) emphasizes that social media marketing focuses on connecting with the audience and helping them better understand the brand (para. 2). Larson and Watson (2011) define social media as connectivity-enabled applications that facilitate interaction and the co-creation, exchange, and publication of information among firms and their networked communities (p. 45).

From these definitions, it can be concluded that social media marketing is essential for modern organizations, whether large or small. Businesses face pressure to promote their products or services effectively and use social media to stay competitive. In today's fast-paced digital environment, where data saturation often includes unnecessary information, social media provides a crucial channel for customer engagement and feedback. Thomas et al. (2022) note that customer behavior and expectations have been shaped by digital-first tech companies, leading to a preference for social media as a customer service channel. A survey found that 50% of consumers complain publicly on social media after a bad experience, and 81% will not recommend a company that fails to respond (Thomas et al., 2022, para. 2). This underscores the importance of social media for promoting, discovering, and improving products or services based on customer feedback. Customer behavior and expectations have been shaped by digital-first, fast-growing tech companies. People increasingly expect rapid responses 24/7, and social media is becoming a preferred channel for customer service interactions and a challenging one. One survey found that when consumers have a bad experience, half will complain publicly on social media. And if they don't receive an answer at all, 81 percent won't recommend that company to their friends. Considering Renny's opinion, conclusion would

be that the digital and internet environment is a perfect one for companies to promote, discover, gain feedback, collect insights, prioritize and work on improving the quality of the product or service, based on the comments or insights that they'll receive and analyze from customers. Therefore, the moment has come for organizations that tend to believe that the other forms of marketing can still be as effective as the social media platforms and networks, to upgrade and dedicate their marketing strategies to digitalization. The aim of this study is to examine how Macedonian small and medium-sized enterprises (SMEs) use social media platforms and the impact on their business growth. Stavreski (2021), a former Deputy Minister of Finance, highlighted the necessity for a supportive governmental system to develop SMEs in Macedonia. Fiti (2020) reported that out of 75,914 active businesses in Macedonia, 99.7% are SMEs, contributing significantly to national employment. This means that the small and medium businesses have 75% participation in the overall employment throughout the country. With that said, small and medium businesses in Macedonia are a crucial segment of our economy.

## **2. HOW DO MACEDONIAN COMPANIES INTEGRATE SOCIAL MEDIA IN THEIR MARKETING APPROACHES**

Insider ID (2022) conducted research on preferred market chains and famous brands in 2022, surveying over 1,300 customers nationwide. The study revealed that brand positioning and consumer behavior are influenced by marketing strategies, including social media. For instance, Viva's success in the natural juice category and Grand Coffee's increased market share illustrate how social media marketing enhances brand visibility and consumer engagement (Insider ID, 2022). One of the biggest challenges for companies in mass consumption is how to position the brand in a higher position in the consumer's mind, so that when choosing a product in the appropriate category, they choose exactly the company's product. According to previous research by Insider ID, 5%-8% of consumers have high brand loyalty, which directly indicates that over 90% of consumers decide based on the current choice. The decision to buy a product is influenced by many other factors such as price, quality, availability, promotions and among others the brand itself. By defining the position of brands in the perception of consumers, it is possible for companies to analyze the effect of marketing, including social media marketing, and communication activities undertaken in the previous year. The change in positions will make it possible to analyze how quickly consumer behavior can change and thus the connection with a specific brand. In this research, 17 product categories were analyzed. Out of all the results in each category that were collected by the researchers, I will mention the product that I believe is worth mentioning, since the brand for that product is mostly built by social media marketing. Among Natural Juices, the first position as the most famous brand is held by Viva with 30%, i.e., for every third consumer. The company has quite intensive social media marketing and communication activities, which is expected as a brand with the highest perception by consumers. Another brand that deserves to be brought up is the Grand Coffee brand. This brand records an increase in share of 30% in 2021. The research shows that Grand Cafe is again the most famous brand in the Traditional (Turkish) Coffee category. The brand again increases its share from 32% in 2021 to 37% in 2022. A high increase in participation is noticeable considering that in 2020 (the first survey) participation was 22%. The marketing communication that has been implemented in the last three years has increased the percentage of consumers who position it as the most famous brand, thereby increasing the positive difference with the competition. One of the marketing tools they've implemented was the giveaway of 500g Grand coffee on their Instagram page, so this became a topic of discussion between consumers ("Preferred market chain stores and most famous brands in 2022", 2022).

Based on the above examples and quantitative data pulled out of the respective research, it is inevitable for me to conclude that the marketing strategy is crucial for building the brand awareness for company's product or service, and at the same time positioning that brand among side competitors. For the purpose of my study, I was highly interested to find out which type of marketing are the best rated companies using as their main one, and what marketing tool is the most efficient and effective. The answer is evident, they are focused on digital marketing rather than the traditional one, and out of the vast variety of marketing tools that digital marketing has to offer, they have chosen social media marketing as the most effective one. The motive behind their choice is the fact that if we compare social media marketing with the other digital marketing tools, we will find out that Social Media Marketing has the biggest Return on Investment.

According to an interview conducted by the redaction of Redakcija Pari (2021), with two ladies who established the marketing agency, IN Marketing, that is mainly focused on social media, social media networks are simple, but the more you evaluate them, the more key business information you will come across. The interview questions are open-ended. On the question: "what's the most popular inquiry by your customers, what do they mostly use marketing for?", IN Marketing answered that different companies have different inquiries based on the nature of the product or service. However, it is a must to maintain their social media networks, since that's where the company has direct and immediate communication with the consumer, collecting feedback and turning that feedback into a suggestion

for improvement, which is of great significance. They mentioned that as times goes by, social media marketing becomes more and more popular, and the Macedonian businesses have to keep up with the world and implement this type of marketing accordingly. At the beginning the ladies were a bit skeptical about their service, for them to find out later on that businesses won't be able to compete if they stick with the conservative marketing approaches.

Zhupan Martinovski's (2016) study found that Facebook is the leading social network among Macedonian businesses, followed by Instagram. Twitter and TikTok are less commonly used. The research suggests that businesses targeting older demographics may favor traditional marketing methods, while those targeting younger audiences are more inclined towards digital marketing. The second social media platform that Macedonian companies use, and they can achieve a fine number of followers, is Instagram. Even though reels and video contents on Instagram can be exiting and catchy for customers, Facebook is leading based on number of followers. According to Zhupan, an unsatisfactory number of companies have created a Twitter profile and they operate there as well. Twitter is not common for the Macedonian social media marketing. Zhupan also mentions that frequently, companies connect their Facebook profiles or pages to their YouTube account, if they have one, and there they present some video content for marketing and promotion purposes. In the research study Vero Market and Ramstore Market, well known markets in our country, have their Facebook pages overwhelmed with posts on daily basis. Consequently, they distinguish themselves as markets with the most gained revenue within the country.

Considering the results of these research, together with the gathered data, the conclusion is apparent: the usage of social media as a main marketing strategy, delivering the brand message to the consumers, expands and increases sales.

Modern marketing has a series of characteristics, according to which theorists and practitioners classify various types of marketing. It has been that way that today, we're experiencing series of terms, such as inbound marketing, outbound marketing, content marketing, e-marketing, participatory marketing, digital marketing, social marketing, connection marketing, network marketing and similar terms. But the authors themselves cannot precisely separate such terms because all types have common elements with which they complement each other and are part of a complementary marketing strategy.

### **3. MARKETING CHARACTERISTICS**

Modern types of marketing are among us due to its development process, which is still ongoing, however, we have to remember that modern marketing is a supplement to the traditional one. Owing to the different conditions and environment we're facing, marketing mutated, and new types of it were born, much more suitable for today's culture. The most widely accepted segregation found today is that given by Kotler (2014, p.56) where two types of marketing are mentioned:

- Mass Marketing: Marketing that has a broad and wide audience as a target, where standardized message is delivered to all the potential consumers, frequently through intermediaries. This marketing is considered as outbound marketing.
- Direct Marketing: Marketing that characterizes with niche targeting or targeting narrowed audience. When using this type of marketing, personalized messages are delivered, rather than standardized ones. Sometimes the messages are sent after the potential customer showed some kind of interest in the product or service, that's when we consider this marketing an inbound marketing.

Frequently, mass marketing is related with traditional marketing, since traditional marketing is well known for its standardized message delivered to a large audience. However, it is wrong to conclude that only traditional marketing characterizes mass marketing because now and then, even the modern, present marketing, tends to rely on the mass marketing, especially with the usage of digital devices. At the same time, traditional marketing also covers types of direct marketing, such as catalogs, which simply means presenting the product or service without using an advertising middleman. Instead of excluding the two main types of marketing one from another, it is way better to understand that they are related, and very often, they share some common elements (Kotler, 2014). Mass marketing contains elements from direct marketing and in reverse. Thereby, businesses should cleverly combine mass with direct marketing approaches, select the perfect mix of tools and strategies that these two types of marketing possess, and prepare the ideal promotion of the product or service they tend to sell. There are numerous examples when today's businesses refuse to adopt, adjust, and uplift their policies, procedures, approaches and strategies to the marketing that is taking over nowadays, however, this results with poor brand positioning and awareness, followed by dissatisfactory number of sales. This doesn't indicate that those businesses offer bad quality products or services, on the contrary, their products might be even better quality compared to the ones that are top sales, but the marketing campaigns worked their magic. In the sphere of top listed markets, it is almost impossible to come across a company or organization that has not developed an online presence. Even the traditional ones, organizations that operate mostly online, have developed their online stores, online marketing channels and brand community channels

(Kotler, 2014). According to Kotler, it is proven that companies that use multiple channels online are more successful than companies that only sell online. Digital marketing and social media marketing are experiencing the fastest growth within today's marketing species. According to Statista (2017), the expenses for digital advertising, which includes online advertising, posting videos, posting on social media, email marketing etc., broke out in first place, surpassing the previously unsurpassed TV ads.

#### **4. RESEARCH METHODOLOGY, FINDINGS AND ANALYSIS**

This research includes 12 SMEs across various industries in Macedonia, all of which are active on social media. The study focuses on their social media usage and its effectiveness. Observations were made on social media activity, including engagement metrics and customer feedback. Interviews with business owners and marketing executives were conducted to understand their social media strategies and ROI. They are not operating in the same industry, on the contrary, some of them are in the Art Industry, some of them in Food & Beverage, others in Professional Development, some in Fashion etc. However, this is not important for the purpose of the research. They are all present on social media networks, not necessarily successful, meaning, they don't have to be well known, active and consistent. That means that they already established their presence on social media, consequently they would be eligible to be interviewed and share their experience of using social media marketing, even though some of them figured that other marketing approaches are more effective for their type of product, they will share why is that. In the beginning, it is important to track down buyers who learned about the product through SEO or digital marketing. For that purpose, their social media platforms were followed and observed, like Instagram, Facebook, Twitter, YouTube Channel, LinkedIn etc. Points of focus were the number of reactions they get, likes, comments, shares, mentions, tweets etc. The next step was checking the conversations on social media about their brand, product, or service, and the way people found out about them, consequently clearer vision of how people perceive them was created. Analysis regarding what types of posts they create, campaigns, content, how they are attracting customers and why do customers choose them over competitors, was also done. Furthermore, it is important to find out if there is consistency in the message they're sending, and how many times a day they are posting. After gathering all the above information, it is easy to conclude what's their target audience and what's their way of reaching them. Communication was made with some customers, to check if they found out about the company via social media, or through some other channel. The number of customers the firm acquired through social media platforms like Facebook, Instagram, or any other platform is then important to grasp to fully appreciate the function that social media marketing plays. By looking at the company's statistics and records, this may be reviewed and validated. Some of those records and statistics are completely accessible through monitoring and analyzing their social media performance and the impressions they receive on these platforms. After that, in order to revise how much the business spent on product promotion and internet marketing and what's the ROI, interviews with the Heads of the Marketing or with the actual business owners were conducted, and this is how the investigation was concluded.

In order to investigate the factors that influence social media usage, the expected benefits from using social media, and the perceived impact of using social media in Macedonia, an interview with closed and open-ended questions was sent through Google Form. Business owners or marketing directors were contacted for the interview via WhatsApp or Instagram Direct Message. Owners of businesses who decided they wanted to take part in this project were emailed links to the interviews. There were 12 respondents in total for this study, of which 6 were genuine business owners and 6 were marketing executives.

Before and during the interview was conducted, the social media platforms of these businesses were followed closely. The two methods that have been chosen are completely in accordance with the nature of the research, which is qualitative. Tracking their social media activity followed by analyzing the reactions of the people that had or are willing to have an experience with them is the phase of observation. This study employed a descriptive research methodology, which is a way of gathering information on the features of people, things, and situations. Primary data is the data source that will be utilized. Primary data are those that the researcher will independently collect. For this study only interviews will be used. Every responder to this study was part of an interview, which was used to collect their data. An adapted and tailored interview was used in this investigation. The interview, as a data instrument, is an instrument created to collect data which will help me achieve research objectives and goals.

Changes in consumer behavior are greatly influenced by the developments in internet technology. Business owners make an effort to use social media as a strategy to enhance the performance of their companies. According to the findings of this study, the primary reason why business owners in Macedonia use social media to accomplish their strategic objectives is due to technological aspects and the competitive pressure they're facing on a daily basis. Furthermore, through using SMM, most of them have the best outreach and the biggest ROI. Having the chance to talk with business owners or experienced marketing professionals, for the sake of this research, it was discovered that there are a lot of improvements that Macedonian companies should adopt and apply. However, the fact that

they're trying to keep up with the world is inevitable. Few of the interviewees stated that SMM is profitable in our country, however, it really depends on the type of product or service that has been promoted. Many companies are still favoring the traditional marketing approach.

After detailed overview of all the answers from marketing professionals and observation of the social media pages of the respective companies, the following conclusions arose:

- All but one of the companies that participated in this research are actively using social media marketing, to achieve their strategic goals for business growth.
- Among all social media platforms, Facebook is the most popular one. Instagram and LinkedIn are also used often, whereas other popular social media platforms (Twitter, TikTok) are barely used.
- 25% of the companies that took part in this research have a budget of over 1000 \$ for social media marketing activities. Therefore, even though social media marketing has proven to have a great return on investment, most companies are still not willing to invest a lot of funds for these purposes.
- All but one of the companies reported increased brand awareness, because of social media marketing. The conclusion would be that social media is a great tool to improve the way customers perceive the brand.

Drawing upon all these conclusions, the overall one would be that social media marketing is highly utilized in Macedonia, however, it's not even close to reaching its full potential. The target audience and the market segmentation implied by the different types of businesses included in the study may be one of the reasons why some of the companies are not completely relying on SMM. If demographically, the company is targeting people above the age of 50, the reason why they are emphasizing the old or traditional marketing ways is clear. The older population is not so active on social media, and they barely believe in the information they get from the internet. Therefore, the best strategic approach when it comes to advertising their products or services for these companies is not SMM. On the contrary, companies that target youngsters are fully dedicated to being present and competitive in the digital world, since this is the only way to reach their potential buyers. Not only in Macedonia, but all over the world, market segmentation plays a significant role in the type of marketing that the business will lean on to. Market segmentation is the process of identifying the target groups of consumers to tailor the product and branding, in a way that will be especially attractive to the targeted audience. We've mentioned that Facebook is the most utilized platform in this area, which is shown on the below statistics:

Facebook is mostly popular within the older population; therefore, this is the main market segment that companies aim to reach.

Another relevant reason why some, especially small sized businesses in Macedonia, are poorly investing in SMM is their skepticism that this will bring in results revenue wise. They don't have enough experience to run the platforms in a way that will result with increase of revenue, but they also don't want to increase the expenses of the business by employing a professional that will be completely dedicated on building a good SMM strategy.

## 5. CONCLUSION

Considering the above critical evaluation and drawn conclusions, the last part of this chapter is fully dedicated to recommendations and suggestions that consequently arise, with the aim to help and support businesses in Macedonia achieving their full potential on social media. Recommendations for improving social media strategies include:

- Creativity in Content: Businesses should invest in creative content and potentially hire specialists for content creation.
- Regular Updates: Consistent updates are crucial to maintain follower engagement.
- Cost-Effective Advertising: Collaborating with influencers can enhance visibility without high costs.
- Handling Negative Feedback: Addressing negative comments professionally is vital for long-term success.
- Exploring Other Platforms: Utilizing underused platforms like Twitter and TikTok can reach different demographics.

Limitations of this study include challenges in obtaining confidential information from some respondents and a limited sample size. Future research should seek more precise data and a larger sample to provide a comprehensive overview of social media marketing in Macedonia. This study was based only on the answers of the interview that was conducted with business owners, without exact numbers and data shared by them. Further research can focus on gathering more precise data and measurements of social media marketing activities. Additionally, the researcher should try to convince more companies to partake in the research, so that more data can be processed, and a better overview can be obtained.

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