Capability of Social Network Tools for Home Businesses

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Abstract

The purpose of this paper is to understand how social networks can be useful for the development of social networks. The capability of social network tools for setting up home businesses is highlighted. This objective is achieved through a literature review and analysis of qualitative data from seventeen respondents with experience in using social network tools in home businesses. After analysing the data, the findings show that the home business owners utilized social network tools (SNTs) such as Facebook, LinkedIn and Twitter for both product and service-oriented purposes. Among them, Facebook was the most popular and useful for their home business. The reason is that Facebook has more clients than other social networks and its facilities are more attractive for users. Most of the respondents agreed that SNTs provide great opportunities for advertising products and marketing at a low cost and provide the tools to build a global business via unlimited access to users. Marketing, advertising, after-sales support and communication were the four top functions which had the most dominant use among various business activities for home businesses through SNTs. The paper provides evidence that, first, the activities that can best utilize SNTs are marketing, advertising and after-sales support, followed by selling service subscriptions and building relationships with sponsors. Second, SNTs can be used to introduce new products and vacancies can be announced so that home business owners can receive daily updates and keep the users and potential customers updated too. Finally, the paper illustrates the strength and capability of social network tools for enhancing home businesses.

Keywords: social network tools, home business, business activities

1. Introduction

The Internet has revolutionized human life by bringing people all around the world close to each other with its remarkable features such as chat rooms, social networks, email and blogs (Hsieh & Yang, 2011). Millions of Internet users utilize these facilities to share their ideas, opinions and emotions. People around the world express more and more willingness to share not only their social perspectives but also their business ideas and facilities (Liu, Agarwal, Sindhgatta, & Lee, 2013). Lea, Yu, Maguluru, and Nichols (2006) indicate that recent developments have introduced the concept of social networking that replicates relationships and real models of society in a virtual environment.

According to Siemer (2008), a social network is a social structure between users including individuals and organizations which depicts the ways in which they are connected through a range of social levels from casual familiarity to close familiar bonds. Email traffic, disease transmission and criminal activity can all be called social networks.

1.1 Concept of Social Network

The concepts of the social network are similar to daily life but are introduced via the Internet (Ellison, 2007).

According to Palmer and Koenig-Lewis (2009), one of the most sophisticated and popular communication innovations of all times is the social network. Commercial online services reached their prime in the 1990s, first as “destinations for themselves” (McConnell, 2008) and later as a channel to access the Internet. These services provided access to numerous services that are now available on the web, for instance, travel reservations, shopping, social networking hubs and news (McConnell, 2008).

Some of the existing tools that incorporate social network concepts are Facebook, Twitter and MySpace. Facebook connects people with friends and others who work, study and live around them and enables individuals to become closer or keep in touch with friends through the uploading of an unlimited number of photos, sharing comments, links and videos (Anderson et al., 2012; Gangadharbatla, 2008; Greenhow and Robelia, 2009; Papacharissi, 2009). A home-based business, just like any business, needs a significant investment of time and effort to make it profitable. Therefore, this study aims to investigate the capability of social network tools as well as the way social network tools (SNTs) could be incorporated by individuals who want to carry out their own home business. With the growth of business activities on the Internet in recent decades and also with the introduction of social networking concepts and tools, it is believed that using these social network concepts alongside e-business
techniques can provide a better environment for users who want to perform business activities in their homes.

1.2 Home Business

A home business is a business in which the phone or Internet is used for communicating and the whole business can be done at home (Naftzger, 2012). Home businesses are ideal for those who may not be good at social relations and who face barriers in communicating others. Moreover, conducting a business can facilitate close relationships between family members. It assists individuals to obtain economic self-sufficiency especially for the low-income population. It also can help to decrease social problems (Garnett, 2001). As the medium of business, social networks can eliminate many obstacles. This paper highlights the features of social networks that enable introverted individuals to work at home and present their services and products.

2. Literature Review

Home business owners can carry out a number of business activities through social network tools. A review of the literature indicates that these business activities consist of advertising, subscription, marketing, donation, communication, affiliate Campaigns, relationship building with corporate sponsors, merchandising, after-sales support, and search engine optimization. Each of these areas is briefly discussed in this section.

2.1 Advertising

Advertising is a business activity that can be effectively carried out through SNTs (Jin et al., 2012; Gross, 2013; Chu, 2011). For example, according to Tucker (2014), one of the social networks that could be utilized for advertising products and services effectively is Facebook. Since this social network is very popular around the world and has many loyal users, a lot can be done to make use of it to earn income by marketing and selling products and services.

2.2 Subscriptions

According to Sharp (2009), offering subscriptions is an easy first step for generating revenue. If a product or service is exclusive enough to motivate customers to subscribe upfront, the subscription option can be used. Neumann et al. (2005) state that subscriptions can drive revenue from job postings and feature listings in SNTs.

2.3 Marketing

Marketing is at the core of any business activity. Although the majority of users use SNTs such as Facebook to stay in touch with friends and find new friends, it is also an effective way to promote a business. For example, on Facebook there is an opportunity to observe online potential customers in their own settings. Status updates to promote a business is one interesting approach (Goldenberg et al., 2009; Kratzer and Lettl, 2009; Amichai-Hamburger and Vinitzky, 2010). However, Nadaraja and Yadzaniard (2013) believes that making too many status updates to promote a business may be offensive and may violate the guidelines of some SNTs, and therefore suggests that this strategy should not be overused.

2.4 Donations

The literature indicates that, in some situations, calling for donations is an appropriate activity which can give an online business a financial boost, if end-users are devoted enough to commit with money (Wojciechowski, 2009; Bortree and Seltzer, 2009). Providers should present the concept to end-users as a temporary fundraising campaign and give it a specific purpose.

2.5 Communication

One of the key elements of online customer interaction, especially in the context of the online community, is word-of-mouth communication (Brown et al., 2007; Trusov et al., 2009; Chu and Kim, 2011). For example, the Content Management System for Facebook applications makes it possible to adapt communication to various different groups of users (Kietzmann, Hermkens, McCarthy, &Silvestre, 2011). This application is one of the latest tools on Facebook which can be useful to companies in their communication with their target groups. With this method, companies do not lose control over the application’s content and distribution which is otherwise one of the major obstacles to the use of Facebook to communicate with staff and customers. Similarly, home business owners can benefit from these functions.

2.6 Affiliate campaigns

In affiliate campaigns, graphics containing banners and roll-over ads are placed on a website. According to Sharp (2009), “large online sellers like Amazon and eBay will start courting sites for an affiliate campaign once there is significant traffic they can take advantage of”. Some researchers emphasize the importance of affiliate programs in e-business (Akçura, 2010; Leave; Almeida et al., 2014; Lee and Global, 2012).

2.7 Relationship building with corporate sponsors

According to Sharp (2009), conducting business via an SNT provides an excellent opportunity for creating and sustaining relationships with corporate sponsors. This will also generate revenue for the business.
2.8 Merchandising

Social networks such as Facebook and Myspace enable users to have their own community (comprising family, friends and those who are willing to have relationship with them). Home business owners can use this opportunity to create and introduce their own logo, URL or catchy tagline for their particular product or service among their community. This business activity is called merchandising. It enables home businesses to have their unique brand (Sharp, 2009).

2.9 After Sale Support

Supporting customers after selling a product or service is as important as making the sale, since it creates strong customer relationships and builds loyalty towards the company’s products or services. After-sales support is crucial because there is no better advertising than a satisfied customer and it leads to competitive capabilities (Silberer et al., 2009; Shin and Hall, 2012; Wu and Lee, 2012).

2.10 Search Engine Optimization

Search engine optimization techniques can be applied to customize a business website and SNT in order to attain a better ranking in search results (Albaloooshi et al., 2012; Enders et al., 2008). Search engine optimization is a major method of network marketing and is becoming more well known. The main purpose of search engine optimization is to increase the coverage of specific keywords in order to increase website visibility, thereby increasing sales opportunities. Search engine optimization techniques are used to analyze how various search engines identify the Internet page, how to index and how to determine the keyword search results for ranking techniques (Di et al., 2010).

As a conclusion, the activities mentioned above are the business activities that can be incorporated in social network tools. Using each of the above activities would enable the individuals who run a home business to enhance the representation and distribution of their services and products. The next section of this paper discusses the research conducted to explore these activities within social networks.

3. Methodology

The ten activities discussed above were the most popular business activities among many others in the literature. Of these ten activities, four were chosen based on their influence and popularity. This research utilized qualitative data collected through interview sessions with business owners who utilized SNTs for their business. The 17 respondents used SNTs for their home businesses and were identified through the Internet, particularly through a Facebook group of home business owners.

Once the business owners were identified and preliminary correspondence was conducted, their websites were scrutinized in order to have a better understanding of the nature of their business and how they conducted various activities related to their business. After seeking their consent, a list of questions was sent to them for their feedback. These responses helped the researcher in better understanding the various activities involved in the home business process and the use of SNTs. The respondents provided in-depth information about their business processes and their utilization of SNTs. The respondents were asked about the social network capabilities and how they conduct their business through them. The questions also aimed to identify which social network was the most popular among these users. The respondents were asked to share their experience, their keys to success in the home business realm and any advice for those who are new to this kind of business. All the responses from the interviewees were analyzed. Based on the data analysis, some recommendations and suggestions for home business owners who use SNTs were developed.

4. Findings

After collecting data from seventeen respondents who were running home businesses, a number of findings were achieved. Home business owners utilize SNTs such as Facebook, Linkedin and Twitter for product and service-oriented purposes. The SNTs enable them to access a large customer base to market products and services effectively. Among the SNTs, Facebook was the most popular and widely used (used by all 17 respondents) because it can provide opportunities for advertising products and services, finding collaborations, building a global network from scratch, providing global access to users, low-cost marketing and customer satisfaction. Not all social networks allow third-party organizations or individuals to create social network applications. For example, this capability emerged with the Facebook API (a platform to build applications), as a type of social network tool, which is why so many applications are available on Facebook (Wang et al., 2011).

The seventeen respondents were running various home businesses such as real estate, personal fitness products, communication consulting services, network marketing for health and wellness, beverages, and designing and building medical establishments. Almost all of the respondents were based in the United States. Nearly all of them were experienced business owners and only one of them was new to this kind of business.

The basic function of SNTs is to inform society and enable individuals to become more engaged with one another (Neumann et al., 2005). This section discusses the results of the research on the capabilities of social network tools for home business activities. The findings are divided into five important topics found from the interviews with 17 home business owners and from a review of the previous studies in the literature.
Among all these social networks, Facebook was identified as the most popular among the 17 respondents. Different reasons were mentioned. Firstly, most of the respondents chose Facebook due to the number of users. The millions of people on Facebook are a considerable audience for marketers to track. Secondly, SNTs enable business owners to be closer with customers or, in other words, to build customer engagement. SNTs offer an opportunity for home business owners to understand their customers’ needs and demands. For example, there are some analytical tools available in Facebook such as Lexicon for analyzing what is said in communities (e.g. wall posts). These tools are an effective way to explore potential customer segments, and the results can be used to develop strategies to meet customers’ requirements (Shih, 2009). Thirdly, SNTs also enable business owners to attract those customers by offering various types of games, music and chat rooms, and the ability to use different media and methods for advertisements such as video clips, virtual gifts and creating an event “rapid serial virtual presentation” and creating a fan base to introduce their product and service.

Fourthly, one of the most important capabilities of the SNTs including Facebook and Myspace is the power of word-of-mouth advertising (Arthur et al., 2009). The results of the qualitative data indicate that the home business owner can offer their products and services to a limited set of people (e.g. family or friends or anybody who interacts with them on the SNTs). If they convince these people to use the product or service, recommendations can then be made to their friends and networks. According to Arthur et al. (2009), this characteristic of SNTs is a form of viral marketing. Viral marketing means that home business owners are not limited to accessing a small community; rather, they can gain global access to users through the SNTs which provide marketing at a low cost. Fifthly, according to the results of the interviews, SNTs can assist home business owners to identify and capture their loyal customers. As Shih (2009) argues, SNTs such as Facebook provide access to existing market segments which gives the opportunity for business owners to customize their performance based on the customers’ sex, relationship status, interest, age, location of workplace and level of education. For example, 11 out of 17 respondents stated that their product can only useful in their specific location and SNTs provide them this with this kind of facility. In addition, four of the respondents’ products and services were targeted to a special gender.

The three top functions ranked by respondents were marketing, advertising and after-sales support, and the three least popular activities were merchandising, relationship with sponsors and affiliate programs (Figure 1). Other activities were used by respondents in a normal frequency. The respondents gave various reasons for conducting these activities on SNTs. For the marketing activity, all the respondents used SNTs especially Facebook because they thought this SNT is a professional site, makes business popular, enables them to build an effective profile, enables them to educate themselves for effectiveness, can be updated as regularly as possible and can target the right customer. Thirteen respondents used SNTs for advertising because SNTs enable them to introduce their products or services at a very low cost and give regular updates which all of respondents agreed was important as well as the element of trust. Regarding after-sales support, the respondents believed that SNTs are useful due to their consistency. Ten respondents were satisfied with this feature as well as the possibility of seeking and getting feedback from customers and also using SNTs to introduce new products or ideas. Nine respondents believed that SNTs can be effective for their relationships with customers. It enables them to have a conversation with their customer anytime, anywhere and to provide products and services based on their demand. SNTs also gave the business owners the power to build customer loyalty, leading existing customers to recommend the product or service to their friends and attracting new customers accordingly.

In order to meet their business objectives, these business owners employed various strategies by using SNTs, such as conducting market research through occasional online surveys and by utilizing information obtained through customer feedback (Table 1). Market research activities differed among the respondents. For example, 11 of the home business owners conducted marketing based on specific geographical areas (i.e. the ability to distribute the products in one particular area which is replete with prospective customers). Six of the respondents distributed the product or service based on customers’ gender and other demographic profiles. For instance, the personal fitness business owner concentrated on customers in the 18 to 40 age group.

![Fig. 1. Rank of home business activities on SNTs](image-url)
Another objective that can be met by SNTs is customer satisfaction. As shown in Table 2, customer satisfaction was a concern of almost all the respondents and they believed it could be improved by having feedback forms to seek customers’ suggestions and complaints, and by providing technical support. Moreover, fourteen respondents suggested the solution of offering 24 hour consultation services. This would enable customers to order the product or service or ask any questions regarding the product or service anytime and anywhere.

As shown in Table 3, some of the respondents expressed that introducing new online products and services required by customers is another strategy which can enable them to promote their products or services. According to Sashi (2012), offering new products or services which is needed by customers boosts the engagement between customers and developers and accordingly leads to increased customer satisfaction. In addition, the respondents’ answers indicated that home business owners are recruiting staff online, by announcing vacancies on SNTs and by providing online application forms on their websites. This strategy can help them to extend their home businesses to other geographic area with offering more quality of product and services (Table 4). Finally, as shown in Table 5, fifteen respondents believed it was beneficial to use social media connectors such as Hootsuite to control all social network tools such as Facebook and Twitter (Neiger et al., 2012) and that word-of-mouth whereby customers suggest the product or service to their friends could be a suitable marketing strategy on SNTs (Trusov et al., 2009).
Based on the interview results, a number of recommendations can be made on conducting home business activities via SNTs. As shown in Table 6, in terms of business marketing, it is suggested that business owners should use all the free social networks available in order to make the home business as global as possible. Moreover, updating the SNTs should be done as often as possible, and business owners should stay in touch with their customers. Furthermore, they should try to add as many people as possible to their SNTs. Finally, to ensure better performance, business owners should customize their product or service based on the customers’ demographics.

Table 6
Recommendations for home business activities on SNTs

<table>
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<tr>
<th>Business activity</th>
<th>Recommendations based on qualitative data analysis</th>
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| Marketing         | - To make home business owners as global as possible, they should use all the free social networks available  
|                   | - Update SNTs as often as possible  
|                   | - Stay in touch with customers  
|                   | - Try to add as many people as possible on SNTs  
|                   | - Customize the product or service based on customers’ demographics  
| Advertising       | - As an advertiser, home business owners have to be able to get more feedback from the customers and thereby improve the quality of their ads going forward  
|                   | - In Facebook, home business owners can divide users by their interests, age, sex, geographical situation, beliefs and so on and choose those who may be the potential customers and customize ads for each type of user  
|                   | - Target those social networks which are more popular with wider range of users  
|                   | - Use attractive and suitable content and colors for ads  
| After-sales support | - Try to do your best to make your customers trust you, and then you will have loyal customers  
|                   | - Send reminders to customers about new products and services  
| Communication     | - Build a good relationship with your customers through messages, comments and other methods of communication  
|                   | - Answer each mail and message individually  
|                   | - Be careful about misleading customers, which may occur inadvertently in online communications or the kind of communication which is not face to face  
| Subscription      | - Respondents expressed doubt as to the workability of subscriptions  
| Donation          | - Seeking donations was not applicable to the respondents.  
| Merchandising     | - Consistency is the key for merchandising.  
| Finding sponsor   | - Finding sponsors was not applicable to the respondents.  

5. Future Works

Based on the findings gained in this research based on a review of previous studies and in-depth interviews, future researchers can use the proposed framework as a guideline for home business owners to improve their online businesses via SNTs (Table 7). For example, researchers can develop the framework based on three phases: 1) implementation (set-up); 2) operations (daily routines); and 3) evaluation (effectiveness). Implementation or set-up refers to the process of creating social network-based home businesses including the design of a website, investment cost, development of the business idea and concepts related to the implementation of this kind of business. The operation phase deals with the items that are essential for social network-based home businesses to operate. In the evaluation phase, home business owners’ evaluate the effectiveness of their social networks in their home businesses and make sure they are improving. Table 7 shows the suggested questions which can be used to conduct qualitative research to reach these objectives based on each phase.

6. Discussion and Conclusion

SNTs are defined as “web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system” (Ellison, 2007). This research offers an understanding of the capability of social network tools and sites especially for beginners who want to conduct a home business. Home business owners can utilize social networks such as Facebook to promote their business activities. They can use social network websites to introduce the sites that represent their services or products as well to provide updates on the social network. The most common and effective activities that could be utilized in a social network by home business owners are marketing, advertising and after-sales support, followed by communication, subscriptions and relationship with sponsors. Activities such as merchandising also could be carried out in these networks.
It is recommended that home business owners must make daily updates and keep the users and potential customers updated since it is vital for key business functions like marketing, advertising and communication. Follow-up by home business owners is vital for after-sales support and to ensure customer satisfaction. SNTs can also be used to introduce new products. Moreover, vacancies can be announced and so recruiting can be done using SNTs. The capabilities of SNTs can be summarized as follows: a) engagement with customers that is respecting the choice of customers, b) viral marketing or word-of-mouth which indicates the widespread use of social networks among customers, c) engagement ads, and d) market segmentation.

By conducting in-depth interviews with 17 home business owners who used SNTs as a case study and through content analysis and a review of previous studies, the researcher identified the popular business activities which can boost the home business, as well as the SNT properties and strengths. Recommendations were made for beginners who want to start their own business. While the research approximately attained its purpose, there were a few inevitable limitations. The main limitation of this study was the small sample. The limited availability and accessibility to home business owners in order to make relationships with these groups was also difficult.

### References


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