The Impact of Online Marketing on a Small Business

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Abstract

The goal for this project is to explore the current social media methods of a local business, *Ambiance*, and ultimately determine the best way to reach the most customers. Knowing that the target audience is growing with new technology trends, I’m curious to see whether or not our current marketing methods are reaching as many customers as possible. By organizing a survey focused on social media and email usage, I will be able to determine which strategy is most successful and efficient for our target market. With a large age range among our customers, specifying where customers want to see a business’s marketing can ideally benefit *Ambiance* and other small businesses as well.
Chapter One

Purpose of the Study

**Statement of the Question/Problem**

With social media and Internet use at an all time high, I’ve started to question the importance of marketing on various channels and the effect it has on companies. There’s no doubt that social media and the apps that make it possible for people to connect in so many different ways are continuing to grow throughout the younger generations. Companies have incorporated social media more and more into their marketing strategies to further advertise their businesses, but I’m curious to know what customers are looking for and how businesses can reach as many as possible. I want to incorporate my current job as a Marketing Manager to determine the most successful way to attract customers through online marketing. I work at *Ambiance*, a local boutique in downtown San Luis Obispo that is targeted towards women and sells clothing, jewelry, accessories, shoes and more. A large part of my job is sending mass emails to our customer list and I’ve noticed that the percentage of people viewing each email is very low. Given the amount of people these emails are going to, the numbers should be higher unless I find that email is no longer a competitor with other social media applications. In order to gain a better understanding of what our marketing strategies need to be, I plan to research what customers are looking for within their social media outlets or which ones they use more to find information.
Significance of the Project

My project is targeted to local business owners and marketing managers who are looking to develop or improve their marketing strategy online. Comparing the current strategies of the company with the new approaches of this project will hopefully clarify the best and most efficient way to attract customers to the store. Although this information will be directly related to one company, other businesses will be able to use the results and conclusions to alter their method to marketing as well.

Interest in the Project

Over this past summer, I became the Marketing Manager for Ambiance and became familiar with the marketing expectations very quickly. The business had social media accounts before I was hired, but my position was created in order to have someone focused solely on that task. The demand for photos to post on social media networks and weekly mass emails was quite a surprise to me in the beginning. I know a lot of customers around my age spend a significant amount of time on Instagram, but I’m not sure that we are reaching all of them through our emails. I’m willing to experiment within my own job to see if different marketing strategies or changes made will increase sales and bring more customers into the store. I love the experience that I’ve gotten so far, especially since I get to incorporate design into what I do, but I believe it could be even more beneficial if I combine this experience with my project.
Chapter Two

Literature Review

The growth of new social networks in 2000, dramatically transformed the interaction between people and organizations that shared common interest in music, movies, education, friendship, etc. (Edosomwan, Kouame, Prakasan, Seymour, Watson 2011). Social media, however, is different than networking. Social media is primarily used to share information with a broad audience, while social networking is used to engage people with common interests and build relationships throughout community (Edosomwan, et al., 2011). Finding the balance between social networks and social media would be very successful for a business within a community. Using social media is definitely a great strategy to announce information, and social networks allow followers to share that information with an even broader audience.

In order to determine the kind of strategies that should be tested, I need to gather the current data from Ambiance and determine where there is room for improvement. Social media can only help grow a business “after you develop a large following and learn how to give [followers] what they really want” (Rampton, 2014). Ambiance has a very strong amount of followers on Instagram, but I want to find out if our posts are effective enough when followers are scrolling through their feed. Various articles share information on ways they believe social media can grow a small business. “Identify goals and objectives, let them know you’re human, use hashtags often, engage with
everyone” (Rampton, 2014). These are just a few ways Forbes believes are the best way to grow a business.

One of the first things I looked at for Ambiance was their Instagram account and the statistics it fortunately provides on the profile. I was able to find information on the age and gender of our followers, their location, and the time of day our followers are on Instagram the most. All of this is helpful information for moving forward and planning our strategies for reaching followers efficiently.

Figure 1 – Gender & age range of Instagram followers
This figure shows the age range of our followers on Instagram and that 85% of them are women, and 15% men. The top locations of our followers are all Central and Southern cities of California. Our two locations are in San Luis Obispo and Paso Robles so the majority of our followers are around this area. San Luis Obispo clearly holds the majority of our followers and a lot of the customers that range from age 18-24 come from Cal Poly. This is also important to consider given the price range of our products. The prices tend to be quite expensive, and with a large amount of young college students, this could affect the consistency of their business. Combining the usage of social media and more promotions or sales, I will hopefully be able to determine if there is a better way to attract this demographic of customers.

*Figure 2 – Top locations of Instagram followers*
The last figure represents the different hours of the day that our followers are on Instagram. Since my job requires me to post on the accounts three times a day, it’s helpful to see which hours of the day would attract the most views and customers. There is a strong amount of followers on their feed between the 7am-9pm, which leaves more than 12 hours to make posts and reach as many people as possible.

*Figure 3 – Hours of the day Instagram followers are on the app*

Unfortunately I am unable to see this kind of information on the mail application that we use, but it gives me some insight on the amount of time customers spend on Instagram. Given the low number of opens from our mass emails, this could either mean that Instagram is now the best way to reach the most amount of people, or that we need to change the way our emails look or attract customers. I want to experiment with
separate information given in emails and Instagram posts that encourage people to come into the store to shop, and from there I can determine where the most people viewed the information. Although I don’t have access to the same specific information as I do for our Instagram, the program that we use, Mail Chimp, show results of all emails that will be helpful.

*Figure 4 – Open & click rates of emails in six months*

This figure shows the last six months of email blasts and their open rate in relation to the industry average open rate, shown in red. Our store has 2,380 subscribers for email blasts and an average open rate of 15.9%. As you can see in Figure 4, the open rate is above the industry average, however I’m unaware of what that is based off of or how it’s determined. In general, I believe the current open and click rates can be improved. Hopefully gaining more information about what our customers are looking for will open doors to new ideas and improvement in these numbers.
As you can also see in Figure 4, there is a clear low and high point for our emails. I believe looking more into the details of these email to see if anything was done differently than normal could also show whether or not there is something that attracts more customers to open the email.

Figure 5 – Highest email open rate

This figure shows the highest open rate in the past six months, which was on November 9, 2016 and was 24.95%. This email was 10.97% higher than the given industry average.
On September 29, 2016, our email resulted in the lowest open rate from the past six months. The open rate was 2.65%, which is 12.03% lower than the industry average. As stated before, I hope to compare these two emails for any significant differences before carrying out the email experiment.

These figures from Instagram and our email application will continue to be a reliable reference throughout the experiments of this project. The goal is to notice an improvement with open rates of the emails and ultimately encourage more customers to go into the store. By researching Instagram usage as well, I’ll be able to see which method is more useful for success.
Chapter Three
Methodology

Purpose and Objective

The purpose of this project is to determine how much impact online marketing has on a small business and the best application(s) to use to reach the most customers. Since I’m focusing on the boutique I work at in downtown San Luis Obispo, Ambiance, I’ll be able to directly relate my results in order to identify the most successful marketing strategies. As the Marketing Manager, my job consists of multiple Instagram posts per day, email blasts every week, a few Facebook posts each week, and constantly thinking of new ways to increase sales. By creating a survey focused on social media and email usage, I’ll hopefully be able to determine the best strategies and changes to make for Ambiance.

Audience or Sample

For these tests, my sample will be our customer demographic, which ranges from female college students to women in their 50s. I definitely consider this age gap when I market the business because different products will attract different ages of women, and different generations are more familiar with certain types of social media than others. Since the boutique is fairly pricy, college students are less likely to be motivated to shop at Ambiance regularly. A lot of our products and marketing campaigns are geared towards college students, and we have a huge audience to cater to since Cal Poly is so
close by. I plan to create a survey for potential and existing customers in order to study what they prefer to use to stay updated with a business depending on their age. For example, Instagram and a large presence on social media could attract more women in college, while email blasts will attract older women who may not have social media accounts.

Age is undoubtedly a factor in the usage of social media and how people receive information. I would assume that email is used across all age ranges, but the likelihood of someone opening each email and checking it daily could vary. As stated before, it’s very likely that I could discover email blasts are much less effective than other applications despite everyone having personal email. I have definitely noticed a lack of consistency with our mass emails each week in regards to open-and-click rates. In order to find out what our followers want, my surveys will consists of questions aiming towards specifying what they prefer and where they get the most information from. An example of questions is: How old are you? Do you have an Instagram account? If so, how often do you check it? These questions will vary referring to both Instagram and emails to gain a better insight to what customers utilize most.
Procedure

After gathering enough information from surveys, I want to incorporate those results and compare the different age demographics to other questions in order to hopefully find a trend. The way our weekly promotions or deals are promoted could also change depending on the specific target audience for that online application. This information and analysis of the survey will hopefully determine whether Instagram, email, or something else is the best way to reach our customers.

Ideally, the trends I find through filtering the questions based on age demographic will verify a social media outlet that stands out over others. If younger women go on Instagram more, I know I can tailor promotions towards a younger generation. If older women get most of their information and updates from email, I know to continue marketing through email blasts. Overall, my initial information will be gathered from surveys from our customers, allowing various marketing strategies to be tested in the future. I’m really excited to use this opportunity to get creative with my job and I hope to gain a better perspective on what Ambiance customers are looking for.
Chapter Four

Results

After creating my survey and sharing it to the public, I was able to get 454 responses. The survey was active for a week, and was shared to a variety of people online. I posted the survey to multiple Facebook groups, including my sorority chapter page and the Cal Poly Class of 2017 page. From the sorority and the Cal Poly page, I was hoping to reach people around my age, specifically the 18-22 group for the survey. I then had my older sister, who’s 31, and my mother, who’s 57, share the survey link to their Facebook accounts to reach the older demographics. I was hoping to get a range of results from people of different ages to determine what methods of advertising are most effective for a small business. Luckily with over 400 responses, I can gain a better understanding of what customers are looking for based on their age range and the social media accounts they use.

The first question of the survey asked for the person’s age range. Out of the total respondents, 91 people who were between 18 and 22, 56 were between 23 and 35, 93 were between 36 and 50, and 214 were over 50 years old (Figure 7). The majority of my responses were clearly over 50 years old and favor that demographic, which could be very helpful for small businesses trying to reach older generations who may or may not be on social media.
The second question asked if they had an *Instagram* account. Out of the total 454 people, 21% of them do not have an *Instagram* (*Figure 8*). My goal for this question was to see the relationship between the people who didn’t have an *Instagram* account and their age range. If the majority of them are over 50, that could mean that email blasts are the best way to reach that demographic. The marketing for *Ambiance* is heavily focused around *Instagram*, but if part of our customer demographic doesn’t use the app, we would need a different approach.
I filtered the survey results to show the ages of people who chose “no” for this question and found very interesting results (Figure 9). Of the 97 people who chose no, only 2 people are between the age of 18 and 22, which means that we have a much higher chance of reaching our younger customers through Instagram posts. Contrary to this, 76 people above the age of 50 do not have an Instagram. As I predicted, the Instagram posts are not influencing or even being seen by our older customers.
The next question asked how often the person is on Instagram if they answered yes to the previous question. The majority (180 people) answered multiple times during the day, 99 people chose occasionally during the week, 9 people answered monthly, and 80 people answered hardly ever (Figure 10). Since 97 people said they did not have an
Instagram account in the previous question and 86 people skipped this question, the other 11 people who do not have an Instagram chose “hardly ever” for their answer.

Figure 10 – Question 3: If yes, how often are you on Instagram?

The fourth question of the survey asked for their primary email account. This question was meant to determine who had an active email and who did not, rather than comparing various email providers. As you can see from the chart, everyone seems to have an active email account (Figure 11). Email is definitely more prominent than Instagram across all age ranges, but how often people check their email could determine how effective it is.
That leads to the next question, which asked how often the person checked their primary email. Unlike the range of results for checking Instagram, 404 people chose multiple times during the day, 49 people chose occasionally during the week, and 1 person chose hardly ever (Figure 12). Compared to the 180 people who are on Instagram everyday, email blasts have the potential to reach around 400 people in just one day and be much more efficient for marketing.
Since a local business wants to encourage customers to come into the store, we need to determine how customers prefer to follow that business. Out of the 97 people who don’t have an Instagram account, 89 of them said they check their email multiple times during the day (Figure 13). Ambiance usually only does one email per week, which means the people who only follow us through email are limited to the information shown on the email. Although the promotions and sales are always advertised through email, significantly more images and products are posted on Instagram daily.
The next question asked if people are more likely to follow a business on social media or subscribe to their emails in order to stay updated with their promotions (Figure 14). 187 people chose social media, 263 people chose emails, and 4 people did not answer.
Figure 14 – Question 6: Are you more likely to follow a business on social media or subscribe to their emails?

Looking at these results in Figure 14, I’m curious to see the age range for the two choices. My prediction would be that younger age ranges chose social media and older ones chose email since social media accounts and Instagram are more popular throughout the younger generations. After filtering the results, I found that 149 out of the 214 respondents who are over 50 chose subscribing to emails over following a business on social media (Figure 15). Some of this demographic can be reached on social media other than Instagram but the clear majority prefers subscribing to emails.
The survey then asked if the person had ever participated in a business’s promotion due to their online or social media marketing. 362 people answered yes and 89 people answered no (Figure 16). The next question asked them if an online promotion (social media, email, etc.) ever directly influenced them to purchase a product or service. Out of the 452 people who answered the question, 377 people said yes and 75 said no (Figure 17). The responses for these two questions are pretty even and show that an online promotion of some form is effective for the majority of people who responded.
Figure 16 – Question 7: Have you ever participated in a business’s promotion due to their online or social media marketing?
Figure 17 – Question 8: Has an online promotion ever directly influenced you to purchase a product or service?

Has an online promotion (social media, email, etc.) ever directly influenced you to purchase a product or service?

Answered: 452  Skipped: 2

The last question asked where they saw the online promotion if they answered yes to the previous question. Respondents were able to choose multiple answers, but 115 people said Instagram, 315 people chose Facebook, 208 people chose email, 20 people said Snapchat, and 20 people chose “other” (Figure 18).
For my job, I do daily and weekly work with Instagram and email blasts. We also have a Facebook account, but it’s not utilized daily. I wanted to include that option in the last question for the survey, however, to see if it’s something that we should use more for our marketing. Since there seems to be advantages and value to both social media and email blasts, I believe Ambiance can benefit from both methods. From the 214 people who were over the age of 50, Facebook and email were the most popular answers for this question (Figure 19). Since everyone has an email and the majority checks it everyday, the email blasts reach more people than Instagram. This also shows that although people...
may not have an Instagram account, they do check Facebook and have participated in a promotion due to something they saw on Facebook.

*Figure 19 – Question 9 responses from people over the age of 50*
As of now, weekly promotions and the information from the emails are posted on our Facebook account every week. However, this could be seen as a waste of time if everyone is already seeing this information in the email. I believe it would be much more beneficial to post more of the Instagram posts on Facebook in order to advertise to the people who do not have an Instagram account, but still use social media.
Chapter Five

Conclusion

As the marketing manager for *Ambiance*, it is my responsibility to promote the store and strive to bring in customers everyday. Throughout the past 9 months that I’ve had this job, I’ve been in charge of daily *Instagram* posts, weekly *Facebook* posts and email blasts, and various advertisements for events or promotions at the store. After noticing the click rates for some of our emails, I became concerned that we weren’t reaching enough customers for the weekly email blasts to be worth it. My goal for this project was to conduct a survey in order to find out how customers prefer to follow a business’s promotions. Since *Instagram* and email blasts are the two main ways we advertise, the survey questions focused on how often people use both and if they would use to stay updated on promotions. Because of different generations, I assumed age would have a factor if what customers prefer, which is why I filtered a lot of the questions. This definitely made it clear that the younger customers, specifically ages 18 to 22, made up the majority of responses who preferred social media over email blasts and go on *Instagram* multiple times a day. The older customers, who do not have an *Instagram* account, preferred the opposite and check their email multiple times during the day. Given the range of the products and clothing at *Ambiance*, our target market ranges throughout all of these ages and I want to continue to advertise in the best way for both demographics. Therefore, I believe both *Instagram* posts and email blasts are necessary for optimal marketing.
My survey and the 454 responses I got from it only confirmed that both methods of marketing are beneficial for a small business with a large target audience, such as *Ambiance*. It also led to the conclusion that although people over the age of 50 use email more than *Instagram*, they still have a presence on social media. Becoming more prevalent on *Facebook* would benefit *Ambiance* and other businesses because it reaches the older demographic more than *Instagram*. These posts for older customers could include a vintage look or photo shoot images of clothing tailored towards that specific demographic. *Ambiance* events paired with a winery or another local company could also be marketed towards that age group and would attract the right target audience for those kinds of events. For the younger customers who are very present on *Instagram*, we can continue to post fun and modern images of our products that are tailored towards college women to women in their thirties. Promoting more deals and products on the cheaper side will be beneficial for us to attract the younger customers who may not be able to spend as much money. With festival season coming up, new spring arrivals and jewelry are a great place to start for marketing towards a younger crowd. By continuing to use all three forms of online marketing, but developing a more specific target audience for each, I believe *Ambiance* has the potential to reach a larger range of customers and increase their sales even more.
**Recommendations for Further Research**

Although this information was extremely helpful to determine the best types of marketing for different demographics, I believe there’s room for even further research on this topic. I would recommend researching deeper into the design strategies of each method of online marketing and focusing on what grabs the viewer’s attention. Since I was able to conclude that the majority of our younger customers spend more time on Instagram, and our older customers follow promotions on Facebook, the design and overall message that Ambiance is sending needs to be interesting enough to influence their customers to visit the store. Researching the kind of ads people want to see on social media could lead to more action from customers rather than just views or likes.

The results from my survey also showed me that almost everyone who responded had an email that they check throughout the week, if not multiple times each day. Given the data on our open-and-click rates from emails, as discussed in Chapter Two, there is plenty of room for improvement to increase the amount of people who open our weekly emails. From the emails I’ve created thus far, we have focused on the email subject and design the most to make sure we grab the viewer’s attention right away. I would suggest doing more research and possibly creating another survey to get an idea of what makes customers want to read an email. Whether it’s the first thing they read, or the design of the advertisement, it needs to leave them wanting to find out more and eventually shop at the store. Depending on the mass amount of promotion emails one receives throughout the day, it’s very possible for our emails to get lost in the noise. It’s also possible that someone will not have the time or the patience to go through each promotion email.
In either of these cases, it’s important for us to determine what Ambiance could do to set us apart from other businesses and spam emails. Asking questions regarding the amount of emails we send per week and the content of each would give Ambiance and other small businesses a better idea of how to market. This information can also directly correlate with social media posts and benefit the entire marketing strategy of a small company even more.

Marketing is something every business needs and utilizes in order to advertise their products or services and attract current or potential customers. Determining the best methods of marketing for your specific target audience is important because it can vary for different demographics and people you’re trying to attract. Sending out my survey and analyzing the results gave me a much better understanding of what methods of marketing are most useful for my job and businesses similar to Ambiance and I’m looking forward to applying what I learned to my job everyday.