



Impact of Social Media on Brand Equity and Profitability in Micro, Small and Medium Enterprises in Nigeria

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Abstract: Social media has opened doors of endless opportunities for businesses at little or no cost and over the years social media has gradually been gaining ground in the world. The objective of this study was to assess the impact of social media on brand equity and profitability in micro, small and medium enterprises in Nigeria with particular emphasis on the Federal Capital Abuja. The survey method was adopted for the study and questionnaires were administered as method of primary data collection. The data was analysed by the simple descriptive percentage method and formulated hypotheses tested using Kendall coefficient of concordance method. And the findings revealed that there is need for social media in business interaction in Nigeria, there is significant impact of social media on brand equity and brand equity have impact on profitability in micro, small and medium enterprises in Nigeria and there is also a significant impact of social media on consumer purchase decision. The study among other things recommended that Micro, small and medium enterprises should create a social media plan that fits into their goals and objectives, post on social media platforms regularly, build relationships and be professional in their dealings with consumers, in order to improve on their profitability

Keywords: Social media, Brand equity, Profitability, Micro, Small & Medium Enterprises.

1. Introduction

Micro, Small and Medium Enterprises (MSMEs) has gradually continued to be vital to nations not just in terms of

monetary value but also in terms of economic development. They are a strong source for providing employment and this improves the standard of living

drastically and in turn reduces poverty rate in a nation. Most social media platforms are free and with millions of users every day, it provides a wide selection of customers for business to select from and this result in high performance and little cost. Social media platforms have provided business and individuals an opportunity to interact efficiently on business and personal level. It has provided an opportunity for word-of-mouth communication far and wide without limitation of distance and at very little cost as compared to traditional method of communication. According to Fournier & Avery (2011), Muniz & Schau (2011), and Ulusu (2010), social media aids in improving sales, including consumers in their brands, boosting brand awareness, positive associations and enhancing consumer loyalty towards a brand. Managing social media properly can help to attract a lot of consumers, and consumers when they are satisfied will bring in more through referral which will enhance profitability.

A lot of people spend time on the internet searching for information on what to buy and where to buy, so the method in which a business does its marketing will go a long way in influencing the decision of consumer. In as much as social media is used for business communication among businesses and consumers, it is also used for consumer to consumer communication as reviews and suggestions are shared. As compared to traditional methods of marketing, social media creates platforms for consumers to interact among themselves rather than just watch and accept whatever that they see or hear. They have the opportunity to ask for opinions from others who have had experience with the product,

service or brand. Social media has also created a platform where businesses can answer enquiries and request thereby building relationship between brands and consumers. Social media gives the freedom for businesses to market their product, service or brand with no restriction to location or distance and for consumers to get and also share opinions and information with fellow consumers and if the reviews are positive, it can boost the businesses.

However, MSMEs are yet to partake in this social media tradition as most are still wary. The aim of most MSMEs is to build brands and make profits, social media shows all the signs of achieving these. It is in view of this that this study aims to create knowledge about the impact of social media on brand equity and profitability in micro, small and medium enterprises in Nigeria

1.1 Statement of The Problem

According to the United Nations Industrial Development Organisation (UNIDO) and investment and technology promotion office (ITPO) Nigeria, only 20% of MSMEs survives (onlinenigeria.com, 2017). A lot of micro, small and medium enterprises start but are faced with a lot of challenges as regards to reaching a larger consumer base, and traditional method of reaching them are quite costly. Social media shows prospect of providing a solution to both problems. Social media also provides an opportunity for businesses to create and build relationships with consumers.

Although a lot of MSMEs are aware of social media, most do not know the business value and strategy attached to using it to boost business, build brand equity, enhance profitability and influence consumer purchase decision. There are not many studies on the

advantages and challenges of using social media for marketing in MSMEs, that would help MSMEs in Nigeria to know what social media marketing would benefit to their businesses and which particular techniques to use to achieve success. This gap arises from lack of adequate studies on the use of social media to build brand equity among MSMEs, this study among other things intends to fill. The study will focus on the impact of social media on brand equity and profitability of micro, small and medium enterprises with particular emphasis on consumers in the federal capital territory of Nigeria.

1.2 Objective of the Study

The broad objective of the study is to assess the impact of social media on brand equity and profitability in MSMEs in Nigeria using the Federal Capital Territory as a case study. However, the framework of this study seeks specifically to:

- i. Assess the need of social media in business interaction in Nigeria.
- ii. Determine the impact of social media in building brand equity.
- iii. Examine the impact of brand equity on profitability of Micro, small and medium enterprises in Nigeria.
- iv. Analyse the relationship between social media and consumer purchase decision.

1.3 Research Questions

It is in view of the problem of the impact of social media on brand equity in SMEs in Nigeria that this study seeks to provide answers to the following questions:

1. Are there needs for social media in business interaction in Nigeria?
2. Do social media have any significant impact on brand equity?
3. Does brand equity have any significant impact on micro, small

and medium enterprise profitability in Nigeria?

4. Is there any impact of social media on consumer purchase decision?

1.4 Hypotheses of the Study

The following hypotheses have been formulated for validation in line with the research questions.

H01. There is no need for social media in business interaction in Nigeria.

H02. There is no significant impact of Social media on brand equity.

H03. There is no significant impact of brand equity on micro, small and medium enterprises profitability in Nigeria.

H04. There is no significant impact of social media on consumer purchase decision in FCT, Nigeria.

2. Literature Review

2.1 Conceptual Framework

2.1.1 Social Media

Social media has created a platform for both businesses and customers to communicate worldwide. Mangold and Faulds (2009) describe social media as “a set of online word of mouth forums or social networks”. Social media is used to discuss and share information among people and business. Businesses and consumers can use the functions of social media as a criteria for market segmentation, where they want to reach professionals they concentrate on linkedIn or artist they use instagram to show or view pictures. This has enabled productive marketing and time management. Kwok & Yu (2013) stated that customers trust reviews from other customers more than those posted by businesses. Fishler & Reuber (2011) discovered that better results were achieved if twitter was adequately used and twitter was much valuable in respect to building relationships. There are two

types of social media word of mouth communication: firm-generated and user-generated. Firm-generated word of mouth is generated by the firm and user-generated content is dependent on the customers. Social media has provided customers the opportunity to investigate more and get more information about products, services and business before making a decision. Satisfied people share their positive experience and dissatisfied ones share their negative ones. As much as positive information boost the brand, negative information may cause damage to the brand image (Bambauer-Sachse & Mangold, 2010).

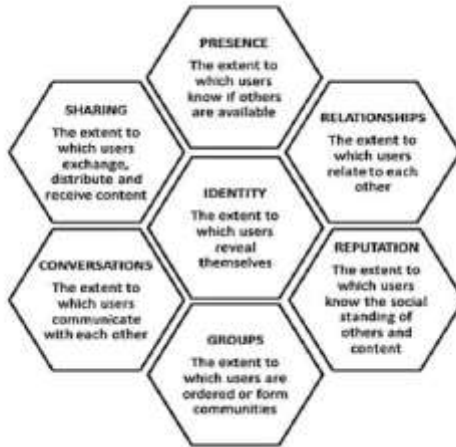
DEI Worldwide (2008) found that 70% of the customers go on social network site to get information about products, services or brand and 49% of this customers base their buying decision on these information. Social media provides a platform for firms and organisations to gather intelligence information by studying behaviour of the target market on social media. (Gillin & Schwartzman, 2011). One of the main benefit of social media is said to be cost saving. The use of social media in small businesses is to enhance brand exposure and this happens when a customer becomes aware of the product, service or brand, consciously or unconsciously. (Rugova & Prenaj, 2016). A lot of social media sites have

so many information for their users and businesses can use this information to reach their target market (Celine, 2012). Social media has created a platform for customers to write reviews, make enquiries and share their experiences easily. According to Rugova & Prenaj (2016) this can enhance better relationships between MSMEs and their customers and also aids MSMEs to enhance their brand image, improve sales and treat customers better. Although firms use social media for marketing, communication about the brand continues to take place independent of the firm (Kietzmann, Hermkens, McCarthy & Silvestre, 2011). Therefore, it is important for businesses to know how to manage social media to build brand equity, thereby improving profitability.

2.1.2 Social Media Model (Honeycomb Model)

According to Honeycomb Model of Smith (2007) social media sites are built upon seven functional blocks: identity, conversation, sharing, presence, relationships, reputation, and groups. This study attempts to explain the different use and functions of social media sites and the implications of these functions in businesses. The aim of these model is to create a better understanding of the social media.

Figure 2.1: Honeycomb Model (Smith, 2007)



i. Identity

This identity block is about the rate individuals or businesses disclose their identity publicly (i.e. name, age, interest) on social media. They also set out to disclose other details about themselves consciously or unconsciously such as thoughts, feelings, likes, and dislikes (Kietzmann et al., 2011).

ii. Conversation

The conversations block is about the degree individuals or organisations interact with each other on social media. As much as people post on social media to meet new people, others post for other reasons or causes like politics or to create awareness.

iii. Sharing

The sharing block is mainly about the degree to which users share information, opinion or reviews on social media. This information shared tends to spread more and more among other users. This may be either positive or negative information.

iv. Presence

The presence block is the degree to which users know other users are available on social media. This can be from information about their status or locations. Businesses can use this

information to create conversations and make their businesses more influential among the users.

v. Relationships

The relationships block is about the relationship of a user to other users on social media, if the assemblage of relationships the user has is large, this is likely to make the user more influential on social media.

vi. Reputation

The reputation block is about the user’s position on social media, and this can be earned through posted shared, likes and dislikes. Business will have to share valuable contents in order to build their relationship and strengthen their reputation.

vii. Groups

The Groups block is the degree to which a user can create or be a part of a group on social media. The more the fans, followers, likes, the more influential the group will be. They are users who define themselves based on the groups they are a part of.

2.1.3 Social Media Networks

In this study, we selected the top social media networks known to the public

Facebook: this is well known social media platforms today. Facebook started as a network among Harvard students on 4th February, 2004. It was founded by Mark Zuckerberg, Andrew McCollum and Eduardo Saverin. Facebook created a platform for businesses to have direct access to customers in 2007. A lot of people can now register with Facebook for free, meet and interact with other users, create groups, post photos and share personal details with users that they have accepted as friends. Based on data, Facebook has 1.71 billion active users per month (statista.com, 2017). It has also recently introduced the Facebook messenger, a prompt messaging application that is used with individual Facebook accounts to end instant messages.

WhatsApp: WhatsApp Messenger is a free instant messaging application. WhatsApp was founded by Brian Acton and Jan Koum in 2009. The application allows users to send messages, create groups, share photos, documents and other information to users that he/she has access to their mobile phone numbers and are registered with whatsapp. Facebook acquired WhatsApp in February 2014. WhatsApp had a user base of over one billion, making it the most popular messaging application at the time (statista.com, 2017).

Instagram: Instagram is a photo-sharing application that allows users share photos and videos publicly or privately with accepted followers. Instagram was founded by Kevin Systrom and Mike Krieger, and launched in October 2010. It allows users post photos and videos and allows them to add hashtags to them, making it available during search. Instagram accounts can be linked to facebook,

where if a user post on instagram, it shows on facebook. Instagram was acquired by Facebook in April, 2012. Instagram has 700 million (statista.com 2017).

Twitter: twitter is an online news social media platform where users post and interact with messages called "tweets". On twitter registered users can view and post tweet while non-registered user can only view tweets. Jack Dorsey, Noah Glass, Biz Stone, and Evan Williams founded twitter. It was launched in July 2006. Twitter has more than 319 million monthly active users (<https://about.twitter.com/company>),

LinkedIn: LinkedIn was founded by Reid Hoffman and launched in 2003. LinkedIn is a social media network that allows professional to communicate with other professionals, where members can view or post job offers and share professional information. Today LinkedIn has more than 443 million members in 200 different countries of the world (<https://www.linkedin.com/>, 2017).

Youtube: YouTube was founded in 2005 by Char Hurley, Steve Chen, Jawed Karim. Youtube is a social media network that allows registered users share their videos and advertise their products, services or brand. Google acquired Youtube in 2006. YouTube has over 1 billion users and is available in 76 languages (<https://www.youtube.com>, 2017).

2.1.4 Social Media in Nigeria

Since the conception of social media, the use of social media continues to grow steadily in Nigeria . Below is the statistics of social media users in Nigeria.

Table 2.1: Statistics of Social Media Platforms in Nigeria

| Social Media Platforms | Population (in Millions) |
|------------------------|-----------------------------|
| Facebook | 16 |
| WhatsApp | 24.2 |
| Black Berry Messenger | 4.03 |
| Instagram | 3.24 |
| LinkedIn | 1.07 |
| Twitter | 1.82 |

Source: (Lawore, 2016)

2.2 Brand Equity

Brand equity is simply defined as the value of a product, service or brand. Aaker (1991) defines brand equity as a “set of brand assets and liabilities linked to a brand, its name and symbol that add to or subtract from the value provided by a product or service to a firm and/or to that firm’s customers”. Brand equity can be defined both from consumer and firm based perspectives. The consumer based aspect is mainly about value of the brand in the consumer’s mind. The firm based aspect talks about product market outcomes such as price premium, market share, relative price, and financial market outcomes such as brand’s purchase price and discounted cash flow of license fees and royalties (Ailawadi, Lehmann, & Neslin, 2003; Keller & Lehmann, 2001). Keller (1993) proposes the definition of customer-based brand equity as “the differential effect of brand knowledge on consumer response to the marketing of the brand”.

The theory of Aaker (1991) and Keller (1993) explain brand equity clearly. According to Aaker (1991), brand equity is a concept with first four major element as brand awareness, perceived quality, brand associations and brand loyalty and Keller’s (1993) brand equity focuses on brand knowledge with its two element; brand awareness and brand

image. A brand is set to have a positive or negative customer based brand equity when consumers react more or less positively to the marketing program (Keller, 1993). If the consumer has a positive impression of value in his mind about a brand it is called brand equity (Orji, Akhimien, Boman, Ikegwuro, 2014). Kotler and Keller (2006) define brand equity as the added value endowed to product and services. The value can be viewed in terms of the impression the customer have towards the brand, this includes market share, prices, how the customer think, feel and act in respect to the brand(Orji et al, 2014). Aaker (1991) stated that brand equity can be positive or negative and positive brand equity is created by effective promotion and consistently exceeding the customer’s thoughts, while negative brand equity is caused by bad management. Brand equity can be managed in three ways of; brand reinforcement which has to do with restructuring and relevance, brand revitalization which is to revive the fading brand and brand crisis and by managing brand crisis swiftly and sincerely (Kotler and Keller, 2006). This study lays emphasis on consumer based theory of brand equity.

2.3 Micro, Small and Medium Enterprises in Nigeria

Micro, Small and medium enterprises have been generally acknowledged as the foundation of the industrial development of any country (Hakeem, 2013). Businesses in Nigeria has been classified as micro, small, medium and large. However, an MSME can be explained by the criteria of project costs, capital, number of employees, sales volume, annual business turnover and the financial strength (Ayozie, Oboreh, Umukoro & Ayozie, 2013). There has been no specific definition of MSMEs in Nigeria and worldwide. In Nigeria, the small scale industries association of Nigeria (1973) defined small scale business as those having investment (i.e. capital, land, building, and equipment of up to N60,000 and employing not more than fifty persons; the Federal Ministry of Industries defined it as those enterprises that cost not more than N500,000 including working capital to set up; the Centre for Management Development (CMD) view of small industry in the policy proposal submitted to the federal government in 1982, defined small scale industry as, “a manufacturing processing, or servicing industry involved in a factory of production type of operation, employing up to 50 full-time workers” (Ayozie, et al, 2013).

Shokan, (2000) stated that one of the contribution of MSMEs to Nigeria economic development include employment provision. A fact confirmed by Onwuchruba (2001), who stated that over 80% of registered businesses are MSMEs. The activities of MSMEs have enhanced the standard of living by contributing to the development of the labour market and directly tackled unemployment and

contributed to the nation’s gross national product (Ayozie, et al 2013). MSMEs are known to be very vital to the development of every economy. The 2012 Enterprise Baseline Survey reveals that MSMEs in Nigeria employ over 32,414,884 people in Nigeria, and employment generation capacity of about 58% of global working population (Alochenu, 2014). According to Alochenu, (2014), SMEs contribute up to 46.7% of national GDP in nominal terms and offer veritable outlets for technological advancement especially in businesses with rudimentary technology requirements. Despite new initiatives and repeated attempts by both the government and the private sectors to promote the activities of MSMEs in Nigeria, research still documents that 70% of MSMEs do not make it past their first three years of operation (Akingbolu, 2014). In developing countries, there is a need to create an environment to encourage MSMEs to grow. In Nigeria, the role of MSMEs often offer prospect for creating employment opportunities and enhancing the standard of living (Ayozie, et al, 2013).

2.4 Profitability

Profit as universally known is the difference between the total expenses incurred in producing or acquiring a commodity and the total revenue accruing from sales and this difference may be expressed in a return on capital, the total profit over a year being related to the amount of capital employed (Orji, Andah, Chima, Boman, 2017). Profit is a residual reward payable to the entrepreneurs after all the other costs of the business have been met. While the firm may survive one year and perhaps two without making a profit, it will in the long run go out of business if it

cannot pay a dividend to its shareholders (Orji et al, 2017). While the word profitability is composed of two words, namely, ‘profit’ and ‘ability’ the term ability in this regard means the power to earn or perform. Thus, profitability may be defined as the ability of a given investment to earn a return from its use, profitability is a relative concept whereas profit is an absolute connotation (Tulsian, 2014). Although they are similar and interrelated, they are different. Profit should not be used in measuring the efficiency of a business and low profitability does not mean the business has failed; therefore to measure the productivity of capital employed and to measure operational efficiency, profitability analysis is considered as one of the best techniques (Tulsian, 2014).

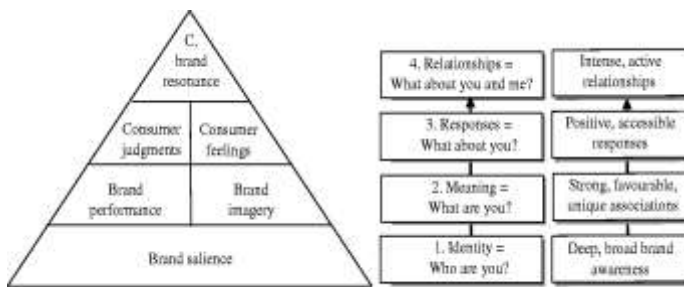
2.5 Theoretical Framework

The theoretical framework upon which this study is based on is the customer base brand equity theory (CBBE) by

Keller (2001). Keller (2001) defined consumer base brand equity as differences in customer response to marketing activity. The concept is basically on the value of a product, service or brand in the mind of the customers based on their experiences with them.

According to Keller (2001) the customer-base brand equity theory are in 4 steps; the first is to make sure that the customer identifies and associate with the brand, secondly is to create the brand meaning in the mind of customers, thirdly is to get the appropriate customer response to the brand identity and brand meaning and lastly is to create a brand relationship between the customer and the brand by establishing brand response and based on these steps Keller’s theory identifies 6 elements which include ; brand salience, brand performance, brand imagery, brand feeling, brand judgement and brand relationship (Keller, 2001).

Figure 2.2 Keller’s Customer-Based Brand Equity Pyramid



Source: Keller (2001), p.10

i. Brand identity: Achieving the right identity involves creating brand salience which has to do with creating brand awareness of the brand; brand awareness is the ability for a customer to remember a brand. This stage is the foundation in developing brand equity (Keller, 2001).

ii. Brand meaning: brand meaning is made up brand performance and brand imagery and these can be established based on a customer’s own experience with the brand. Brand performance is the way a product or service tries to meet the needs of the customers and Brand imagery this refers to what the

customer thinks about the brand (Keller, 2001)

iii. Brand response: The way customers react towards a brand either through thought or feelings is referred to as brand response and it is made up of two dimension; Brand judgement: this can be seen as the perceived quality of the brand by the customer and Brand feeling which is the emotional reaction a customer has towards a brand. This can be negative or positive (Keller, 2001).

iv. Brand relationship: this is refers to the relationship between the customer and the brand (Keller, 2001).

This is to simply say that to maintain a strong customer-base brand equity it involves establishing and creating the appropriate identity, establishing right brand meaning, creating the proper brand responses, and creating the right brand relationship with customers (Keller, 2001).

2.6 Impact of Social Media on Brand Equity on MSMEs Profitability

Social media offers great opportunities. Lawore (2016) stated that the advantage of social media to conventional media is its ability to reach large audience, target the right audience, high return on investment (ROI), cost effective, easy growth management, researches and expansion evaluation. Rugova and Prenaj (2016) says that customers become aware of the product or service if MSMEs adopt and implement the social media in their businesses.

Social media enhances brand equity when it is effectively used in marketing (Babac, 2011). Social media campaigns enhances brand loyalty significantly and this results in high profitability (Menezes & Devi, 2016). The use of social media businesses can build brand equity of products, service or brand, which will result in attracting customers

and subsequently result into profitability (Severi, Ling, & Nasermoadei, 2014).

2.6.1 Impact of Social Media on MSMEs in the Federal Capital Territory

The federal capital territory commonly known as FCT is a capital territory in Nigeria. FCT was formed in 1976 from parts of Nasarawa, Niger, Kogi State. According to the United Nations (UN) Abuja is one of the fastest growing city in the world and the fastest growing city in Africa; It grew by 139.7% between the year 2000-2010 and it is a highly populated state with an estimated population of 6 million persons in the metropolitan area (<https://infoguidenigeria.com>, 2017). Social media has created a platform where businesses and consumers can communicate effectively and efficiently as it makes available to both consumers and businesses information that will ensure better interaction. The MSMEs in FCT is estimated to be 485,055 (SMEDAN & National Bureau of Statistics Collaborative Survey, 2013), and if the MSMEs in the capital of the country can implement social media in their businesses and build brand equity and enhance profitability, other states are likely to adopt the same, hence the need for this research.

3. Methodology

Considering the nature of this research, the survey method was adopted, this method is preferred over others because it is versatile and practical and useful in identifying the present conditions and needs as regards social media and brand equity. It involves the systematic gathering of facts about the impact of social media on brand equity among MSMEs in Nigeria and how it can maximize profitability. The study is focused on MSMEs in the Federal

Capital Territory of Nigeria. The MSMEs in FCT is estimated to be 485,055 MSMEs; 482,365 micro enterprises, 2,244 small enterprises and 446 medium enterprises (SMEDAN & National Bureau of Statistics Collaborative Survey, 2013)

Before calculating a sample size, the following assumptions about the target population were made:

- i). Population Size –The approximated population size is very large.
- ii). Margin of Error (Confidence Interval) – no sample will be perfect, so we need to decide how much error to allow. The confidence interval determines how much higher or lower than the population mean we are willing to let our sample mean. This study adopted a Proposition Z, with a margin of error of ± 5%.
- iii). Confidence Level – how confident do we want to be that the actual mean falls within our confidence interval? The most common confidence intervals are 90%, 95% and 99% (Smith & Albaum 2010). This study assumed 95% confidence level.
- iv). Standard deviation – How much variance do we expect in our responses? The safe decision chosen in this study is 0.5.

The constant values needed are the z-scores for the most common confidence levels: a) 90% – Z score = 1.645; b) 95% – Z score = 1.96; c) 99% – Z score = 2.326.

With our choice of the confidence level of 95%; Standard deviation of 0.5; Margin of error (confidence interval) of ±5% , the equation for a very large population size whose number is not certain according to Smith & Albaum (2010) and Orji (2016) is :

$$= (Z \text{ score})^2 \times \text{StdDev}^*(1 - \text{StdDev}) / (\text{margin of error})^2$$

$$\text{Required sample size} = \{(1.96)^2 \times .5(.5)\} / (.05)^2$$

$$= (3.8416 \times .25) / .0025$$

$$= 0.9604 / .0025$$

$$= 384.16$$

$$= 385 \text{ respondents}$$

are needed

The required sample size is 385. However, this was increased to 501 by adding 30%. According to Isreal (1992) and Orji (2016) 10% to 30% could be added as addition sample to make up for some that may not be returned valid. Thus, 30% of 385 = 115.5 + 385 = 500.5=501 Respondents. The researchers used judgemental sampling and face to face administration of questionnaire, where the researchers selected units to be sampled based on their knowledge and professional judgement.

The data gathering technique that was adopted involved the use of questionnaire which is the primary method of data collection and books, journals and the internet as secondary method of data collection. However, the questionnaire measurement of the study used a four point Likert rating scale as justified by Orji (2016) who argued that respondents have behaviour of either survey optimizing or satisfying thus, including neutral point could lead to decrease in measurement quality.

Weight was assigned as follows:

Strongly Agreed 4, Agreed 3, Disagree 2, Strongly Disagree 1

The method of data analysis for this study is the simple descriptive percentage method and Chi-square method derived from Kendall coefficient of concordance. The percentage is for the comparisons of

respondent that responded for or against a particular question in relation to the overall respondents expressed as a percentage in order to see the pattern of response. The Chi-square derived from Kendall coefficient of concordance is a method used in testing a hypothesis concerning the differences between a set of observed frequencies of a sample and corresponding set of expected or theoretical frequencies. It is represented by the following formula:

$$W = \frac{12 \sum (R_i - \bar{R})^2}{K^2 (N^3 - N)}$$

Where K = Number of Responses; N=Number of weighted questions; R = Mean; W = Kendall coefficient of concordance

$$X^2 = K (N - 1) W; X^2 = \text{Chi-square}$$

The Ninety – Five (95%) confidence level was used, where computed value is greater than critical value at 0.05 level of significance, the null hypothesis will be rejected and alternative accepted and vice versa Siegel, (1986). Weights were assigned using likert scale as follows:

Strongly Agreed 4, Agreed 3, Disagree 2, Strongly Disagree 1. This method is justified on three reasons: Kendall coefficient of concordance allows all relevant questions in the questionnaire to be part of the test and result (Siegel, 1986). This position buttressed by Siegel, (1986) is also statistically straight-forward. The study data under analysis was based on the sample drawn from different respondents that cut across every strata of the FCT Nigeria, as every MSME of the population cannot be reached. Kendall coefficient is suited for this purpose.

4. Results/ findings

While carrying out the research, the researchers distributed a total number of 501 questionnaires. Only 80 were returned invalid due to mistakes made by respondents in filling the questionnaires. The 421 considered valid were used in the data presentation and analysis of the study. The figures are indicated in the table below:

Table 4.1 : Kendal coefficient of concordance Table 1 : Impact of social media on brand equity and profitability in micro, small and medium enterprises in Nigeria

| S/No | Strongly Agree | Agree | Disagree | Strongly Disagree |
|---|----------------|-------|----------|-------------------|
| Weight | 4 | 3 | 2 | 1 |
| Question 7 There is need for social media in business interaction in Nigeria | 8 | 54 | 272 | 87 |
| Question 8 Social media establishes brand performance and brand image | 93 | 229 | 62 | 37 |
| Question 9 Social media enables better brand responses | 221 | 155 | 26 | 19 |
| Question 10 Brand awareness impacts SMEs in Nigeria | 381 | 35 | 5 | 0 |
| Question 11 Brand performance improves | 154 | 234 | 29 | 4 |

| | | | | |
|--|-----|-----|----|----|
| profitability of MSMEs in Nigeria | | | | |
| Question 12 Brand responses impacts SMEs profitability in Nigeria | 119 | 249 | 49 | 4 |
| Question 13 Social media creates recognition of needs/wants. | 95 | 162 | 97 | 67 |
| Question 14 Social media is a tool used for information research. | 70 | 294 | 52 | 5 |
| Question 15 Social media influences purchase decision and post purchase decision. | 111 | 268 | 27 | 15 |

Source: Field Survey, 2018

Each cell of respondent will be multiplied by the weight assigned e.g. $4 \times 8 = 32$

Table 4.2 : Kendal coefficient of concordance Table 2:
Impact of social media on brand equity and profitability in micro, small and medium enterprises in Nigeria

| S/No | Strongly Agree | Agree | Disagree | Strongly Disagree | Ri | Ri - R | $(Ri - R)^2$ |
|---|----------------|-------|----------|-------------------|-------|--------|--------------|
| Weight | 4 | 3 | 2 | 1 | - | - | - |
| Question 7 There is need for social media in business interaction in Nigeria | 32 | 162 | 544 | 87 | 825 | -483 | 233,289 |
| Question 8 Social media establishes brand performance and brand image | 372 | 687 | 124 | 37 | 1,220 | -88 | 7,744 |
| Question 9 Social media enables better brand responses | 884 | 465 | 52 | 19 | 1,420 | 112 | 12,544 |
| Question 10 Brand awareness impacts SMEs in Nigeria | 1524 | 105 | 20 | 0 | 1,649 | 341 | 116,281 |
| Question 11 Brand performance improves profitability of MSMEs in Nigeria | 616 | 936 | 58 | 4 | 1,614 | 306 | 93,636 |
| Question 12 Brand responses impacts SMEs profitability in Nigeria | 476 | 747 | 98 | 4 | 1,325 | 17 | 289 |
| Question 13 | 380 | 486 | 194 | 67 | 1,12 | -181 | 32,761 |

| | | | | | | | |
|--|-----|-----|-----|----|--------|-----|---------|
| Social media creates recognition of needs/wants. | | | | | 7 | | |
| Question 14 Social media is a tool used for information research. | 280 | 882 | 104 | 5 | 1,271 | -37 | 1,369 |
| Question 15 Social media influences purchase decision and post purchase decision. | 444 | 804 | 54 | 15 | 1,317 | 9 | 81 |
| Total | | | | | 11,768 | | 497,994 |

Source: Field Survey, 2018

Ri = Addition of Rows

$$\bar{R} = \text{Mean} = \frac{\sum(Ri)}{N} = \frac{11,768}{9} = 1,308$$

$$W = \frac{12 \sum(Ri - \bar{R})^2}{K^2(N^3 - N)} = \frac{12(497,994)}{4^2(9^3 - 9)} = \frac{5,975,928}{11,520} = 518.7$$

$$X^2 = \text{Chi-square} = K(N - 1)W$$

$$= 4(9 - 1)518.7$$

$$= 16,598.4$$

Decision

Based on the data analysis, the decision rule is to reject the Null Hypotheses (H₀) and accept the Alternative hypotheses since the calculated X² (16,598.4) is greater than the tabulated (36.415). The tabulated X² was arrived at by determining the degree of freedom.

The degree of freedom (df) = (c - 1)(r - 1)

c = column total of observed value

r = row total

$$= (4 - 1)(9 - 1)$$

$$= 3 \times 8 = 24$$

Df at specified level of significance at 0.05 = 36.415. Therefore, we reject the Null Hypotheses at 95% confidence level and critical value of 0.05% level of significance. This means that:

1. There is need for social media in business interaction in Nigeria

because Social media establishes brand image

2. There is significant impact of social media on brand equity because Social media enables better brand responses.

3. There is significant impact of brand equity on profitability in micro, small and medium enterprises in Nigeria because Brand performance improves profitability of MSMEs in Nigeria

4. There is a significant impact of social media on consumer purchase decision because Social media creates recognition of needs/wants as a tool used for information research

These decisions were arrived at because of the nature of the statistical tool used. As stated earlier Kendal coefficient of concordance allows all relevant questions in the questionnaire to be a part of the test results hence answering them and making them a part of the decision.

5. Conclusion

A lot of small and medium enterprise tends to avoid social media, not taking advantage of it in establishing their brand, despite the high growth in consumers using social media and the identified advantages of using social media like strengthening of customer relation. Based on the findings of this study, the study concluded that there is a positive impact of social media on brand equity among the micro, small and medium enterprises in Nigeria, because Social media establishes brand image, and enables better brand responses.

6. Recommendations

Based on the findings above, this study offers the following recommendation:

1. The study recommends MSMEs to create a social media plan that fits into their goals and objectives and work towards it to build a strong brand equity as better performance will result in better responses from consumers. And the better the responses from customers the more they value the brand and purchase the products or services which will result to profitability in MSMEs.
2. MSMEs should try as much as possible to post on social media platforms regularly and be professional in their dealings with consumers on social media as this will reflect positively on the brand as social media has created a platform where MSMEs can increase awareness for their brand,

enable good brand response, use the information to perform better, build good relationship which can result in creating a good brand image for them.

3. MSMEs should also utilise social media platforms as a means to build relationships with consumers by responding to their enquiries as soon as possible; as consumers will become loyal to a brand they perceive as having high brand equity and will participate in the social media activities of the MSMEs which may lead to actual purchase.
4. The study also recommends that MSMEs with consumer targets age of 36 and above should have an office location alongside the social media pages as this age group is still wary of social media.

7. Suggestion for further study

This study was conducted in limited areas of the Federal Capital Territory namely Bwari, Gwagwalada and Abuja Municipal. Therefore there may be need for wider scope as suggestion for further studies. Thus the researchers recommends a similar study to be conducted particularly with a view on the firm based brand equity as this research only focused on the customer based brand equity. The researchers also recommends further theoretical and empirical investigation aimed at better understanding social media use in greater fields across industries.

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Appendix
Questionnaire

Please tick (✓) against your appropriate choice

SECTION A

1. What is your gender?
 (a) Male [] (b) Female []

2. What is your age?
 a. 18 - 25 years [] b. 26 - 35 years []
 c. 36 - 45 years [] d. 46 years and above []

3. What is your qualification?
 - a. Primary school leaving certificate []
 - b. Senior school certificate examination []
 - c. Ordinary national diploma/NCE []
 - d. HND/BSc []
 - e. Masters Degree and above []

SECTION B

4. Which of the following platforms of social media do you use?
 - a. Facebook []
 - b. WhatsApp []
 - c. Black Berry Messenger []
 - d. Instagram []
 - e. LinkedIn []
 - f. Twitter []
 - g. YouTube []
5. How long do you spend on social media daily?
 - a. 5 - 50 minutes []
 - b. 1 - 2 hour []
 - c. 3 - 5 hours []
 - d. 6 - 8 hours []
 - e. Others []

| S/N | Questions | SA (4) | A (3) | D (2) | SD (1) |
|-----|--|-----------|----------|----------|-----------|
| 7. | There is need for social media in business interaction in Nigeria. | | | | |
| 8. | Social media establishes brand performance and brand image. | | | | |
| 9. | Social media enables better brand responses | | | | |
| 10. | Brand awareness impacts SMEs in Nigeria | | | | |
| 11. | Brand performance improves profitability of MSMEs in Nigeria | | | | |

12. Brand responses impacts SMEs profitability in Nigeria
 13. Social media creates recognition of needs/wants.
 14. Social media is a tool used for information research.
 15. Social media influences purchase decision and post purchase decision.
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