

A SHIFT IN ADVERTISING: SMALL BUSINESS ADVERTISING

HONORS THESIS

Presented to the Honors College of

Texas State University

in Partial Fulfillment

of the Requirements

for Graduation in the Honors College

by

Adriana Estela Gutierrez

San Marcos, Texas

May 2019

A SHIFT IN ADVERTISING: SMALL BUSINESS ADVERTISING

by

Adriana Estela Gutierrez

Thesis Supervisor:

---

Karen Smith, Ph.D.  
Marketing Department

Approved:

---

Heather C. Galloway, Ph.D.  
Dean, Honors College

## Abstract

“Advertising is any paid form of nonpersonal communication about an organization, product, service, or idea by an identified sponsor” (Belch & Belch 2001). With time, just as anything, the traditional way that advertising was executed changed. One of the major things that has rapidly and suddenly changed advertising is the rise of the internet.

Through the internet, networking with other people began. Through this new enlightenment of interconnectedness via the internet, the change or shift of advertising strategy came about. This strategy gradually developed from print to online ads to social media platforms. Advertising continues to change especially with the new technology evolving quickly. This has influenced all businesses, but this research focused on how small businesses were affected. First, advertising is defined and the many channels for advertising are explained. Next, it discusses the research methods which includes an online survey and personal interviews. Finally, the small effects that the change in advertising had on small businesses are determined.

*Keywords:* Advertising, Small Business, Personal Interviews, Online Surveys

## **Intro**

As a senior marketing student, one is told several times about the ever-changing world that rapidly, almost forcefully, pulls on the hand of marketing and advertising. The advertising world that existed last year or even yesterday does not exist anymore and advertising methods should mirror or follow suit of said world. The single invention of the computer dramatically changed the course of all of advertising. (Young 2000) In the years after, the computer would become an intermediary between consumers and advertisers. The computer would serve as a medium for purchases and exposure to advertising. Not too long after the computer, the sensation of the internet that spun the world into a frenzy of more people actively using computers in their daily lives came into effect. This served as the connecting stone for consumers to see the internet as a way of gaining information or purchasing online. This trend only grew with higher quality phones. All these technological advancements have dramatically shifted advertising and its methods. This carried out qualitative and quantitative research to determine the effect of the change in advertising strategy on small businesses. While the qualitative research was done in a form of interview, the quantitative was done in the style of an online survey. This primary research demonstrates how little “mom and pop” shops have not shifted and how they currently advertise. This rapid change took a toll on small business to navigate and learn new technology with fewer resources than a bigger business. However, the changes may not be as big as more underlying issues that small business must overcome. Local business must adjust to fit the consistently changing advertising circular box while also effectively running a business. To conclude, after examining the results, a description of the effects is discussed.

## **Background**

### **What is advertising?**

The critical definition of advertising, found in the Cambridge dictionary, is “makes things known generally or in public, in order to sell them” (Advertising). Using advertising has evolved from the traditional use of media that provides information to buyers in print to a broad aspect that includes all different types of paid publicity. Advertising is more than informing it is a vital tool that helps consumers in their purchasing decision. (Brierley 1995). In the modern social-media-centric era that we live in today, an advertiser’s job is to create an informative, attention-getting, and persuasive message. Many companies exhaust their resources in their efforts to get a consumer to do or buy something. Moreover, that purpose of advertising is to make the consumer purchase one’s service or product, and advertisements do this by meeting the expectations of their target market or even exceeding it.

Advertising is important to everyone. Without it, consumers would be challenged to make their buying decision and the seller to be known. Without advertising, finding a simple item would become a time-consuming task, because while advertising promotes your business, it also makes the customer’s life easier. On other times, advertising can be used to keep your name in the peripheral vision of the consumer, so they turn to you when it comes time to buy an item. When advertising was in the beginning stages of its formation, it was mostly used in magazines, direct mail, billboards, television, and newspaper advertisement.

However, there are now many forms of advertising and numerous forms of media through which to deliver them. These different forms of new media can be credit to the

development in technology (Agrawal 2016). Forms of advertising can include a simple flyer or a creative video or picture. Media is a channel or ways to reach a consumer. Advertising media include, but are not limited to, the following: yellow pages, online directories, web ads, television, radio, newspaper, direct mail, coupon publications, local magazines, billboards, signage and in-store marketing, social networking, and other media. However, some of these channels have become irrelevant to most business due to the evolution of the web and innovations in communications (Hasse 2015). Figure 1 shows the relevance in terms of investments towards print advertising. This quantitative data was taken in 2015 and since then has decreased. This low relevancy is due to the internet's impact on consumer behavior and the buyer's knowledge.

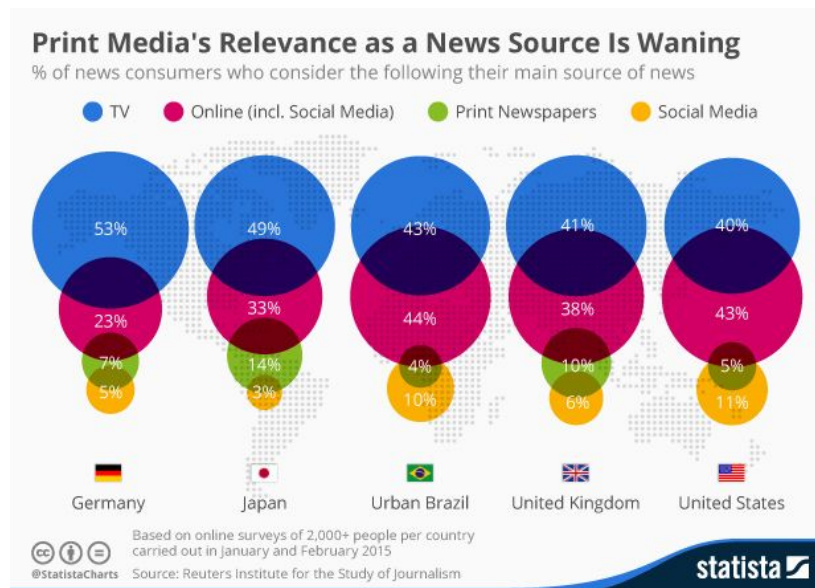


Figure 1

## Internet

The internet was not always as popular as it is now, and it was in 1985 when commercialization via the internet started. Since then it has only increased and has become a platform for various business transactions (Leonardi 2013). During the 20<sup>th</sup>

century, the world saw a boom in major advancement in the interconnectedness of people through the internet. However, only researchers and a few others could communicate from one computer to another in the early forms of the internet. It was not until a few years later, upper-class researchers used it as a means of communication and then it became more available to the public. Once the public and its consumers began to regularly use the internet, businesses saw the opportunity to expand their platforms to reach more consumers (Gutierrez 2017).

The internet platform became a means of business transactions in the form of E-commerce. E-commerce “lets firms and individuals conduct business over electronic networks, most notably: the internet” (Bloomenthal 2019). The United States economy has seen companies evolve to fit the consumers by selling online. E-commerce has grown dramatically over the years and continues to grow due to the increase of accessibility via phones (Figure 2). Consumers in the United States make over half of their purchases online (Farber 2016). It is becoming more and more important for businesses to make their product available online for easy access to consumers because the internet is accustoming the consumer to an online point of purchase. Point of purchase is the medium where a product is purchased by the consumer. Correspondingly, more tech-savvy end-users use the internet to research a business or product. Around 82% of smartphone users prefer to research online before a purchase in store, and 45% read reviews before the purchase (Ellett, 2018). There are 224.3 million smartphone users in the United States and 183.9 million consult the internet for their purchasing decision. This indicates the amount of importance that an online presence can have for a business especially for advertising since it also changed with the popularity of the internet.

## E-Commerce Growth

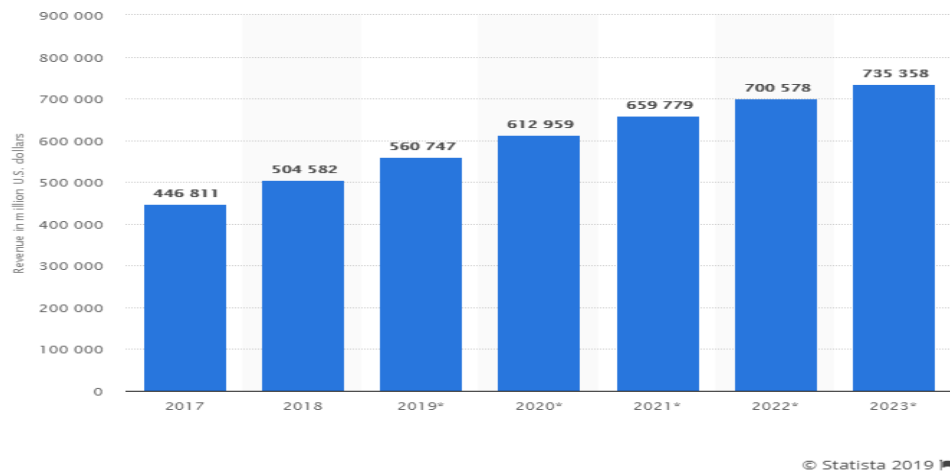


Figure 2

## Change in Advertising Strategy

Advertising started with word-of-mouth and transitioned into print advertisement. In 1917, Uncle Sam's poster (Figure 3) became "one of the first influencers of graphic design" and became known as the most famous poster in the world (100 Years of Advertising). Fast forward twenty-five years to 1941, Bulova broadcast the first commercial in the United States with a simple image of their watch and one sentence. This commercial transformed into a slight increase in television advertisement and prompted the "golden age of advertising" in the 1960s through late 1980s. During this time is when the advertising "industry mastered the language of TV, appropriated the medium of photography and produced work of unprecedented creativity" (History: 1960s 2003).





*Figure 3- 100 Years of Advertisement*

A decade later in 1993, the actual digital shift in advertisement started with online services like Prodigy and America Online (100 Years of Advertising). This encouraged everyone from children doing schoolwork to moms researching remedies to log-in on their computers more frequently. With this increase in computer usage advertisers transitioned their attention to generating digital ads. This advertising shift “was the most momentous industry change since the invention of television” (100 Years of Advertising). Later in 1994, Yahoo! developed the search engine while *Hotwired* became the first online magazine to have an online advertisement. *Hotwired*, placed its first banner ad and around 10% of the viewers clicked and were taken to the sponsor’s website. Later in the year of 1997, marketers saw they could advertise through the web; ultimately, the following year \$940 million was spent on online advertisement. That number went up as the years passed. By the year 2000 “about 1.4 million U.S. households had a high-speed Internet hookup, but that number is expected to double this year and reach 16.6 million within five years” (Young 2000). Currently, over 20 million

households have internet connections. In 2004, online advertisement spending by companies was as high as \$33 billion. This dramatic increase in online advertising spending is still on the rise (Figure 4). This upward incline is due to the effectiveness of online advertising and the high market size compared to other channels (Figures 5 & 6).

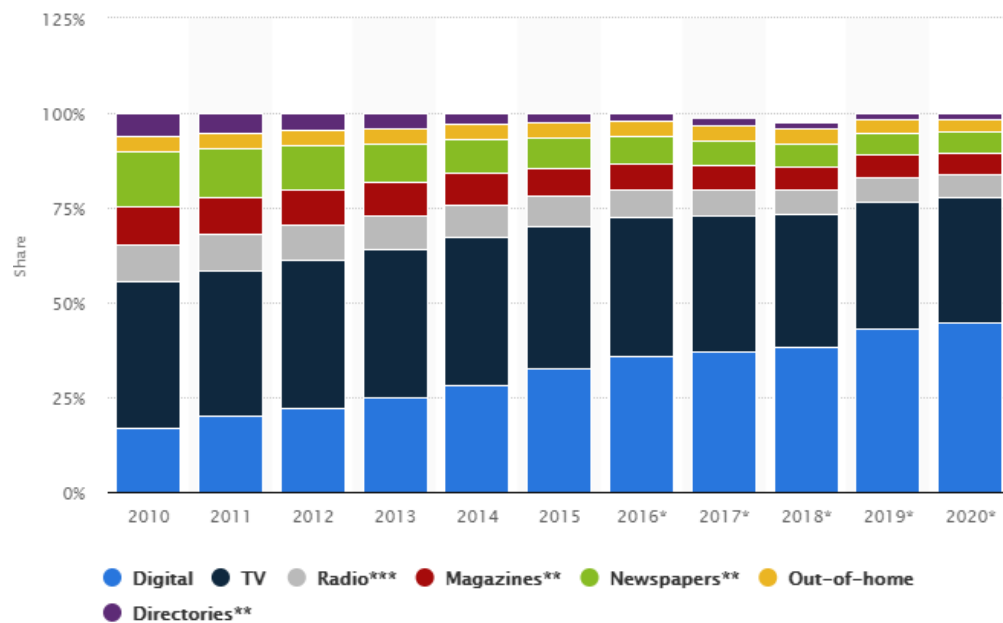
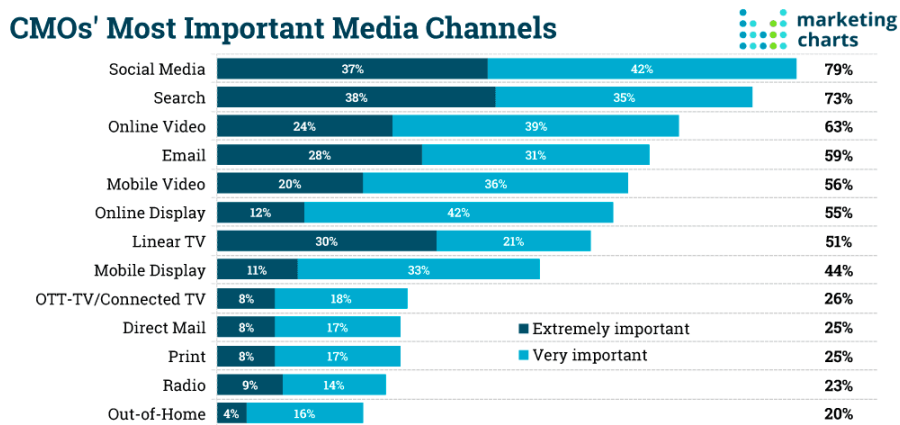


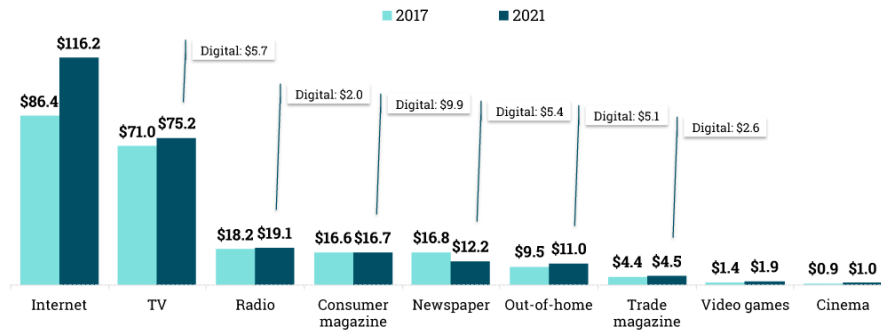
Figure 4- Advertising spending in the U.S. by media, 2017



Published on MarketingCharts.com in June 2018 | Data Source: Nielsen  
 Based on a Q1 2018 survey of top US marketers at for-profit companies across automotive, consumer packaged goods, retail, telecommunications, technology and travel industries. Q: "What are your most important [digital] / [traditional] media channels?"

Figure 5- US Online and Traditional Media Advertising Outlook, 2017-2021, 2018

## US Advertising Media Market Sizes (\$B) 2017 v. 2021



Published on MarketingCharts.com in July 2017 | Data Source: PwC

in US\$ billions

Traditional media figures include online equivalents (e.g. \$11.0B in OOH advertising includes \$5.1B in digital OOH)

Figure 6- Burzler, 2018

This rise can also be credited to the “Dawn of Social Media Era” that occurred in 2007. Facebook led this third connected era in advertisement by creating a social network where people could interact with each other socially. This started the creation of other social networks like Twitter, YouTube, Pinterest, Instagram, and Snapchat. These platforms allowed everyone to communicate visually and in an enjoyable manner, but soon turned into a channel to advertise through. After the formation of social networks in 2011, digital influencers or “social media users whose online clout enables them to engage with and advertise to their followers” came into the realm of advertising methods (Civeris 2018).

Advertising strategies constantly changed over the years, and this can come from the rise of social media through the popularity of the internet. In the beginning, companies used to rely heavily on billboards, news advertising, flyers, and coupons. Those advertising channels still exist and remain slightly relevant, but now advertising is more prominent online rather than physical. The shift to digital advertisement was caused by more consumers shopping for products and researching companies online. Another

factor in the rapid change in the advertising strategy is the high effectiveness of using online platforms. Companies can target their advertisements to their primary audience online while viewing the results instantly. This helps determine the effectiveness of the campaign and if any changes need to be made to it. Print advertisements do not provide companies with precise results to show the success or failure of the campaign. While a company's target market can be reached through online advertising with detailed results, the style and price vary depending on the chosen channel.

### **Advertising Channels**

Since the evolution of the internet, various new channels emerged to serve as a bridge between consumers and companies to balance out the increase in daily online interactions. This has resulted in advertising becoming intertwined into our daily lives in forms of words, pictures, stories, and even sounds. Selecting the best advertising media can be challenging and costly if done wrong. The channels at the beginning of advertisement, channels like word-of-mouth, magazines, direct mail, billboards, television, and newspaper, were primarily used. However, after the course of many years, other media developed. Some of the new media, including, but not limited to, Yelp, Snapchat, Instagram, Twitter, Google Ads, Facebook, company's website and other media.

### **Word of Mouth**

Word of mouth (WOM) is the "process of telling people you know about a particular product or service" (Word of Mouth). Word of mouth can be positive and negative which, in turn, can help or harm one's business. For reference, word-of-mouth can occur when one buys a product and either loves or hates the product then tells

everyone about their experience. The customer’s overall opinion regarding said product dictates if they give others a good or bad review of your product. Natural word-of-mouth occurs when others talk about your product organically, and word of mouth marketing, WOMM, is WOM that is to some extent paid for or encouraged (Whitler, 2017).

Although word of mouth is something that one cannot physically control, WOMM can stimulate word-of-mouth. It can be as simple as encouraging your customers to tell others about your company or giving out multiple business cards to your customer hoping that they give them to their friends. It can also be as complex as creating a “buzz” and this is done by posting teasers on social platforms or having influencers post for them in the attempts to create word of mouth. Buzz marketing is a viral technique that is intended to maximize the WOM of a product or campaign (Rouse, 2015).

“The authors’ 2009 research indicated that 20 percent of WOM discussions refer to paid advertising in media,” and the market-mix model finds that WOM can be an inexpensive and significant sales driver for businesses to use (Keller, E., & Fay, B., 2012). However, WOM can also be free in instances such as encouraging consumers to tell others or posting a free post on the company’s social media platforms or it can also be as inexpensive as buying business cards to hand out. It can also be as expensive as hiring an influencer to create WOM. Pricing for an influencer depends on the influencer, but it is usually valued on the number of followers or the results (Figure 7 & 8).

Platform	Followers
<b>Instagram:</b>	2,000 to 10,000 Instagram followers: \$75 to \$250 per post
	10,000 to 50,000 Instagram followers: \$250 to \$500 per post
	50,000 to 100,000 Instagram followers: \$500 to \$1,000 per post

	100,000 to 500,000 Instagram followers: \$1,000 to \$3,000 per post
	500,000+ Instagram followers: \$3,000+ per post
<b>Snapchat:</b>	Starts at \$500 to \$10,000 per campaign in 24 hours
<b>YouTube:</b>	50,000 to 100,000 channel subscribers: \$500 to \$1,000 per video
	100,000 to 500,000 channel subscribers: \$1,000 to \$3,000 per video
	500,000+ channel subscribers: \$3,000 to 5,000+ per video
<b>Blogs</b>	Starts around \$175 to \$5,000+ per post

Figure 7: Henderson, 2011



Figure 8: Walker-Ford, 2018

Although word of mouth is considered one of the first forms of marketing, it continues to be the most successful if mastered. However, marketers said the three largest difficulties in functionally achieving WOM are measuring the offline results of “WOM (89%), showing return on investment (85%) and measuring online social media (79%)” (Gostkiewicz, 2018). Even with these challenges, it is still worth dedicating time and money to WOMM, because 92% of customers trust it over all other forms of advertising, drives sales and is considered “to be more effective than ‘traditional’ marketing, according to 64% of marketing professionals” (Whitler, 2017).

### **Print**

Another early form of advertising is print advertising. Print advertising “appears in a newspaper or magazine, rather than on television, radio, or the internet” (Print Ad). Many small businesses still use this type of advertisement by using flyers. “Flyers are a piece of paper containing an advertisement or information, usually given out to people walking by” (Fliers). Although print advertisement is traditional, advertising it has not aged as well as word of mouth. Under newspaper and magazines, there are different forms of advertisement one can choose from.

Newspaper advertisements typically come in four different forms such as display ads, insert ads, classified ads, and house ad. Display ads usually are around one-eighth of a page to one whole page. An insert ad is an entire page, or it can be a postcard insert that is contained within the distribution of the newspaper issue. A classified ad goes in the classified portion of the newspaper and to target customers and small businesses. Lastly, house ads are inserted by the publisher to promote ad space (Kokemuller, 2017).

Magazines have similar types of advertising to newspapers. One type of advertisement in magazines can be classified as a special ad promotion which is a category with subcategories. Another type is a classified advertisement, and this is can be found in the back of a magazine. Next, there are the advertorials advertisement or an ad that requires a whole page in the focal section of the magazine. Lastly, display ads are the fourth type and they are expensive effortlessly identifiable ads (Macromark, 2017).

Newspapers rates have increased over time (Figure 9), with the lowest increase in price at \$62. In the San Marcos area for a column ad, the San Marcos Daily is priced at \$14 while the University Star is priced at \$315. However, the circulation of the United States newspaper industry has been declining since 1990 (Figure 10). A magazine typically costs around \$500 to \$20,000 depending on the magazine and the ad, but the market size for magazines has decreased and will continue to decrease (Figure 11). Flyers average around .65 cents, making 500 one-sided flyers about \$160.

**Table 2.** Yearly print subscription price (home delivery) and in-market print reach, 2008, 2012, and 2016.

Newspaper (State/Newspaper)	Print subscription price (7-day)			Price change 2008–2016	Price ratio 2016/2008	In-market print reach			Reach change 2008–2016	Reach ratio 2016/2008
	2008	2012	2016			2008	2012	2016		
New York / The Wall Street Journal <sup>a</sup>	\$249	\$374	\$525	\$276	2.1					
New York / The New York Times	\$530	\$608	\$978	\$448	1.8	5% <sup>d</sup>	5% <sup>d</sup>			
California / San Jose Mercury News	\$198	\$225	\$673	\$475	3.4	21% <sup>e</sup>	37%	31%		
California / Los Angeles Times	\$104	\$162	\$624	\$520	6.0	34%	28%	23%	–10%	0.69
New York / New York Post	\$208	\$363	\$389	\$181	1.9					
New York / Newsday	\$260	\$332	\$831	\$571	3.2	15%	12%	10%	–5%	0.65
California / The Orange County Register	\$240	\$261	\$520	\$280	2.2	11%	9%	7%	–4%	0.64
California / Los Angeles Daily News	\$58	\$70	\$120	\$62	2.1					
New York / New York Daily News	\$80	\$236	\$390	\$310	4.9	29%	25%	19%	–10%	0.66
Washington DC / The Washington Post	\$187	\$305	\$559	\$372	3.0	60%	50%	41%	–20%	0.67
Illinois / Chicago Tribune	\$234	\$299	\$727	\$493	3.1	44%	36%	32%	–13%	0.72
Nevada / Las Vegas Review-Journal	\$208	\$130	\$650	\$442	3.1		46%	34%		
Florida / Tampa Bay Times	\$169	\$247	\$286	\$117	1.7	35%	33%	34%	–2%	0.95
Colorado / The Denver Post	\$100	\$164	\$286	\$186	2.9	50%	42%	28%	–21%	0.57
Minnesota / Star Tribune	\$225	\$244	\$299	\$74	1.3	53%	47%	39%	–14%	0.74
Illinois / Chicago Sun-Times	\$215	\$267	\$377	\$162	1.8	33%	40% <sup>f</sup>	21% <sup>f</sup>		
Texas / The Dallas Morning News	\$204	\$407	\$421	\$217	2.1	42%	30%	24%	–18%	0.57
Ohio / The Plain Dealer	\$210	\$264	\$338 <sup>b</sup>	\$128	1.6	46%	39%	28%	–18%	0.60
Pennsylvania / The Philadelphia Inquirer	\$273	\$316	\$619	\$346	2.3	35%	27%	22%	–13%	0.62
Massachusetts / The Boston Globe	\$403	\$481	\$746	\$343	1.9	39%	29%	24%	–15%	0.61
Texas / Houston Chronicle	\$186	\$312	\$520	\$334	2.8	50%	44%	31%	–20%	0.61
Texas / Austin American-Statesman	\$233	\$307	\$552	\$319	2.4	57%	44%	30%	–26%	0.54
New Jersey / The Star-Ledger	\$207	\$273	\$361 <sup>c</sup>	\$154	1.7	12%	10%	8% <sup>c</sup>	–4%	0.67
California / U-T San Diego	\$189	\$352	\$289	\$100	1.5	53%	44%	31%	–21%	0.60
California / San Francisco Chronicle	\$247	\$507	\$668	\$421	2.7	32%	22%	20%	–12%	0.63
<b>Median</b>	<b>\$208</b>	<b>\$299</b>	<b>\$520</b>	<b>\$310</b>	<b>2.16</b>	<b>37%</b>	<b>33%</b>	<b>28%</b>	<b>–14%</b>	<b>0.63</b>
<b>Mean (S.D.)</b>	<b>\$217 (95.1)</b>	<b>\$300 (118.2)</b>	<b>\$510 (201.9)</b>	<b>\$293</b>	<b>2.53</b>	<b>37% (.16)</b>	<b>31% (.14)</b>	<b>26% (.09)</b>	<b>–14%</b>	<b>0.65</b>
<b>N</b>	(25)	(25)	(25)	(25)	(25)	(20)	(21)	(20)	(18)	(18)

<sup>a</sup>Mon-Fri & Wknd.

<sup>b</sup>Wed, Fri & Sun, only.

<sup>c</sup>2015 data.

<sup>d</sup>National reach.

<sup>e</sup>2008 reach excluded from the analysis because on Jan. 1, 2010, the *Oakland Tribune* and the *Contra Costa Times* merged with the *San Jose Mercury News*.

<sup>f</sup>2012 and 2016 reach excluded from the analysis because data included affiliated newspapers.

Source: Alliance for Audited Media data on annual basic prices for home-delivery subscriptions; Scarborough seven-day in-market DMA print readership data.



Figure 9: Benton, 2019

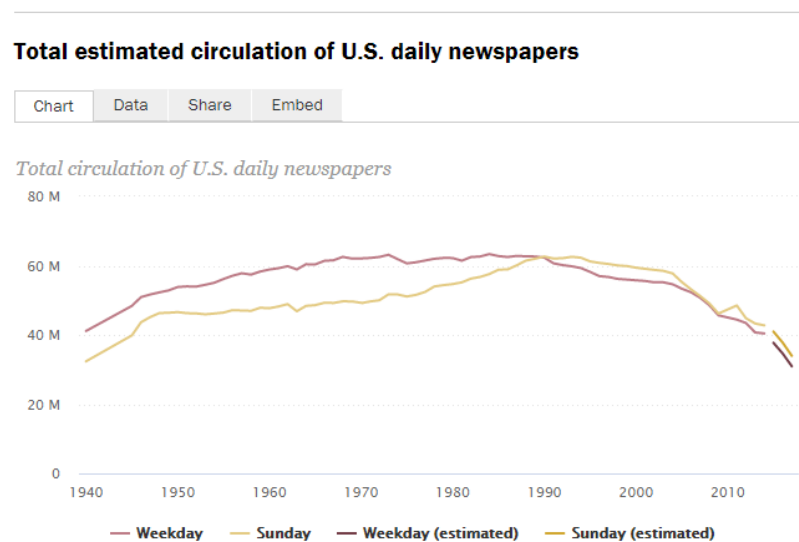


Figure 10: Trends and Facts on Newspapers | State of the News Media., 2018

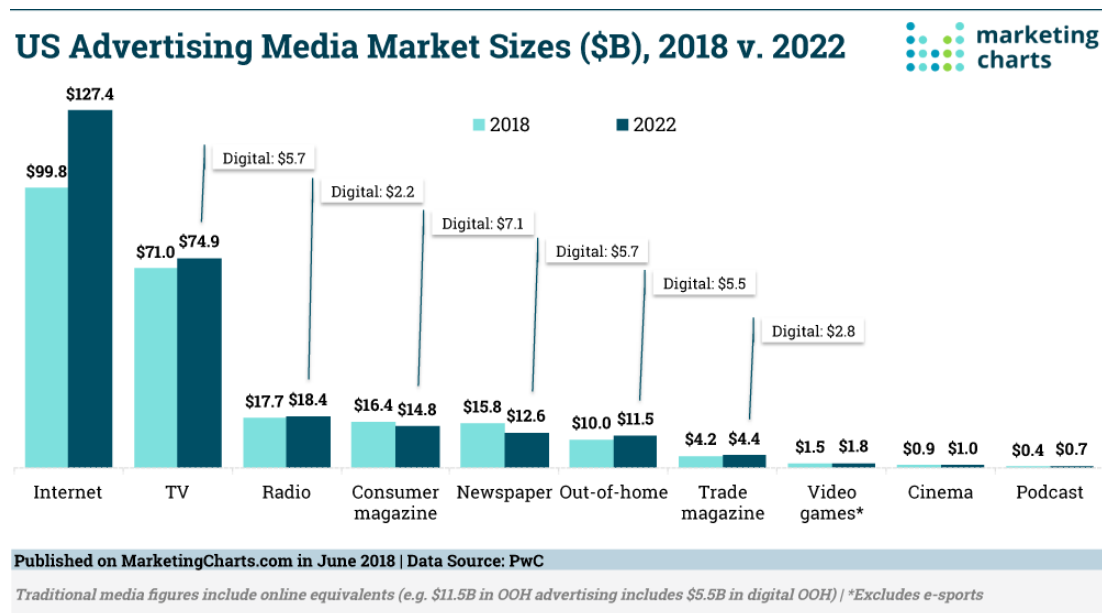


Figure 11: US Online and Traditional Media Advertising Outlook, 2018-2022., 2018

About 32% of marketers claim that print advertising is overestimated because the demand for print advertisements has decreased but their prices have not declined with it (Figure 12). The combination of Google and Facebook has more advertising revenue than

the combination of the whole global print and radio industry (Fischer, 2017). Also, all three forms of print advertisements have decreased in effectiveness, because it is much harder to prove a positive return on investment and they take longer to customize. Print advertisements cannot be tracked, making it difficult to show how effective or ineffective the advertisement truly was. “Furthermore, with consumers demanding personalized, ‘on-demand’ services, most traditional channels cannot keep up with customization offered by digital tools” (Patil, 2018).

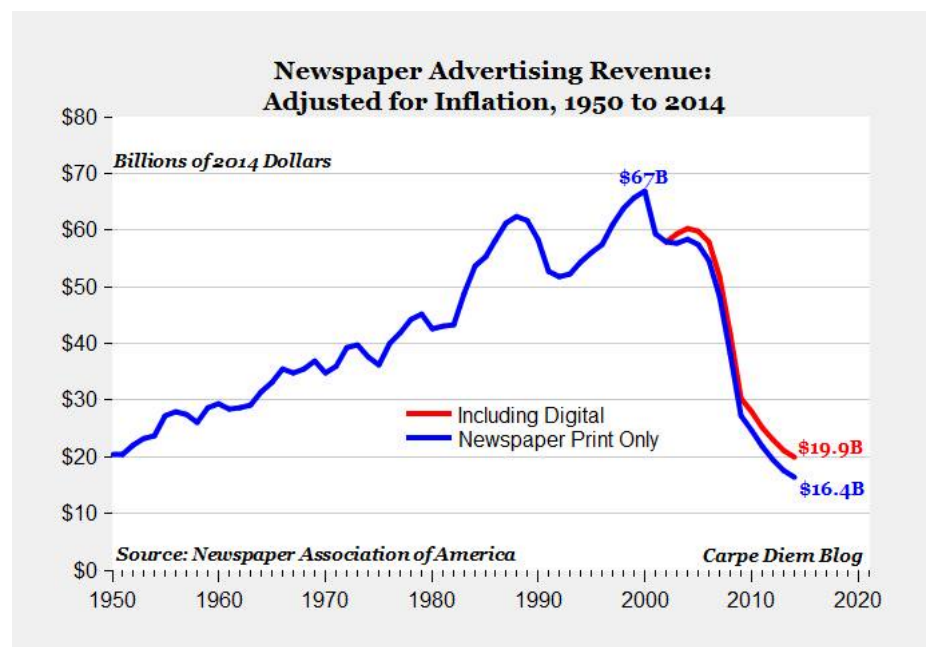


Figure 12: Perry, 2015

## Social Media

Since the upcoming of social media, many businesses have used it to their advantage for advertisement purposes. Social media is a platform that enables others to interact, share, and create while networking in a relaxed context (Social Media). The overall use of at least one social network platform has increased since the beginning of its era (Figure 13). The popularity of social media, that first started with Facebook, made

way for multiple channels to arise underneath its umbrella. Some channels are Instagram, Snapchat and Twitter.

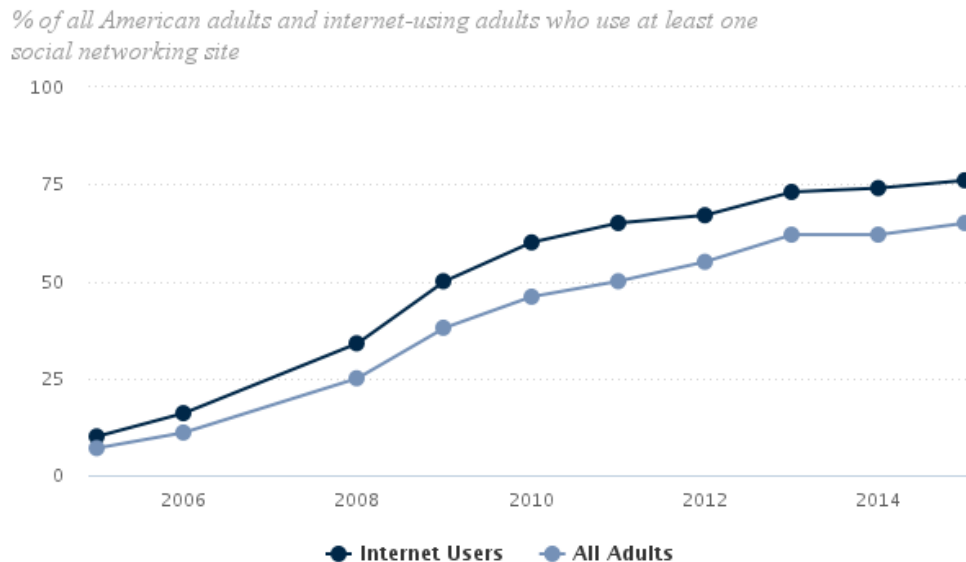
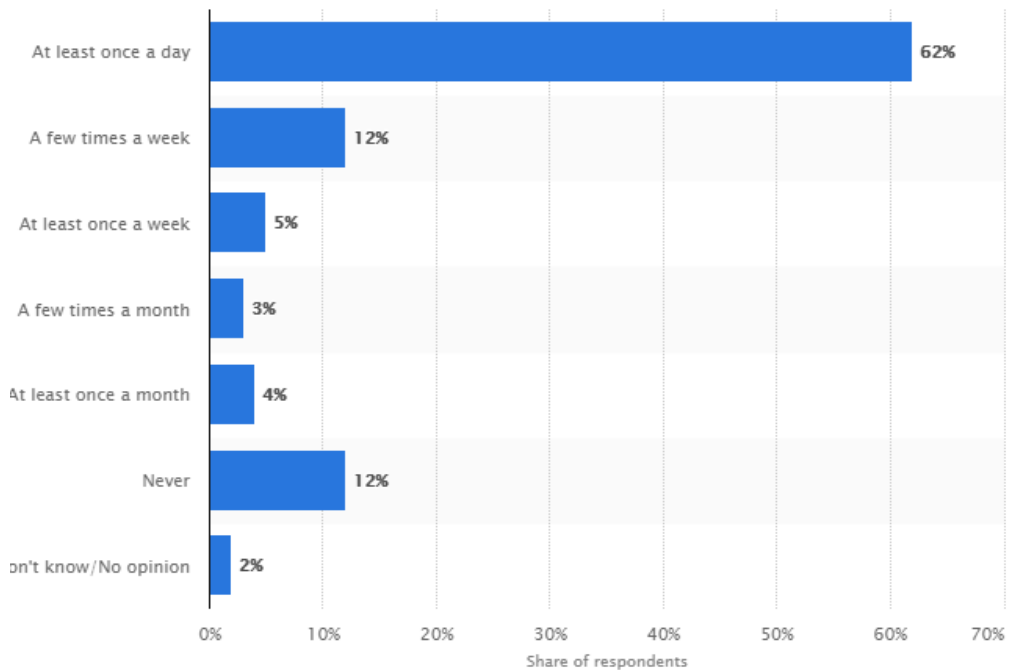


Figure 13: Perrin, 2015

## Facebook

Facebook is now known as a “website where you can show information about yourself and communicate with groups of friends” (Facebook). During the construction of Facebook, the thought of it becoming a global company was not in mind. However, the rise of the internet and the new-found popularity of social media made Facebook become a viral sensation not too long after it was created. After a few years, Facebook was used by roughly a third of the world’s population each month dominating its main competitors counting Instagram, WhatsApp, and Snapchat (Martineau and Matsakis, 2019). Now Facebook is the most famous social media outlet with 62% of its users in the United States using it daily (Figure 14). This platform became more than a social network but

also a source for Americans to receive their news, raise for charity, make announcements, and advertise.



© Statista 2019

Figure 14: U.S. Facebook usage frequency 2018 | Statistic, 2018

Since the popularity of Facebook advertising has become a popular channel for advertising, it has transformed into a source of income to the growing platform. A business or an individual can advertise for free by posting on Facebook's timeline. This post is only shown to one's friends and if one's friends share it then the friends of the person who shared it can see it as well. Another way to advertise for free on this platform is to join a relevant group and post an advertisement on the group's timeline. This post can be viewed by other members of the group. On the other hand, paying Facebook to help one advertise will cost an average of \$1.86 for cost per click (CPC), but it can be more than \$5.00 depending on other factors (Figure 15). The average small business

owner spends anywhere from \$500 to \$1,500 per month on Facebook advertisements (Main, 2018).

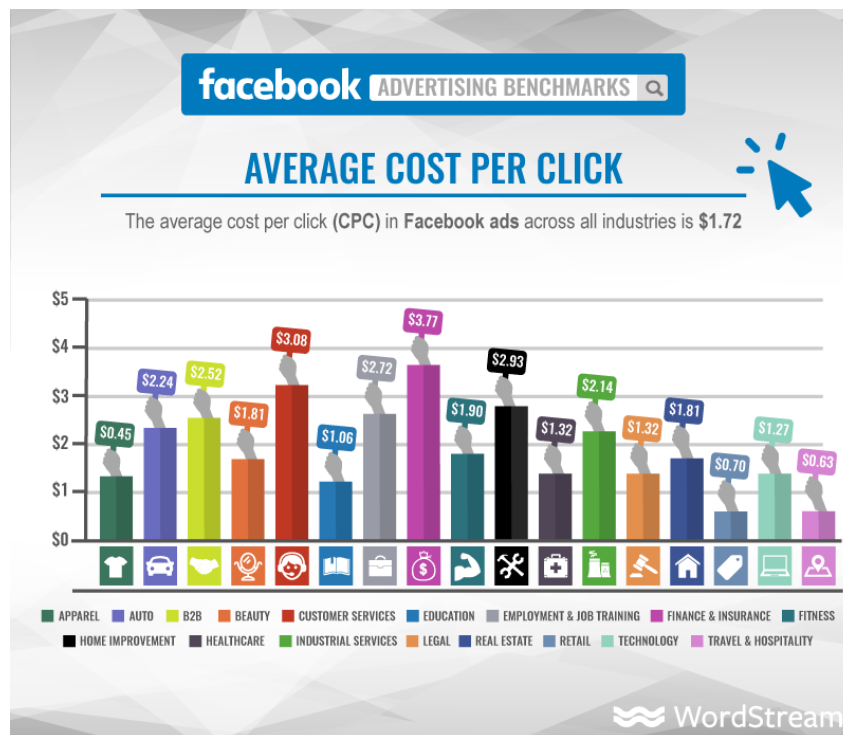


Figure 15: Irvine, 2019

The worth of advertising on Facebook is promising because it is more affordable than advertising through other media (Figure 17). “In general, you get more than \$4.00 in revenue for every \$1.00 you spend on advertising” (Shroeder, 2016). In a study conducted by Disruptive Advertising comparing Facebook advertising and Google Ads, Facebook outperformed Google Ads. Facebook’s advertisements had a CPC that was 70% lower, a click-through rate 20% higher, a conversion rate 70% higher, and a cost-per-conversion 77% lower (Figure 16). In conclusion, the effectiveness and price make Facebook a place to see great return on ad spending,

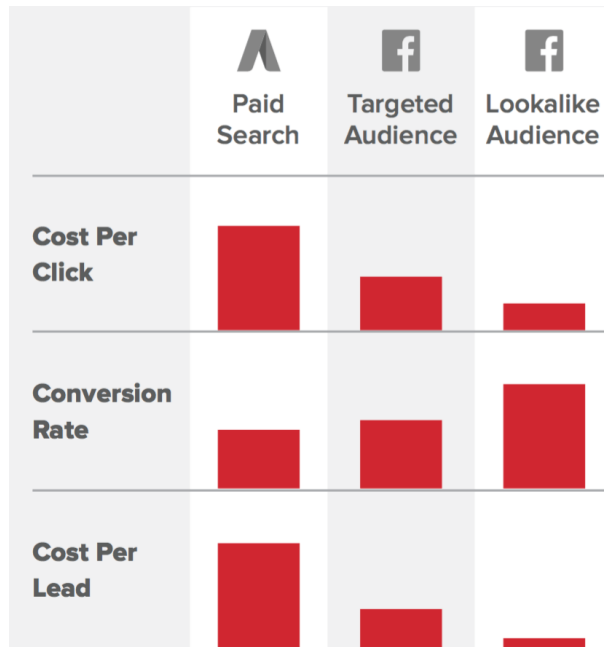


Figure 16: Shroeder, 2016

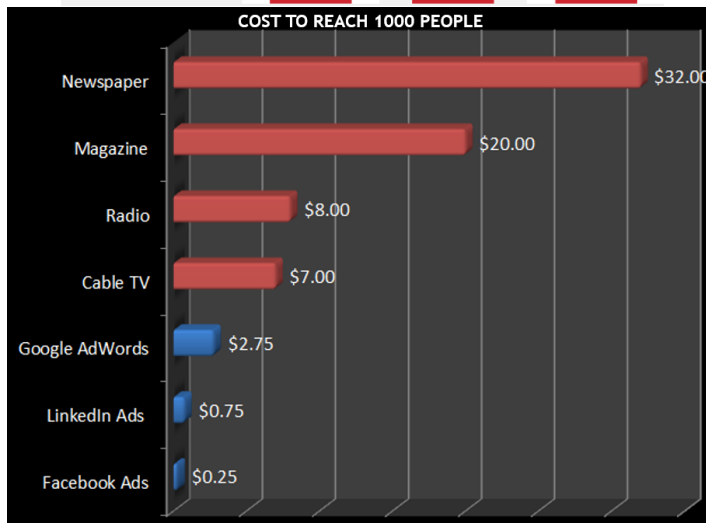
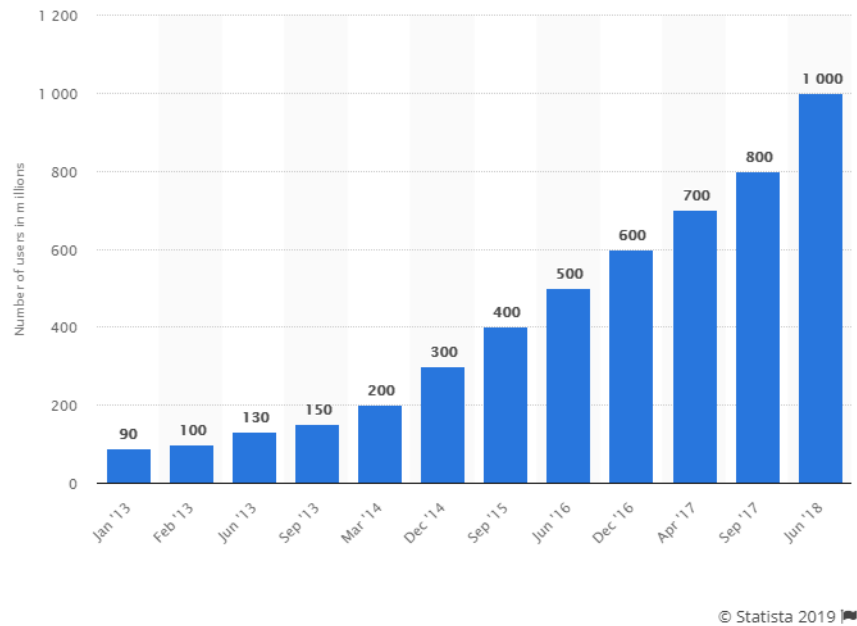


Figure 17: How much do Facebook Ads Cost? True Cost of Running Facebook Ads., 2018

## Instagram

This social platform can be well-defined as a service for posting, interacting, and sharing pictures and videos. Instagram has recently gained popularity for advertising since the rise of influencers. Influencers are people who have many followers and influence consumers' buying decisions. The way companies use influencers is to send them their product and pay them to post on their Instagram with positive reviews.

According to Gary Vaynerchuk, Instagram is the social platform to be on currently (Vaynerchuk, 2019).



*Figure 18: Instagram: Active users, 2018*

The number of users has only increased since the creation of Instagram (Figure 18). However, when Facebook bought Instagram one addition, they added to this social platform is the addition of Instagram Ads. One “can create Instagram Ads through Power Editor, the ads manager, and some of third-party tools, including AdEspresso” (The Beginner's Guide to Instagram Advertising, 2018). To advertise, one can do anything from setting up an Instagram Ad account, create and run campaigns, and hire influencers. The cost-per-click for an Instagram post can range anywhere from free to \$1.30 (Figure 19), while the cost for an influencer can cost upwards of \$100 (Figure 20).

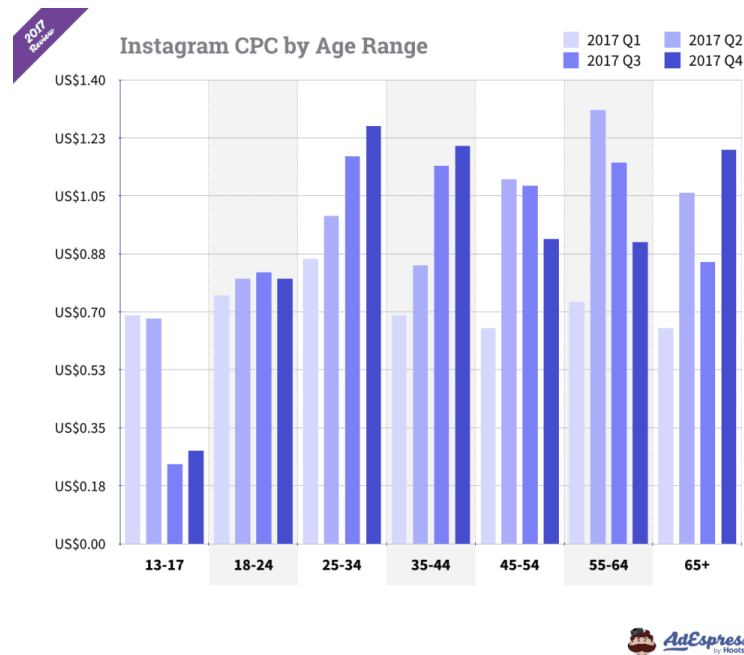


Figure 19: Instagram Ads Cost in 2019, 2019

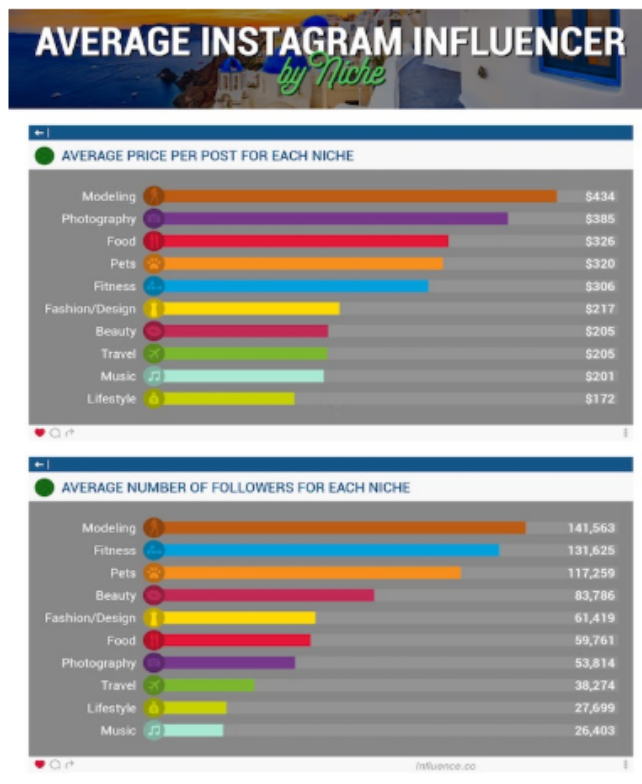


Figure 20: Nanji, 2017

It can be costly to use influencers or advertisements regularly, but it is worth it.

“Moreover, Instagram posts have quite a high conversion rate of 1.08%. Even though it’s



lower than Facebook (1.85%) it still surpasses Twitter (0.77%) or Pinterest (0.54%)” (Figure 21). However, Instagram ads are on an upward trend in ad revenues indicating higher investments and profits from this social platform (Figure 22).



Figure 21: Instagram Ads Cost in 2019, 2019

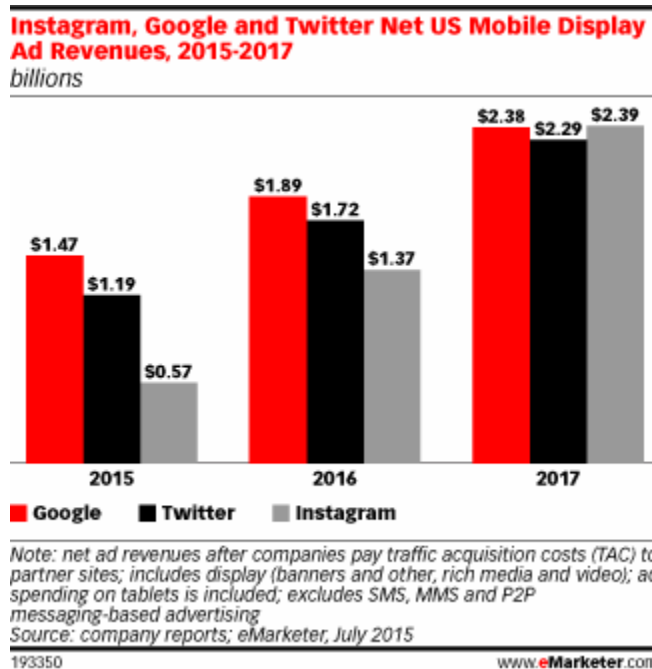


Figure 22: Instagram Mobile Ad Revenues to Reach \$2.81 Billion Worldwide in 2017

## Snapchat

Snapchat is a stage for many young entrepreneurs to share and keep their audience updated on new products, their personal life and other relative things that build their brand. Similarly, Snapchat is globally known for its capabilities to interchange

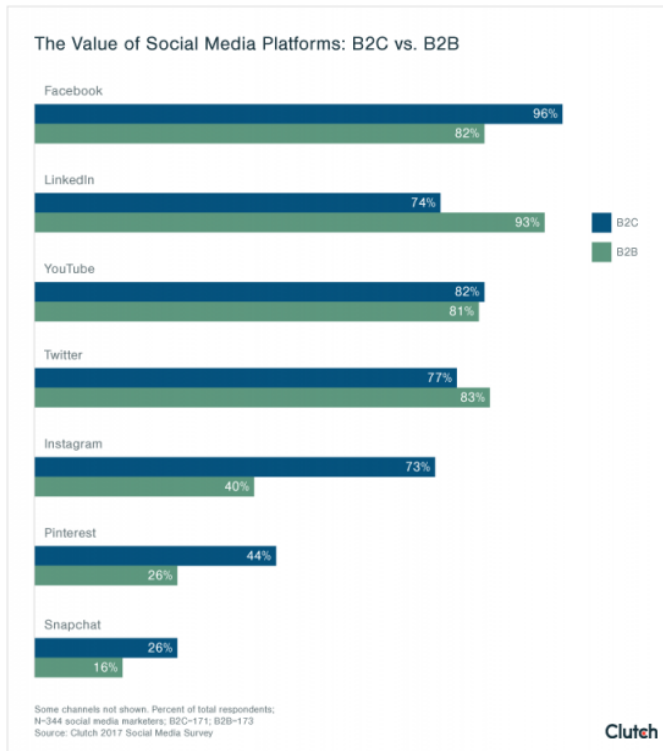
videos, messages, and pictures that can be seen only for a limited period. It has become a portal into celebrities' personal lives and their "favorite" products.

While these products may be their favorites, it might also be a paid advertisement by the company. Not only can a person with a lot of followers of Snapchat promote a product but anything else like companies and services. The way this works is the person of interest posts on their Snapchat story and leaves it for 24 hours to allow followers to see the paid clip or picture of the product. The cost is a \$50 mark that refers to Snap's paid sponsored where "users see a 10-second ad between videos" (Flynn, 2018). The other option is to pay influencers to post for them and this can vary from the followers they have on Snapchat (Figure 23).



*Figure 23: Lua, 2018*

This price might not be worth it because on almost all the statistical analysis Snapchat ranked the lowest in value (Figure 24). This platform is the most expensive out of the ones reviewed and it is the least effective. Therefore, this platform is not a good investment for a small business to use.



*Figure 24: Mangles, 2017*

## Twitter

Twitter is not only the sound a bird makes but also the name a well-known social networking platform that even Donald Trump, the United States President, uses. The reason for the viral spread of Twitter was because it became a “website where people or organizations can publish short remarks or pieces of information, and where you can see information published by people or organizations that you choose” (Twitter). While it does show a resemblance to Facebook, Twitter does have some major differences with its word restrictions.

“Twitter offers three types of advertising options – promoted tweets, promoted accounts and promoted trends. The first two cost between \$.50 – \$4.00 per engagement and promoted trends will cost you \$200,000 per day” (Mehrotra, 2016). The other way is to pay Twitter \$99 per month to advertise for you. This, in comparison to other social

media, is a costly investment and is not worth the price. While it is more costly than the other platforms, it is also not as effective. The amount that was reached organically compared to the ones reached by promotions is tiny for the amount that is spent on this advertisement. With this said, the investment would more than likely not be worth it for small businesses.

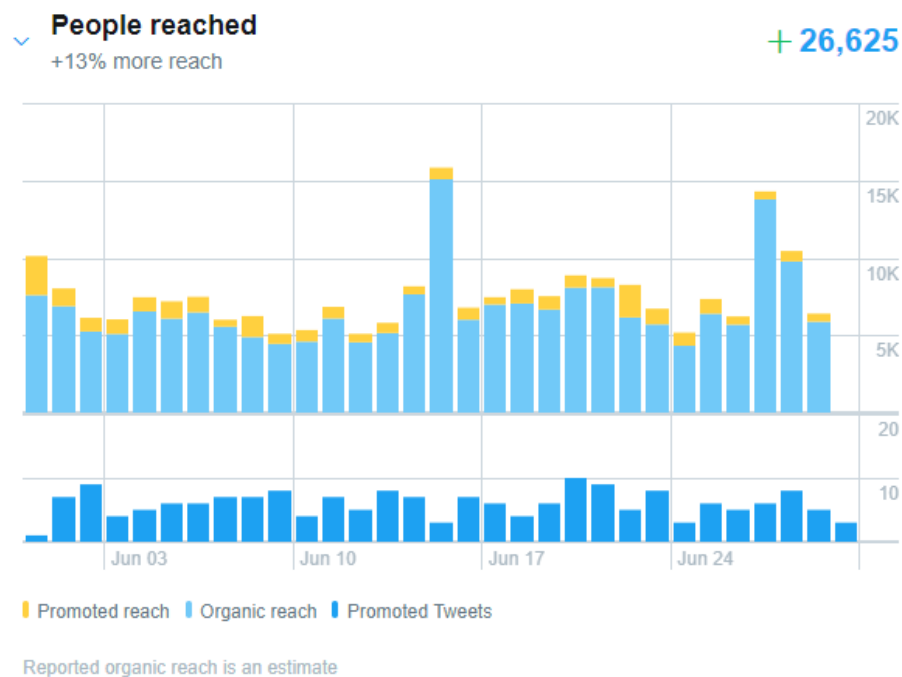


Figure 25: Ayers, 2018

## Summary of Channels

In conclusion, the best media in 2019 for a small business to use is Facebook. Not only is it one of the most affordable options, it also has an outstanding rate of effectiveness for advertising products. The runner-up, not reviewed in this essay, was Google Ads. As it is not as affordable as Facebook, it is still as effective. The third is Instagram because of its affordability and its popularity trend towards a higher effective

rate Now that each individual channel has been reviewed by looking at how and if small businesses are affected, it is clearer to see the shift in advertisement over the years.

### **Small Business Affected**

A small business is a “privately owned company in the legal form of a corporation, partnership, or sole proprietorship” (Formoso, 2017). The Small Business Administration (SBA) describes a small business as a company that generally has a maximum of \$750,000 to \$38.5 million in annual revenue and employs less than 100 – 1,500 employees according to the industry it is in. Small businesses must follow the industry size standards set by SBA and be “organized for profit, have a place of business in the US, operate primarily within the U.S. or make a significant contribution to the U.S. economy, is independently owned, and operated and is not dominant in its field on a national basis” (Small Business Background Information). While owners must meet these criteria to be considered a small business, they also face the shift in advertising.

While there are several other factors that have contributed to the decline in small businesses such as big competitors, population and economy there might be an underlying issue that has not been discussed. A shift in advertising emerged while small businesses diminished in numbers; this occurrence may not be a coincidence but a correlation. The change in advertising strategy, if one can recall, had a few things that directly related to it such as technological advancements, digital advertisements, and new generations. Likewise, the same things also relate to the decline in small business.

Technological advancements swept the nation and did not allow time for small businesses to catch up. While large business had a whole team to stay aligned with the new technological trends, small business owners only had themselves. So, “the decline

must come from a drop in non-tech business formation,” because during the shift consumers became more tech-savvy (Smith, 2018). Which transitioned to 89% of Americans using the internet to research or buy a product (Guta 2018). Bigger businesses easily transitioned into the realm of online advertising with the help of their multiple employees; however, small business owners do not have a team to learn or make an online advertising strategy to capture the newer generation. This resulted in only 66% of small businesses having an online presence and not fully capturing their target audience. Although this shift in advertisement started with the rise of the internet, it also is credited to the new generation that grew up with it. Growing up with this new type of advertising has made millennials more perceptive to online advertising versus traditional advertisement (Figure 26). However, “the aging of the small business-owner population — from 2007 to 2012, the share of small business owners less than age 50 fell by 4.9 percent” (Smith, 2018). These two generations contrast because while millennials prefer to shop and research online, baby boomers tend to advertise less, making it difficult for millennials to fulfill their preferred method of shopping (Figure 27).

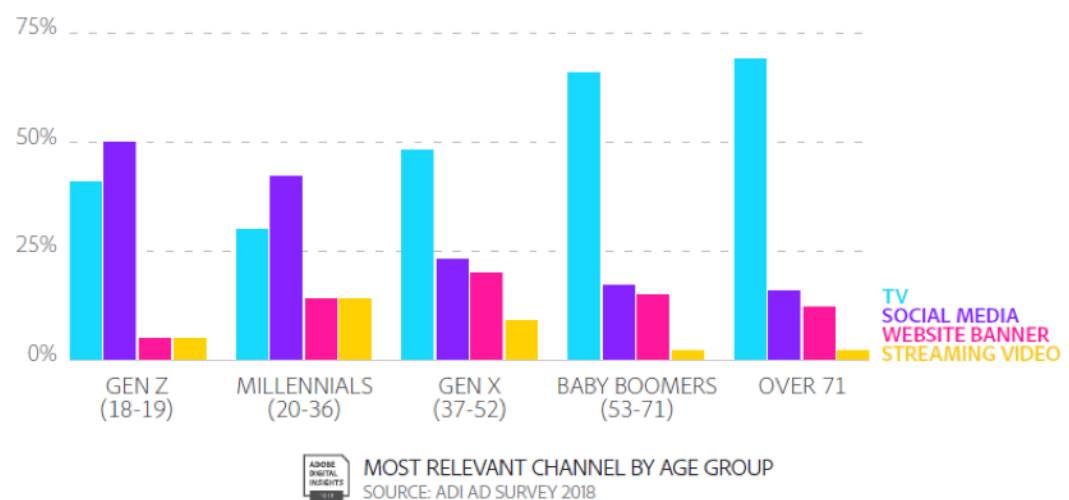


Figure 26: Abramovich

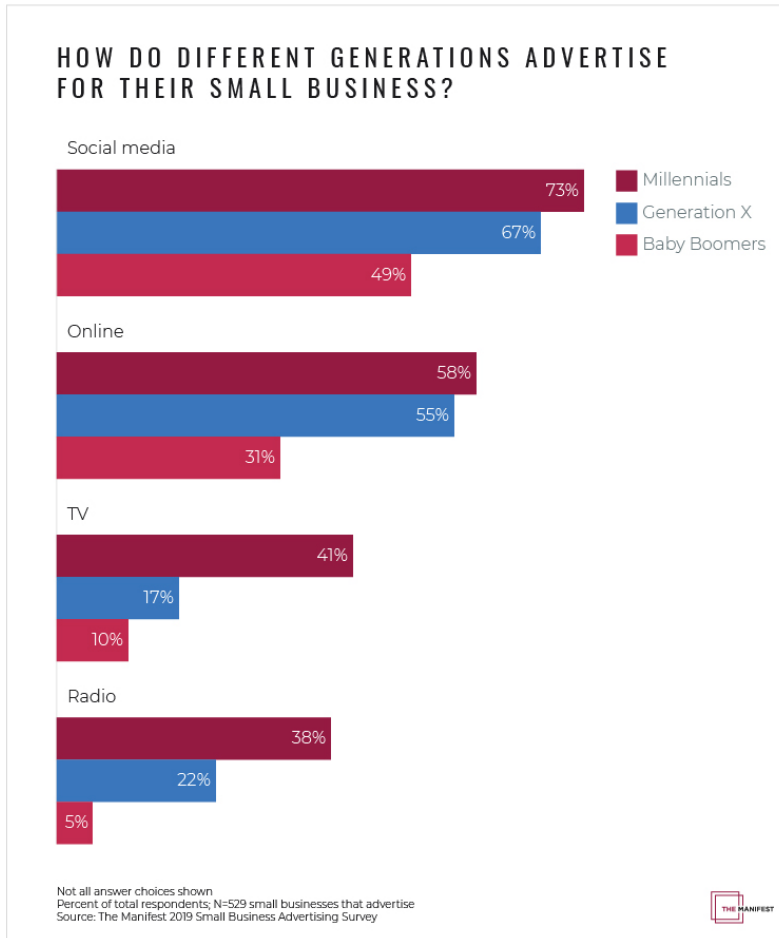


Figure 27: Herhold, 2019

In summary, the new technological-based advertising strategy affected small business in three different ways. This first was the new technology and consumers becoming more active online. This forced small business owners to learn and create an online presence, although some small companies have yet to exist in the online world. Which leads to the second reason the change in advertising affected small businesses: the use of the internet increased online advertising also took a sharp positive incline. In less than ten years, small businesses had to learn new channels to stay relevant, and in these years, 1997-2012, was where the major decline occurred (Figure 28). Lastly, the contrast in the preferred advertising strategy is affecting small businesses. The average

Brief Summary of Small Businesses	
<b>20th Century</b>	Small businesses were responsible for more than half of the crucial innovations that were established during this time.
<b>1930s</b>	The Great Depression: It showed the importance of small businesses for the local economy when many lost their jobs at large factories.
<b>1953</b>	The Small Business Administration (SBA) is created and helped with small enterprises secure financing, land contracts with government agencies, provide enough training, and raise capital.
<b>1973-1975-1980-1982</b>	Economic Recessions in the United States: While larger corporations struggled to stay in business, small businesses were able to survive by adapting to niche markets and providing specialized products with a smaller production.
<b>1980s &amp; 1990s</b>	Increase in small business owners: Small businesses helped decrease the unemployment rate and increasing the number of minorities in the work force as small business owners.
<b>2000s</b>	Economic Recession strikes again: United States finds itself in yet another Economic Recession, large businesses are having to fire employees while smaller businesses are relatively unaffected.
<b>1997-2012</b>	The number of small manufacturers fell by more 70,000, local retailers saw their ranks diminish by about 108,000, and the number of community banks and credit unions dropped by half, from about 26,000 to 13,000.



**Present** The decline in small business owners continues and only 50% of small businesses make it to the 5-year mark. *Figure 28: Hall, 2019*

age for a small business owner is over 50 years old or a baby boomer who does not advertise with a new generation of consumers who prefer advertisement online.

## **Method and Results**

### **Method**

For the first part of primary research, I went to five local businesses and interviewed them about their advertising strategy at the start of their business to their current strategy. All the interviews took around 30 minutes to an hour. The other method I used was quantitative research in the form of an online survey. In this survey, there were 20 small business that took a 7-10-minute survey. This research took place in San Marcos, Texas where all the business interviewed are located.

### **Personal interviews**

Qualitative data is information that is not numerical or is hard to measure. It is better interpreted through careful analysis of the information as well as the physical cues the person gives during the interview. An interview is typically a face-to-face with one person as the interviewer asking the subject and interviewees, several questions that sometimes are recorded. In this series of questions, the interviewees the owners or managers that oversaw the advertisement company were first asked how they started their business and what they are currently doing now. This was done for three reasons: (1) to observe changes throughout the life of the business, (2) evaluate effectiveness and change

from the perspective of the entrepreneurs, and (3) determine the extent to which entrepreneurs are transitioning from traditional to online advertising media if any. All the businesses I interviewed are small businesses by definition and do their own advertising as well as manage their business. Most of the interview is in Figure 29 and 30.

## **Results**

The first establishment I went to was Ivar's River Pub. This small business is a bar and restaurant near the river in San Marcos, Texas. They have just recently reopened after years of being shut down. They put a lot of money into renovations and would like to appeal to a more upscale target market. They have students working as a part of their marketing team, and so far, most of their efforts have been focused on social media. When they first opened, they began with traditional advertisements and when they reopened; they used more digital advertisements. They preempted the reopening with social media advertising as well as using someone with more followers than them to promote for them which is an advertising trend right now. However, the owner mentioned that one thing he would change from that approach would be to be more consistent on social media. Currently, they would love to build their brand recognition and to do this they want to use social media platforms but lack the time to post consistently. Their current strategy is not as effective as they would like it to be because they do not have the resources to make their advertising strategy a constant reoccurrence.

The next local business interviewed was Shaggy's hair salon, and they opened in 2007. "[They] used flyers, phonebook, magazine ads, coupons, local ads, discounts, bobcat bucks, and banners." This was successful and helped them gain brand awareness and a customer base. They use social media and word-of-mouth but just like Ivar's River

Pub they lack time and money to do more advertisement. They have built a loyal customers base with the all the advertising done in the beginning and state they believe the best way would be social media, flyers, discounts, and promotions.

The third company interviewed was Casa Maria. After Casa Maria remodeled and reopened, the Mexican restaurant, they used “social media, trip advisor, yelp, road sign and [they drove] a van with [their] logo.” This strategy showed great results because as the owner’s son stated they were fully packed once they reopened their doors. Currently Casa Maria attempts to keep up with their social media and use google ads. Again, the dilemma of the lack of time was mentioned, because they also must ensure the restaurant is being managed properly. Mentioned they want to be more consistent on social media and switch their target market to include more college students. Casa Maria intends to give out cups or T-shirts with their logo on it to capture their ideal end consumer.

The second to last company interviewed was Rita’s Parlor. This local business is tailored for eyebrow threading and waxing. Rita mainly used word-of-mouth marketing by giving her business cards to her customers to give to their friends. Her husband takes care of the social media and occasionally use google ads. Their marketing strategy is to be competitively priced and use natural products. As well as using signage and advertising occasionally on social media. Hair Holic’s was the last business interviewed. When they first opened, they used “flyers, business cards and social media” but they stopped a few months after that and now would like to spend more time on advertising. What they do is advertisements in magazines and some social media but not consistently. They do not know how to change or what to do to increase their client base.

Company Name	When you started how did you get your name out?	Did it work? What would you change?	What kind of marketing strategy do you use now?	How has that been working for you?
Ivar's River Pub	We relied heavily on word of mouth. We held a soft opening where we invited friends and family to come and join us. We gave free food and sold drinks. The paper ran a story over us, as well as some social media presence.	We believe that it is working. There could have been more of a marketing behind our opening, but we believe that appealing to a more affluent group is the goals.	We have a marketing team made up of some some staff and a couple students. They work on our social media as well as coming up with specials and promotions.	It could be going better. We have seen a decline of customers since opening, and are constantly working on ways to bring in new customers.
Shaggy's	We opened in 2007, and I decided to make it self-employed even though I started it. We used flyers, phonebook, magazine ads, coupons, local ads, discounts, bobcatbucks, and banners.	Yes it worked and I should have kept advertising consistently. It just takes alot of time that I do not have because I am a mother now.	Just social media and word of mouth, but if you could come up with better ideas then I would love to hear them.	Pretty well since we have built up a decent amount of loyal customers.
Casa Maria	We opened a restruant in Austin in 1997 and this one in San Marcos we opened in 2005 but we just reopened from remodeling in July 2018.I do not remeber how my dad advertised in 2005 but now that we opened up again recently we have used: social media, trip advisor, yelp, road sign and we drive a van with our logo.	It definitely worked because when we first opened we got slammed with alot of customers previous and new. Something that I would change about it would be that we need to advertise more towards students since we live in a college town.	We try and keep up with our social media and we use alot of google ads. Honestly we do not have mush toime to do much marketing because we have to make sure the retraunt is running smoothly,	It has been working well buut we would love to expand to Wimberly and Kyle. The more marketing the better.
Hair Holics	We opened last June in 2017. We used flyers, business cards and social media. Also alot of our clients are previous clients that followed us when we opened our own shop.	It worked pretty good. One thing that we would of changed is not stop marketing because we kinda just stopped .	We want to join Chambers and we did ads in magazines. We also do some social media but not as much as I wouldl like to.	It has been working well, we have a stable stream of clients but there is always room for growth.
Rita's Parlour	It was mainly the customers that I had when I worked from home, and alot of word of mouth. I also give cards for my customers to give to their friends. My husbnd takes care of the social media and we do google ads sometime.	It did work, I got alot of new people. I can tell that it is slowly growing still but I do not know what I would change.	I think competitive pricing is what gets my clients to me because I do waxing for half of what others do it for and I use natural products. I also use signs and some advertising on social media.	It has worked so far. My customers love the work that I do and make sure they get what they want.

From these results, three reoccurring themes were in every single interview. The first was when they first opened, they heavily used advertising to create brand awareness, but soon after they discontinued their advertising strategy. The next theme was the lack of resources that every interviewee had. These resources were either an absence of time or a scarcity in money or both. The last reoccurring comment that came from all but one of the business owners is that they would like to invest more in advertisement. However, a contrasting examination of two strategically opposing businesses will be analysed to determine the effect of the shift in advertising strategy on small businesses.

Company Name	What do you think would be a good way to market your business?	What do you think about Bobcat Consultants?	How would you feel about us marketing for you?	What would you change?
Ivar's River Pub	We are working on doing that, but theres always more to be done.	It sounds like a good idea, because we already have students working as part of our marketing team.	We need a way to increase revenue. So, as long as we can see a clear result from your actions while saving us money it will be a good venture.	So far it seems to be a good idea.
Shaggy's	I think the best thing would probably be flyers and social media. I would be okay doing promotions and discounts.	I really like this idea, I started this business when I was 23 and think it is awesome that you came up with this so young.	I would be all for it! It helps students and it would help us because getting a marketing agency is just way too much.	I do not think I would change anything to me it sounds like a great idea and if you do start let me know.
Casa Maria	I think a great way to market for is to target students and just make sure they saw aour name. Giving out cups or T-shirts is something that would be awesome or keeing our social media content consistent.	It sounds like it would work. I really think I could behind it .	It is an awesome idea especially since we want to target students, Y'all would know how to do that.	I cannot think of anything I would change. I like the idea.
Hair Holics	Be more on social media and keep up with what events are going on so we can participate in them. Also target more locals as well as students by using flyers I guess. I honestly do not know.	It is an interesting idea and we would love to be apart of it. Both parties grow in this situation.	Pretty confident with it actually. I am sure that y'all would do a great job just lisetning to you.	I think your business idea is on point but I would try it and then you will figure out what you need to change.
Rita's Parlour	Definitly advertise my pricing and makret that my wax is homemade. Also target students mor on campus or promotions.	I think it is a good idea especially because I know you and trust you not like the big marketing agencies who will not stop calling and charge a crazy amount.	Fine I am ready. As long as it is not as pricy as those other marketing agencies I am all for it.	Nothing. I love it.

Figure 30

## Contrasting Strategies

I contrasted Rita's Parlor and Casa Maria because of their different strategies. I have chosen these two because I had a more in-depth interview with these companies, and they also contrast one another that showcases what two options a small business can take. Both businesses are great establishments and are considered "mom and pop" shops because they are both run by a married couple. To start with Rita's Parlor, Rita who is the owner, started her business in her apartment. She started her business threading eyebrows and expanded into bikini waxing. The only advertising that she started off with is word-

of-mouth and occasionally word-of-mouth marketing. Afterwards, her quality service gifted her a large client base and the opportunity to move into a rental business space. This transformed into more advertisement via Facebook, signage and word-of-mouth marketing by again handing out multiple business cards for clients to distribute to their friends. During the interview when mentioning of a website or different social media platforms or Google Ads she politely refused. In her opinion, the business runs effectively only with three different advertisements. Most media she uses is traditional and does not believe in expanding it more than that. She also explained that the reason she does not use social media other than Facebook is the difficulty of learning how to use them plus the lack of time.

On the other hand, Casa Maria that started off with a small establishment but outgrew that and remodeled it into a bigger restaurant is open to anything that brings in business. This small business is run by the entire family, parents and children, and has changed their target audience since the remodeling. They started off with the similar types of advertisements as Rita but now since the owner's children are young adults; they encourage the use of online advertising. An online advertising channel they do consistently post on is the company's Facebook page. However, they do not have an official Instagram or Twitter page for the restaurant, but their children are constantly advertising the restaurant with well-taken pictures and creative captions via their own platforms. They do a lot more than Rita to advertise their restaurant and do promotions when it's a holiday. Casa Maria, unlike Rita's Parlor, is very open when it comes to changing their strategy and switching to more online advertisement versus flyers like they used to.

These two companies are small businesses but have taken different approaches with social media. Rita states that all she needs is Facebook, word-of-mouth, and a sign. This may be because she is not acquainted with the new advertising channels and the inexpensive success that the internet can bring a company, or it could be accredited to the lack of time. Unlike Casa Maria, Rita's Parlor is managed by Rita alone with some assistance from her husband. This leaves no room for advertising strategies or learning new platforms. On the other hand, Casa Maria is run by a family of a family of six with four who are young adults. This means they have more time and the young adults are acquainted with the digital platforms. So, there are some difference that impact each of their advertising strategy but the difference of their willingness to adapt remains the same.

The shift in advertising has affected these two companies in opposite ways. Casa Maria chose to walk side-by-side with the change in advertising. This Mexican restaurant takes full advantage of the free advertisements that social media has, and they use the paid advertisements on Facebook when running promotions. As mentioned earlier, Facebook is a great way to spend money for advertising as it has the highest return on ad spending with a \$4 on every \$1 spent. While Rita's Parlor has chosen to stick with what she knows: traditional advertising. In the quantitative data, a more detailed analysis of the advertising change is produced because of the larger sample pool.

### **Online Survey**

One can easily measure quantitative data, and results are usually in numerical form. This quantitative data was collected through an online survey. An online survey is a series of questions that has predetermined answers for a person to choose from. However,

in this survey there were also a few open-ended questions where the interviewee could write a response. This also helps gain insight on some of their thoughts instead of them just clicking a predetermined answer. These questions were answered by the owners or managers that oversaw advertisement. In this survey, the focus was on their current strategy and the use of media, and where the small businesses allocated their resources. All the businesses interviewed are small business owners that must do their own advertising and manage their business effectively. All interviewees have a location in San Marcos, Texas and are considered small businesses. The online survey can be viewed by using this link:

### **Results**

This quantitative research was gathered over a period of several days with twenty businesses varying from a barbershop to a restaurant. In the survey, there was a section for qualitative data and in this section, it asked the businesses three questions (Figure 31). In the first question, business owners were asked what they think brings in the most business. Surprisingly only 15% credited advertising such as social media or other forms. The remainder attributed their customer base from great customer service or overall experience. The next question prompted the business owners to discuss what has helped their business thrive. In this question, 20% of the businesses mentioned advertising as something that kept them in business. Both questions were designed to research if business owners thought advertising was a primary source of their customer base. The results showed that most companies in this research do not believe advertising helps their business. This thought may be caused because of failed attempts, wrong investments or no advertising was done to see the results. The last question directly asked where the



most return on investment was derived from regarding advertisement. In this question I received an array of answers such as newspaper, flyers, Favor, Facebook, University Star (before cell phones), sales, giveaways, clientele, social media, Yelp, purchases in-store, radio, website, daily phone interactions, community impact, word-of-mouth, and events.” Some responses are not considered advertising methods, but the top three that were repeated were Facebook, sales, and giveaways. Sales and giveaways are promotions rather than advertising. From this it can be concluded, but not confirmed, that small businesses give little credit to advertising. It almost seems that they lean more on promotions than advertising.

What is one thing that you do that brings in the most customers?	What is the one thing that has helped your business thrive?	If you spent money on advertisement, where did you see the most return on
Good food Culture of Taiwan Experience overall Makes customer happy	Reoccurring Customers Word of mouth Facebook Good food Yelp	Newspaper- impact Flyers 3rd party- favor
Words of mouth, satisfied customer would bring many more customer and their repeat or come back again is the cheapest	Food and consistent quality. College student in town	Facebook
Good food Wom	Location Longevity	University star before cell phones Don't spend on ad
Try to create an experience centered around the guest. We offer good service, unique	Consistency and loyal guests.	Facebook
Provide good food and service.	Same as above	Sales
Good food	Good food	Sales
Great Customer service.	Availability.	Give aways.
Instagram	Social media	Clientele
Posting on instagram Asking to tag us on their repost	Posting on social media asking to be tagged on pictures post etc	Advertising on social media
Good service Reoccurring customer	Customers	Na
Word of mouth and online reviews.	High quality work and location.	Yelp
Word of mouth	Word of mouth	Not sure
Social media giveaways & pop up shops	Instagram!	Purchase coming in-store
Reputation and referrals	Being consistent	I used to give away lighted pens
Website	Good customer service	Radio ad
Customer service More skills	Continuing education	Website
Consistently provide a flashier/next level experience beyond that of our competitors	Long history and reputation	More daily customer phone interactions
Community impact advertisement. I also work with downtown association with special events that bring in New customers.	Customer service, good work	Community impact
Our yelp reviews, Facebook and instagram, have been very effective. Our customers are	We are currently expanding our shop space. We will be conducting an open house upon completion with	Word of mouth working closely with the University and area churches/funeral homes
We hold huge events around town	Customer service	On classes we hold

Figure 31

The quantitative data demonstrated some interesting facts about small businesses. One thing that stood out was that even though over half of consumers make their purchases online only, 30% of the businesses surveyed sell their products online. Before going into the advertising portion, their target audience was asked to be identified. Most of the business owners chose all the age ranges, male and female, and all three income

levels. Interestingly, this indicates that most small businesses in this research assume that everyone is their target audience. Although it might seem like everyone is your target audience, it is difficult for a business to appeal to everyone. This in return affects the advertising strategy. If a business assumes everyone is their target audience, it makes it difficult to advertise effectively. Of those surveyed, 65% said yes to having an advertising campaign survey. However, one percent more, 67%, spend less than 7 hours per week on advertising. Furthermore, over half believe they are reaching all their customer base. However, 30% spend less than .01% of their annual revenue. And only 33% would like to invest more than they are already investing. This data suggest that the interviewees may have an advertising campaign, but they are not dedicating time, money or correctly targeting their primary consumers. All these statistics makes it more challenging for the advertising to be effective.

This data demonstrates small businesses, in this research, do not know how to correctly advertise. This could hint at why some businesses do not use social media or give it credit to help the success of their business. However, those with a strategy in place allocate a small amount of resources to the cause and is not always a negative thing to do. However, the money that is spent has low, or no return, on investment to the broad advertising strategy. It is fitting that word of mouth was ranked most effective, because it requires little to no time or money. Although word-of-mouth is not technically considered a form of advertisement, there are ways to persuade or push word-of-mouth. This advertising is called word of mouth marketing, or WOMM. One way that this can be done is by encouraging customers to tell their friends about your product, or even as simple as telling your customers to give your business card to their friends. With all this

information, small businesses may have a hard time advertising or may not see it as affective, because they are not allocating as much resources on advertising as big businesses. They also do not define their target market as concise as big businesses. This makes it challenging to compete with bigger businesses because they have a consistent advertising campaign with a defined target market.

For the advertising portion of the survey, business owners were asked questions from what media they use to how much time and money is allocated to each media. The most common mediums that were used among the interviewees were word-of-mouth as number one, Facebook coming in second, and a company's website in third (Figure 32). This proved my initial theory that the small businesses would choose print advertisements as the second most common wrong. However, in effectiveness word-of-mouth remained on top with Facebook and Instagram following behind. The most resources allocated towards a media was used in word-of-mouth, but to clarify if business did not use the other mediums, they allocated it to word-of-mouth (Figure 33). Interestingly, the media that came in second came in second was the category, "other." These mediums included vehicle advertisements, google ads, Yelp, and favor. Although these were ranked as second to be the most resource exhausted media, they were also ranked as the least effective. The third ranked for resources allocated to them was Facebook. This data revealed that small businesses did not see a decrease in print advertising and are slowly incorporating forms of social media.

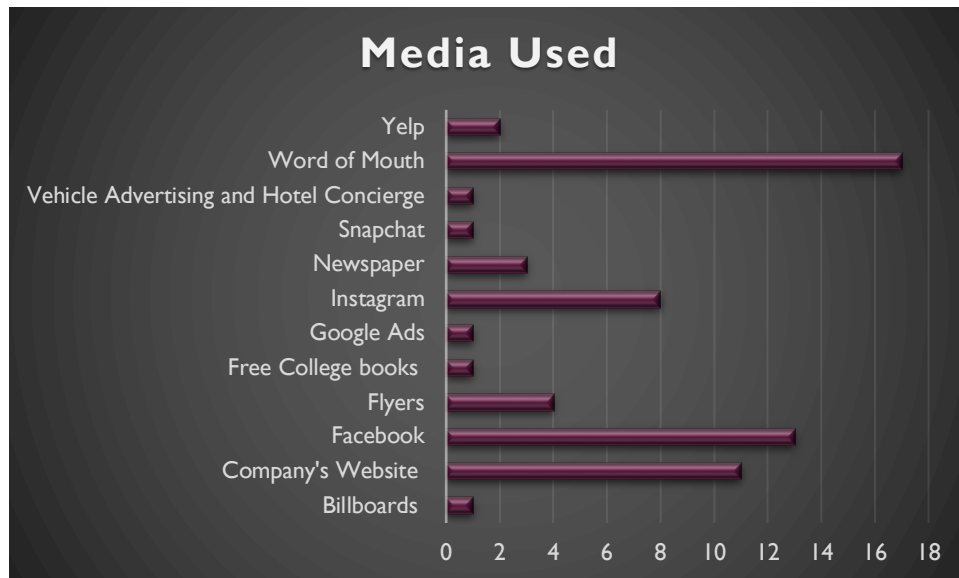


Figure 32

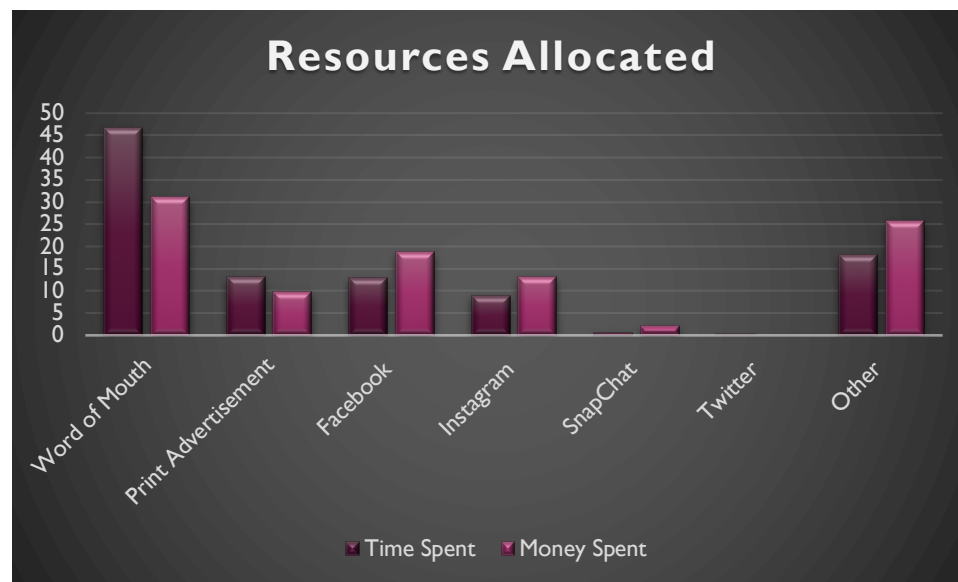


Figure 33

The overall analysis of the shift in advertising and how it has affected small business in my primary research has demonstrated that it the change did not have a big effect as it did in my secondary research. The only effect I could see is that small business owners were from an older generation and shied away from using social platforms. Therefore, they did not use any advertising at all because they understood print

advertisement would not help them as much anymore and they relied more on word-of-mouth. One problem that most businesses had was defining their target market. This issue, in my research, might be a bigger problem than the change in advertisement, because business owners lack the knowledge to advertise correctly. This is affecting their overall advertising strategy whether it uses print or digital advertisement.

## **Analysis**

### **Food**

For an analysis of my research, I split these different businesses into three different categories such as food, beauty, and general businesses. To make sure I still do not see an effect on small business. In the food industry, the demographics of their customer base was mostly everyone. This included all different age ranges, incomes, and both female and male. In this industry, 67% have an advertising campaign which is more than the average for all the small businesses interviewed. However, only half of them believe that they are reaching their customer base. As far as advertising in the food industry, the hours spent on advertising is less than seven hours with 67% attesting to this, which is the same as the overall percentage. Another thing that is the same as all the businesses interviewed was that very little people wanted to spend more than they already spending on advertising. One thing that differentiates from the overview of the business is that in the food industry print advertising like newspapers and flyers were ranked as high as Facebook who was in second behind word of mouth (Figure 34). In resources allocated print advertisement remained to be among the top for time and money consumption (Figure 35). Similarly, it ranked above all social media as well. This industry there was not a lot of spending or time dedicated to advertising as in others.

Only 16% spent over one percent of their annual revenues on advertising while 67% spend less than seven hours towards advertising.

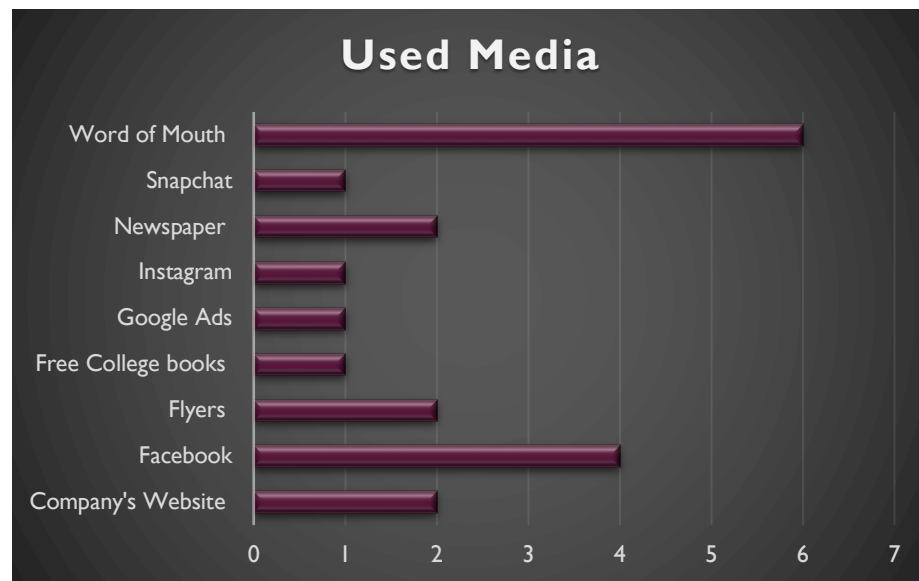


Figure 34

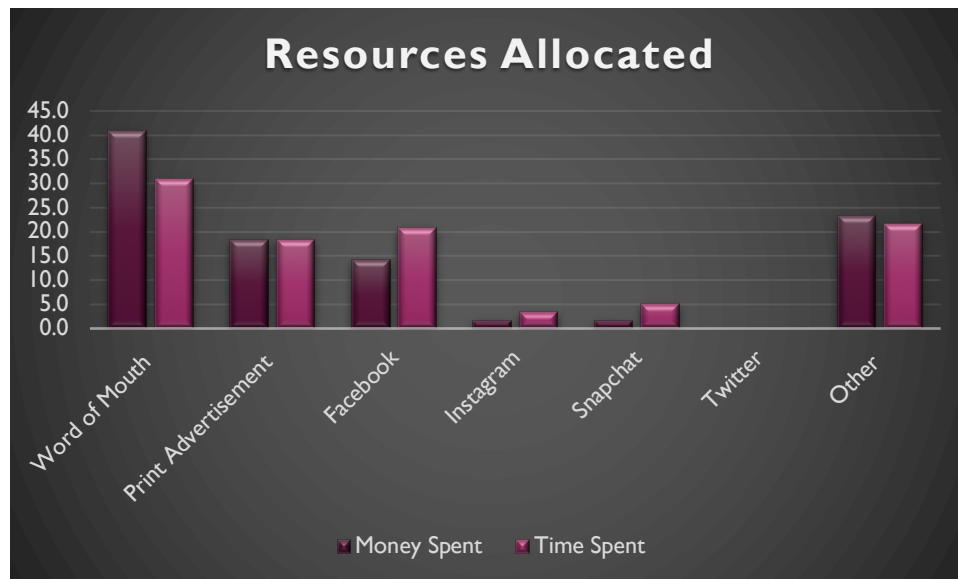


Figure 35

## Beauty

In the beauty industry, it believed the demographics of their customer base to be everyone. This included all different age ranges, incomes, and mostly female. In this

industry, 67% have an advertising campaign which is the same amount as in the food industry. However, 83% believe that they are reaching their customer base which is the highest in all the categories. The hours spent on advertising is higher than in the food industry with seven to fourteen hours spent on advertisement. Only 16% spend over one percent of their annual revenue on advertising and the same percentage would like to spend more. One thing that differentiates from the overview of the business is that in the beauty industry there was no print advertising like newspapers and flyers (Figures 36). In resources allocated digital-based advertising was the most invested in (Figure 37).

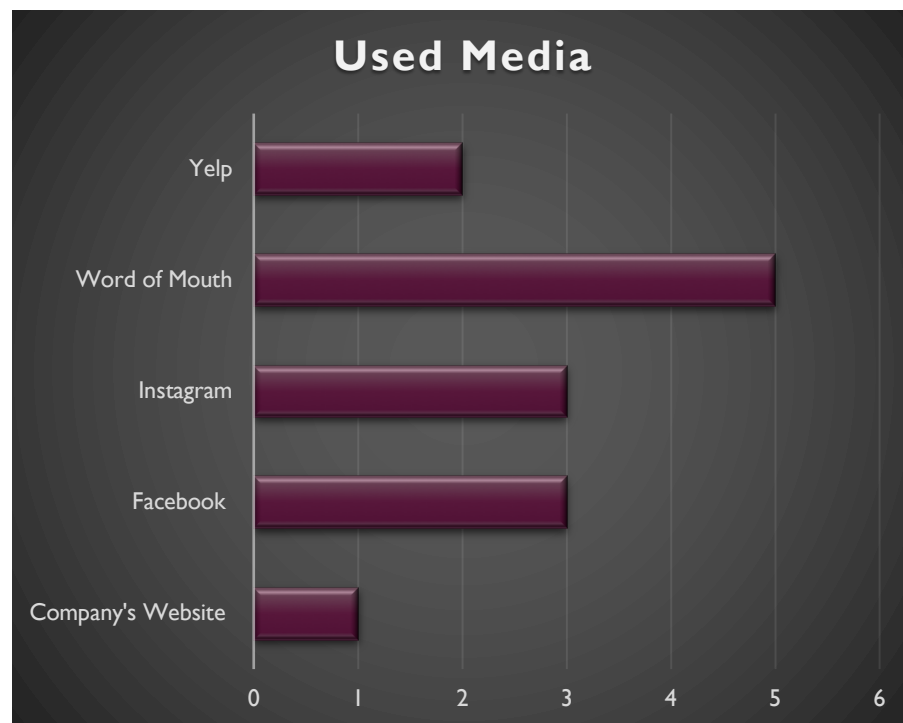


Figure 36



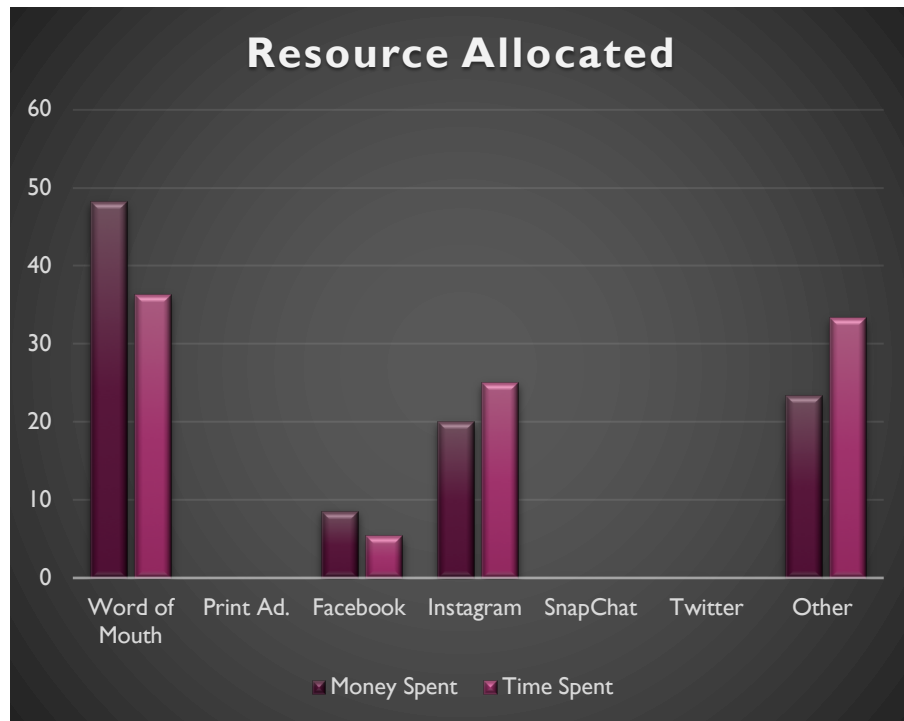


Figure 37

## Other

In the general business category, the demographics of their customer base was more defined. This included all ages 23-54 and middle income. However, in this industry, only 62% have an advertising campaign which is less than the average for all the small businesses interviewed, but 50% believe that they are reaching their customer base. As far as advertising in this category, the hours spent on advertising is less than seven hours. The small business owners in this category spend over one percent on an advertisement. One thing different from the overview of the business is that in this category a company's website was more commonly used even compared to word-of-mouth (Figure 38). In resources allocated, print advertisement remained to be among the top for time and money consumption even though the website was the most commonly used (Figure 39).

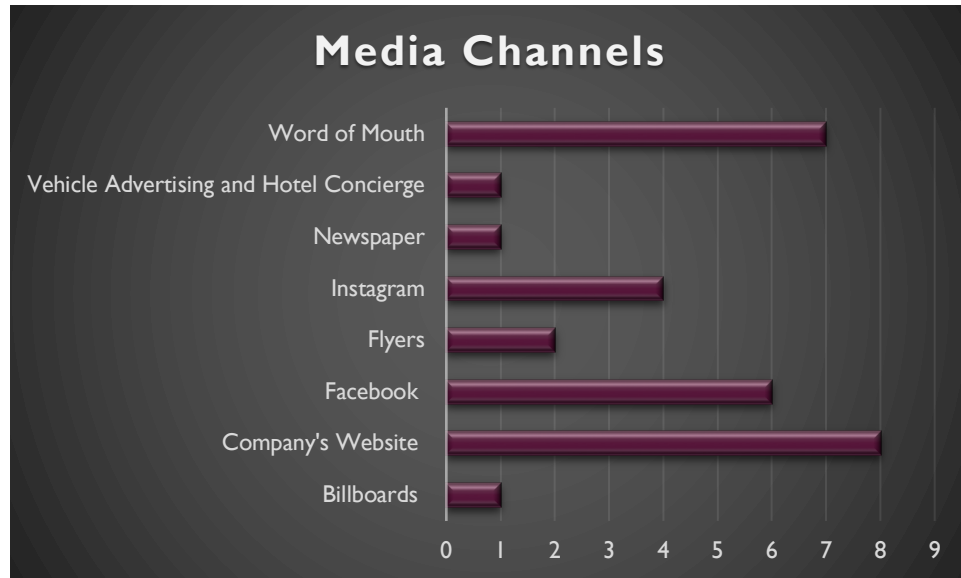


Figure 38

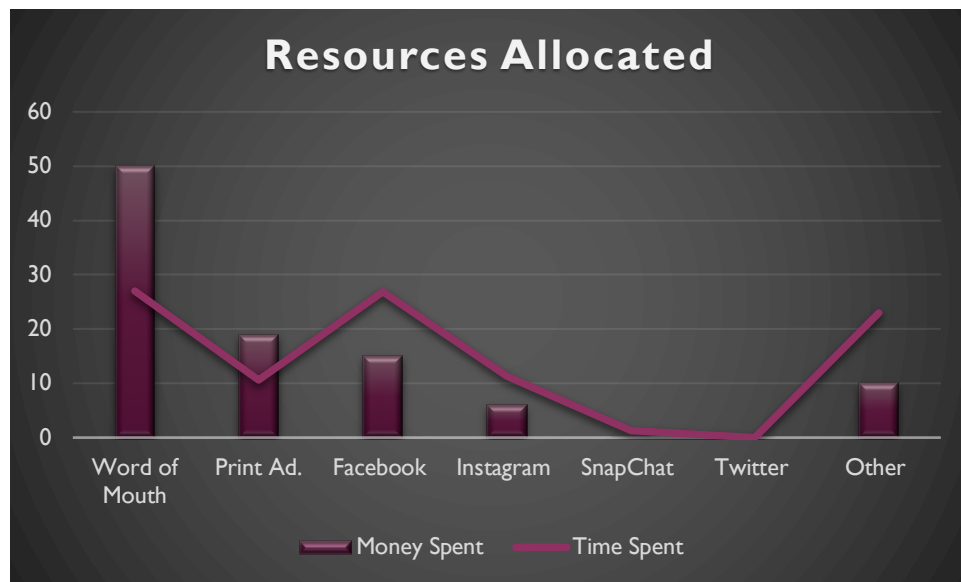


Figure 39

## Comparison

A few conclusions from this research, while viewing all the business, and keeping in mind the purpose of my research was: it varies on the industry, they do little advertising, and the advertising shift may have no effect. Advertising is constantly changing but so are businesses in different industries. The food industry may be more

affected by not knowing who their consumer is than the actual change in advertising. This industry had the highest percentage of consumers in all categories. Not knowing who your target market is can affect one's business because all advertising attempts could be inefficient. Out of the three different categories it also had the most used media. This means that they have the most channels used, but they also had more print media in those channels. They also had the second highest in resources like time and money spent on print advertising. This can indicate that the shift in advertising has affected the food industry, at least those questioned in this research. Print advertising has shown over the years to be less and less effective and this affects those businesses who prefer it over technological based advertising. In the beauty industry, a differentiator among the other two categories is that only five mediums were used. The following were: yelp, word-of-mouth, Instagram, Facebook, and the company's website. A common denominator for all media used but one is that they all require technology. This may have occurred from the beauty trends on social media or YouTube of consumers enjoying watching or seeing the results that different beauty treatments have. Although they are more aware and use more digital platforms, they also believe that everyone is their consumer. However, they do allocate more time on advertising and it allocated no resources to print advertisement. Lastly, the other general business had a more defined consumer and more annual spending on advertisement. It is a great thing to do for a business, but they spent the most money on print advertising. Although spending money on print is not the worst, a business can do because it might fit their consumer, it is not the most effective way to see a return on investment.

Every industry is different, but one thing that did not change in these different categories was the time and money each business spent on advertising. The main culprit of this was the lack of resource each small business had in relation to the amount they needed or wanted to have. Small business owners must run their business, be managers, workers and anything else that is needed. This means that their time is very limited and cannot spend much time on advertising. Being a small or local business, a small wrong investment can hurt the overall business, and this could cause spending less than one percent of their annual revenue on advertising. All of that to say that the shift in advertising may not have as an effect on small businesses as previously assumed.

After, this research many other factors affect businesses more than the shifting advertising strategy ever will. Factors like not having enough resources such as time and money, not knowing their consumers, or not even advertising at all. As discussed previously, business owners must be a “jack of all trades” and do not have the time to do also invest time to advertise their business properly. It puts the concern on running the business as effective as possible more than making consumers aware of the business. It also shows this in the qualitative portion of the survey. Most businesses give more credit to the quality of their business and none to advertising. Money, however, is scarcer for a small business to manage. Every penny must be used for an optimal cause that will give their business the most return on investment. However, since most small businesses do not know their own target market spending on advertising may not show a great return on investment. Not knowing your target market is a bigger underlying issue than the effects of the change in advertising. This is because any advertising done is more prone to be ineffective if a business does not have a target in mind. It would be trying to hit a

bullseye on a target without the target. Another factor that affects businesses more than the shift is business not doing advertising at all. This proves high advertising to be correlated with more business traffic. This results in higher customer base and revenue.

## **Conclusion**

To conclude, advertising is something that is needed for every business and showcases its product to consumers. Advertising helps the consumer and the business. It helps the consumer to make the buying decision and facilitates product exposure to target markets. However, with the development of the technology, advertising methods changed the main way companies advertise. Strategies have changed from print to online advertising. This shift came when more people used computers daily and transitioned to digital advertisements. Now over half of consumers purchase or research their product online, increasing different channels of advertising emerged. The channels towards the beginning of advertisement were word-of-mouth, magazines, direct mail, billboards, television. The new media include, but not limited to Yelp, Snapchat, Instagram, Twitter, Google Ads, Facebook, and company's website. During my secondary research I found that small businesses were affected by this sudden shift in advertising that occurred in less than ten years. I concluded that it affected them for three different reasons. The rapid new technology usage did not allow business owners to acclimate to the new consumer behavior. Online advertising taking sharp positive incline directly correlates to the years that small business declined drastically. I assume that is was because of consumers making purchasing decisions online while small businesses did not have an online presence. The last reason was contrasting the new generation of consumers with the business owners. However, in my primary research, I did not see the same effects. The

only one I saw was that small business owners are not as active on social platforms and do very little advertising that is not directed towards their target market. Not knowing how to advertise properly, I see as a bigger effect on small business because resources like time and money could be wasted. As seen in my qualitative research, business owners do not have many resources and it could be a bad investment to advertise without knowing your target market. In the end, the shift in advertising does have an effect on small businesses, but owners not knowing how to advertise or who to advertise to is the bigger issue that is affecting small businesses.

## References

- Abramovich, G. (2018, March 27). Survey Says, The Best Place To Advertise To Millennials And Gen Z Is. Retrieved from <https://www.cmo.com/adobe-digitalinsights/articles/2018/3/22/state-of-digital-advertising-report-summit18.html#gs.ae1o2o>
- Welsh, J. A., & White, J. F. (2014, August 01). A Small Business Is Not a Little Big Business. Retrieved from <https://hbr.org/1981/07/a-small-business-is-not-a-little-big-business>
- Smith, N. (2018, July 12). Retrieved from <https://www.bloomberg.com/opinion/articles/2018-0712/small-businesses-and-startups-lose-to-market-dominating-giants>
- Small Business Background Information. (n.d.). Retrieved from <https://www.dla.mil/SmallBusiness/WorkingWith/Background/>
- Formoso, B. (2017, December 07). What Is A Small Business? Retrieved from <https://fitsmallbusiness.com/what-is-a-small-business/>
- Pridham, D. (2018, January 10). Entrepreneurs: Here's Good News For 2018. Retrieved from <https://www.forbes.com/sites/davidpridham/2018/01/10/entrepreneurs-heres-good-news-for2018/#188380086659>
- Young, S. (2000, May 16). Getting the Message: How the Internet is Changing Advertising. Retrieved from <https://hbswk.hbs.edu/item/getting-the-message-how-the-internet-is-changing-advertising>
- Leonardi, P. M., Huysman, M., & Steinfield, C. (2013, October 01). Enterprise Social Media: Definition, History, and Prospects for the Study of Social Technologies in Organizations. Retrieved from <https://academic.oup.com/jcmc/article/19/1/1/4067484>
- Hoxie, M. (2011). *90 days to success: Marketing and advertising your small business*.

- Brierley, S (1995). *The Advertising Handbook*
- Belch, G., Belch, M. (2001). *Advertising and Promotion*
- Auken, H. E., Doran, M. B., & Rittenburg, T. L. (2013). *Journal of Small Business Management*, 51(2). doi:10.1111/jsbm.2013.51.issue-2
- Wang, K., Qian, L., & Lehrer, M. (2017). European management unlimited. *European Management Journal*, 10(4), 187-197. doi:10.1016/0263-2373(92)90017-x
- Wharton, C. (2013). *Advertising as culture*. Bristol (GB): Intellect.  
Chapter 1, 2
- Keller, E., & Fay, B. (2012). Word-of-Mouth Advocacy: A New Key to Advertising Effectiveness. *Journal of Advertising Research*, 459-464. doi:10.2501/JAR  
52-4-459-464
- <https://dictionary.cambridge.org/us/dictionary/english/coupon>  
Twitter | definition in the Cambridge English Dictionary. (n.d.). Retrieved from  
<https://dictionary.cambridge.org/dictionary/english/twitter>
- Snapchat | definition in the Cambridge English Dictionary. (n.d.). Retrieved from  
<https://dictionary.cambridge.org/us/dictionary/english/snapchat>
- Instagram | definition in the Cambridge English Dictionary. (n.d.). Retrieved from  
<https://dictionary.cambridge.org/us/dictionary/english/instagram>
- Facebook | definition in the Cambridge English Dictionary. (n.d.). Retrieved from  
<https://dictionary.cambridge.org/us/dictionary/english/facebook>
- Advertising | definition in the Cambridge English Dictionary. (n.d.). Retrieved from  
<https://dictionary.cambridge.org/us/dictionary/english/advertising>
- Young, S. (2000, May 16). Getting the Message: How the Internet is Changing Advertising.



Retrieved from <https://hbswk.hbs.edu/item/getting-the-message-how-the-internet-is-changing-advertising>

Agrawal, A. (2016, February 16). How The Digital Age Has Changed Marketing Channels Forever. Retrieved from <https://www.forbes.com/sites/ajagrawal/2016/02/15/how-the-digital-age-has-changed-marketing-channels-forever/#84c3968680ad>

Hasse, J. (2015, June 20). How Irrelevant Is Print Media? Here's A Quantitative Look. Retrieved from <https://finance.yahoo.com/news/irrelevant-print-media-heres-quantitative-163048258.html>

Gutierrez, C., & Gutierrez, C. (2017, August 31). Technology Has Changed Advertising Forever. Retrieved from [https://www.huffpost.com/entry/technology-has-changed-advertising-forever\\_b\\_599c64d4e4b09dbe86ea37](https://www.huffpost.com/entry/technology-has-changed-advertising-forever_b_599c64d4e4b09dbe86ea37)

Farber, M. (n.d.). Consumers Are Now Doing Most of Their Shopping Online. Retrieved from <http://fortune.com/2016/06/08/online-shopping-increases/>

Bloomenthal, A. (2019, April 18). Everything about Electronic Commerce (e-commerce). Retrieved from <https://www.investopedia.com/terms/e/ecommerce.asp>

U.S. e-commerce market size 2016-2023. (n.d.). Retrieved from <https://www.statista.com/statistics/272391/us-retail-e-commerce-sales-forecast/>

What is point of purchase? definition and meaning. (n.d.). Retrieved from <http://www.businessdictionary.com/definition/point-of-purchase.html>

Ellett, J. (2018, February 08). New Research Shows Growing Impact Of Online Research On In Store Purchases. Retrieved from <https://www.forbes.com/sites/johnellett/2018/02/08/new-research-shows-growing-impact-of-online-research-on-in-store-purchases/#1471dfb316a0>

Herhold, K. (2019, February 27). The State of Small Business Advertising in 2019. Retrieved from <https://themanifest.com/advertising/small-business-advertising-2019>

History: 1960s. (2003, September 15). Retrieved from <https://adage.com/article/adage-encyclopedia/history-1960s/98702>

100 Years of Advertising - An Interactive Timeline. (n.d.). Retrieved from <https://www.aaaa.org/timeline/>

Advertising spending in the U.S. by media 2017 | Statistic. (n.d.). Retrieved from <https://www.statista.com/statistics/272316/advertising-spending-share-in-the-us-by-media/>

US Online and Traditional Media Advertising Outlook, 2017-2021. (2018, April 18). Retrieved from <https://www.marketingcharts.com/television-79007>

Burzler, N. (2018, June 25). The highest ranking digital marketing channels for measuring ROI. Retrieved from <https://www.smartinsights.com/digital-marketing-platforms/important-marketing-channels-measure-roi/>

Civeris, G. (2018, December 07). Digital influencers have changed advertising. They're changing journalism, too. Retrieved from [https://www.cjr.org/tow\\_center/digital-influencers-advertising-tow-center.php](https://www.cjr.org/tow_center/digital-influencers-advertising-tow-center.php)

WORD-OF-MOUTH | definition in the Cambridge English Dictionary. (n.d.). Retrieved from <https://dictionary.cambridge.org/us/dictionary/english/word-of-mouth>

Rouse, M. (2015, May 01). What is buzz marketing? - Definition from WhatIs.com. Retrieved from <https://searchcustomerexperience.techtarget.com/definition/buzz-marketing>

Henderson, G. (2011, December 11). How Much Does Influencer Marketing Cost? Retrieved from <https://www.digitalmarketing.org/blog/how-much-does-influencer-marketing-cost>

- Walker-Ford, M. (2018, November 12). How Much Does a Social Media Influencer Cost? [Infographic]. Retrieved from <https://www.socialmediatoday.com/news/how-much-does-a-social-media-influencer-cost-infographic/541997/>
- Whitler, K. A. (2017, November 05). Why Word Of Mouth Marketing Is The Most Important Social Media. Retrieved from <https://www.forbes.com/sites/kimberlywhitler/2014/07/17/why-word-of-mouth-marketing-is-the-most-important-social-media/#32b20aa154a8>
- Gostkiewicz, M. (2018, June 29). Marketers Say "Word of Mouth Marketing" Is More Effective than Traditional Marketing; Forecast Big Increase in Social Media Spending. Retrieved from <https://www.prnewswire.com/news-releases/marketers-say-word-of-mouth-marketing-is-more-effective-than-traditional-marketing-forecast-big-increase-in-social-media-spending-232486271.html>
- US Online and Traditional Media Advertising Outlook, 2018-2022. (2018, June 25). Retrieved from <https://www.marketingcharts.com/featured-104785>
- Trends and Facts on Newspapers | State of the News Media. (2018, June 13). Retrieved from <https://www.journalism.org/fact-sheet/newspapers/>
- FLIER | definition in the Cambridge English Dictionary. (n.d.). Retrieved from <https://dictionary.cambridge.org/us/dictionary/english/flier>
- Kokemuller, N. (2017, September 26). Types of Newspaper Ads. Retrieved from <https://bizfluent.com/list-6324320-types-newspaper-ads.html>
- Macromark. (2017, March 23). Retrieved from <https://www.macromark.com/an-overview-of-advertisements-in-magazines>
- Benton, J. (2019, January 28). Newspapers cost more than twice as much today as they did a

- decade ago (and that was a smart move by publishers). Retrieved from <https://www.niemanlab.org/2019/01/newspapers-cost-more-than-twice-as-much-today-as-they-did-a-decade-ago-and-that-was-a-smart-move-by-publishers/>
- Patil, S. (2018, March 01). 13 Scary Advertising Statistics You Need to Know. Retrieved from <https://ezmarketing.com/13-scary-advertising-statistics>
- Fischer, S. (2017, June 27). Tech giants eating the advertising world. Retrieved from <https://www.axios.com/tech-giants-eating-the-advertising-world-1513303257-450d4cea-49d1-46e3-83f1-66a7c7d8978b.html>
- Perry, M. J. (2015, April 30). Creative destruction: Newspaper ad revenue continued its precipitous free fall in 2014, and it's likely to continue. Retrieved from <https://www.aei.org/publication/creative-destruction-newspaper-ad-revenue-continuedits-precipitous-free-fall-in-2014-and-its-likely-to-continue/>
- SOCIAL MEDIA | definition in the Cambridge English Dictionary. (n.d.). Retrieved from <https://dictionary.cambridge.org/us/dictionary/english/social-media>
- Perrin, A. (2015, October 12). Social Media Usage: 2005-2015. Retrieved from <https://www.pewinternet.org/2015/10/08/social-networking-usage-2005-2015/>
- Martineau, P., & Matsakis, L. (2019, February 11). All the Times Facebook Moved Fast and Sometimes Broke Things. Retrieved from <https://www.wired.com/story/15-years-later-what-is-facebook/>
- U.S. Facebook usage frequency 2018 | Statistic. (2018). Retrieved from <https://www.statista.com/statistics/199266/frequency-of-use-among-facebook-users-in-the-united-states/>
- Irvine, M. (2019, April 03). Facebook Ad Benchmarks for YOUR Industry [New Data].

Retrieved from <https://www.wordstream.com/blog/ws/2017/02/28/facebook-advertising-benchmarks>

Shroeder, S. (2018, April 02). How Much Do Facebook Ads Cost? Are They Worth It?

Retrieved from <https://www.disruptiveadvertising.com/social-media/facebook-ads-cost-value/>

Instagram Ads Cost in 2019 – Complete Up-to-date Guide. (2019, March 28). Retrieved from <https://karolakarolson.com/instagram-ads-cost-and-bidding/>

Vaynurchuck, G. (2019, April 12). The \$1.80 Instagram Strategy To Grow Your Business or Brand. Retrieved from <https://www.garyvaynerchuk.com/instagram-for-business-180-strategy-grow-business-brand/>

Instagram: Active users 2018. (n.d.). Retrieved from <https://www.statista.com/statistics/253577/number-of-monthly-active-instagram-users/>

Nanji, A. (2017, March 21). How Much Instagram Influencers Charge to Post Sponsored Content. Retrieved from <https://www.marketingprofs.com/charts/2017/31765/how-much-instagram-influencers-charge-to-post-sponsored-content>

Instagram Mobile Ad Revenues to Reach \$2.81 Billion Worldwide in 2017. (2015, July 27). Retrieved from <https://www.emarketer.com/Article/Instagram-Mobile-Ad-Revenues-Reach-281-Billion-Worldwide-2017/1012774>

Flynn, K., Monllos, K., Weiss, M., Cxense, Monllos, K., Peterson, T., & Seb Joseph. (2018, November 12). Once \$500k, Snapchat's AR ads are now cheap and luring in smaller advertisers. Retrieved from <https://digiday.com/marketing/500k-snapchats-ar-ads-now-cheap-luring-smaller-advertisers/>

Lua, A. (2018, April 04). How Much Does Social Media Influencer Marketing Really Cost.

Retrieved from <https://buffer.com/resources/influencer-marketing-cost>'

Mangles, C. (2017, September 25). How businesses use social media: 2017 report. Retrieved from <https://www.smartinsights.com/social-media-marketing/social-media-strategy/businesses-use-social-media-2017-report/>

Ayers, S. (2018, August 06). Is Twitter Promote a Waste of \$99? Retrieved from <https://www.agorapulse.com/social-media-lab/twitter-promote>

Mehrotra, S. (n.d.). How much does it cost to advertise on Facebook, Twitter, LinkedIn and Youtube? Retrieved from <https://www.linkedin.com/pulse/how-much-does-costadvertise-facebook-twitter-youtube-mehrotra>