

Social Media Marketing Challenges and Opportunities in Georgia - Analysis of Modern Approaches

The rapid development of digital technologies and the growing popularity of social media platforms have significantly changed the way businesses are conducted around the world. Georgia, as a country with an emerging economy, faces unique challenges in the process of digital transformation. Social media marketing represents both an opportunity and a challenge for Georgian businesses. This study examines the challenges and opportunities of social media marketing worldwide. The study analyzes the barriers and opportunities for Georgian businesses in the process of digital transformation. Special attention is paid to the challenges of small and medium-sized enterprises in the effective use of social media for marketing purposes. The conclusions and recommendations are developed based on the research we conducted, "Consumer Attitudes towards Managing Businesses with Social Media in Georgia" and "Business Representatives' Attitudes towards Managing Businesses with Social Media in Georgia".

Keywords: Social media; Digital marketing; Innovation marketing; Business development; Internet marketing; Digital industry.

Jel Codes: M3; M1.

Introduction

In light of the ongoing technological changes in the world, the use of the Internet and social media in various fields is undoubtedly a topical and important issue. Recently, the role of social media in business has received special attention, as it is the best opportunity to run a business with minimal costs and achieve maximum effect.

Social Media Marketing (SMM) is one of the main communication and advertising tools for modern businesses and brands. It combines various platforms, such as Facebook, Instagram, Twitter, LinkedIn, TikTok and others, which allow companies to communicate with their customers, increase brand awareness and develop sales.

The development and expansion of social media is unthinkable without the Internet. Nowadays, when the world is surrounded by Internet networks and digital technologies, the importance and role of social media channels have increased even more for the user, although its use brings the greatest benefits to business representatives. American marketers L. Bunn and D. Kurtz distinguish 4 main functions of the Internet in the market, these are: communication, information, entertainment and e-commerce. Social media has absorbed the above functions and began to develop as a necessary and indispensable tool for the user in every way, for obtaining the desired information or for communication.

The aim of the study is Examine how social media marketing influences customer engagement and brand awareness. Identify the most effective social media marketing strategies for businesses. Assess the role of different social media platforms in shaping consumer purchasing decisions.

Research Objectives

- ✓ Conduct a literature review on social media marketing trends and their impact on businesses;
- ✓ Collect and analyze data from companies using social media marketing strategies;
- ✓ Evaluate consumer responses and engagement with different social media marketing campaigns;
- ✓ Compare the effectiveness of various social media platforms in influencing consumer behavior.

Methodology

The research will employ a mixed-methods approach, incorporating both qualitative and quantitative analysis: Qualitative Methods: In-depth interviews with marketing professionals and content analysis of social media campaigns; Quantitative Methods: Surveys and statistical analysis of consumer behavior and engagement metrics; Data Collection: Primary data will be gathered through surveys and interviews, while secondary data will be collected from academic sources, market reports, and case studies.

Potential Benefits

This research will provide valuable insights for businesses, marketers, and researchers by:

- ✓ Helping businesses optimize their social media marketing strategies for better engagement and sales;
- ✓ Offering data-driven recommendations on the most effective social media platforms for marketing;
- ✓ Contributing to academic knowledge on the relationship between social media marketing and consumer behavior.

Result

Modern media creates awareness by spreading information about the latest, innovative products. Initially, it was created as a tool for interaction between people, but as its audience grew, people began to publicly share positive and negative things, promote, advertise political games, expose corruption, etc. For example, one of the members of social media can easily organize an

environmental event and find millions of like-minded people through social media, one of the most important information social networks. An opinion posted on Twitter can cause great harm or, on the contrary, change the world for the better. Nowadays, social media marketing is the most important part of marketing, which is used by more than 90% of professional marketers. Companies use social channels for marketing events, For customer satisfaction, research and e-commerce. It should be noted that social media has not only reduced marketing costs and the time required to promote goods and services, but also improved marketing efficiency and customer engagement.

In modern times, anywhere in the world where the Internet is actively provided, a large part of the population uses social networks, regardless of gender, age or ethnicity, several social networks are especially popular, which connect people, help share ideas and thoughts. Each social network that is very popular has a long history, and it is especially noteworthy that they were created thanks to bold, thoughtful people, and not by scientists.

According to a 2021 survey by VISUAL OBJECT, the most important social media challenges for small businesses were named as a result of a survey of 500 small business owners and managers in the United States (see Table 1).

Table 1. Social media challenges 2021

Finding Highly Qualified Leaders	21%
Gaining New Followers	19%
Increasing Engagement	17%
Content Constantly Changing and Posting	12%
Content Creation	11%

Source: Author's own, table compiled based on visual object data.

The involvement of social media in business management varies depending on the level of development of the country. The share of social media in the management of small or large businesses in different countries varies significantly, depending on the macro-environmental factors in the country, such as the political, economic, legal and social environment, since each of the listed circumstances affects the start and development of small businesses, as well as their promotion to compete with large businesses. The role of social media also varies in countries where it is easy to start a business and business is provided and encouraged by the state, whether it concerns taxes or benefits. That is why countries that are leaders in the Ease of Doing Business Index pay much more attention to the use of social media, since they want to receive maximum income with minimal costs, and social media is the best way to do this (see Table 2).

1 **Table 2.** *Share of enterprises using social media and Ease of Doing Business*
 2 *Index in European countries*

Country	Enterprises that use social media, (%)	Ease of Doing Business Index, (score)
Denmark	75	84.64
Netherlands	74	76.04
Sweden	72	75.69
Belgium	71	73.95
Ireland	71	78.91

3 Source: Author's own, table compiled based on Eurostat and World Bank data.
 4

5 According to the Ease of Doing Business Index [Ease of Doing Business
 6 Index - an index created by the World Bank that evaluates business regulation
 7 among countries around the world. It combines 11 indicators: starting a business,
 8 construction permits, obtaining electricity, registering property, access to credit,
 9 protecting investor rights, paying taxes, trading internationally, enforcing
 10 contracts, insolvency, hiring employees.], Georgia ranks sixth in the world with
 11 a score of 83.28, which provides even more opportunities for small and large
 12 businessmen to develop and successfully launch their business activities. With
 13 minimal funds, small business starters can establish themselves in the market
 14 through social media, which allows them to offer products and services to
 15 customers without additional costs.

16 China is one of the strongest countries in terms of social media engagement,
 17 the country's economic strength is due to digital transformations. Initially, China
 18 followed the American model for economic success, but in recent years, China
 19 has ranked first in the world in terms of online sales and online business
 20 management. As the diagram shows, China's gross domestic product has been
 21 growing over the years, especially in the recent period, from 2020 to the present,
 22 when China's GDP has grown by about 33%, this was due to the increase in
 23 social media use and online sales during the COVID-19 pandemic.

24 We often encounter Chinese online sales sites in the international market,
 25 including giant and the most well-known are TAOBAO and ALIEXPRESS.
 26 China's experience is the best lesson for every business representative, how easy
 27 it is to deliver products and services anywhere in the world with minimal costs,
 28 using this method, small businesses have the opportunity to compete with large
 29 companies. Against the background of the example of developed countries, it is
 30 important to develop the right conclusions and recommendations in order to plan
 31 targeted measures and implement appropriate regulations, which will allow
 32 developing countries to introduce the same practice and develop the business
 33 sphere, especially small businesses, while promoting the use of social media and
 34 providing useful information. Even within the framework of economic
 35 partnership with China, transferring the activities planned and carried out by
 36 them and implementing them on the Georgian market, it is undeniable that China
 37 has become a giant in the field of social media channel management and online
 38 sales, therefore, it is precisely the implementation of Chinese practices that
 39 ensures the success and development of small businesses, against the backdrop
 40 of the use of social media.

Despite the popularity of social media and its enormous potential, SMM has significant challenges that affect marketing strategies and their results:

- ✓ Algorithm changes and decreasing organic reach-Social media platforms are constantly changing their algorithms to provide users with more relevant and interesting content. However, these changes often reduce brands' organic reach, forcing marketers to spend more resources on paid advertising. For example, Facebook and Instagram algorithms emphasize user engagement, which means that companies must create more engaging and interactive content to retain users' attention.
- ✓ Content overload and competition-Today, social media is overloaded with content, which puts users under information stress. Brands have to constantly create innovative and high-quality materials to stand out from their competitors. This requires serious creative efforts and financial resources.
- ✓ The problem of consumer trust-Consumer trust is an important factor in SMM. Fake accounts, false information, and overly aggressive advertising lead to negative consumer attitudes towards brands. Companies need more transparency and authenticity to earn the trust of their audience.
- ✓ Platform diversity and adaptation-It is difficult for businesses to be present on all social platforms at the same time and implement an effective strategy. Each platform has its own specifics, which means that marketers must be able to quickly adapt to changes and create relevant content for different platforms.
- ✓ Personal data protection and regulations-The issue of protecting consumer personal data is becoming more relevant every day. Laws such as GDPR in Europe and CCPA in the United States oblige companies to protect consumer privacy. These limitations make it difficult to collect and analyze user data, which reduces the effectiveness of SMM.
- ✓ Rising advertising costs-Along with declining organic reach, the cost of social media advertising is constantly increasing. This means that small and medium-sized businesses are finding it difficult to compete with large brands that spend huge amounts on marketing.
- ✓ Localizing content and a global audience-Brands are having to take into account multilingual and multicultural audiences, which requires additional resources. Different consumer behaviors and preferences in different regions complicate an international SMM strategy.
- ✓ Automation and artificial intelligence-While automation tools such as chatbots and AI-driven ads significantly speed up processes, their proper use and constant optimization require in-depth knowledge and experience. Brands need a balance between automation and personalization.
- ✓ Crisis Communication and Reputation Management-Crisis situations spread quickly on social media platforms. Customer dissatisfaction,

scandals or mistakes can quickly turn into reputational damage.
Therefore, companies need an effective crisis communication strategy.

The lack of qualified personnel in social media marketing remains a major challenge for businesses in Georgia. Small and medium-sized enterprises have difficulty competing with large companies in attracting talent.

Technological infrastructure - despite the high internet penetration in Georgia, access to high-speed internet is still problematic in the regions, which hinders the full implementation of social media marketing.

Financial barriers - a significant challenge for small businesses is the correct planning and allocation of social media marketing budgets. Many companies fail to allocate sufficient resources to produce effective campaigns.

The position of companies regarding business management through social media is very important, as well as how much they use this platform to develop their business and whether they are satisfied with the results obtained. To understand the attitude of the company, we conducted a small survey, which included collecting data from several companies for further analysis. We compiled a questionnaire in the same way as in the case of the study of consumer attitudes towards the management of small businesses through social media. However, despite the launch of the survey through GOOGLE FORM, I visited the companies, interviewed the owners and managers regarding the confidentiality and anonymity of the survey. After the visits, I made several phone calls to remind them. In total, 18 companies were interviewed.

In the surveyed companies, our respondents were mainly represented by owners - 38.9%, managers - 22.2%, etc. The question was presented as an open-ended question, and responses such as owner-manager, director, and manager, etc. were recorded.

The next question was about the type of products and services provided by the company to the customer. The products and services offered by the surveyed companies are diverse and represent the main activities: salon services, aesthetic center services, subscription and sale of branded clothing and shoes, sale of stationery, toys, gifts, photo shoots, pharmacy and cosmetics.

When asked how often they use social media to manage their business, 38.9% of company representatives indicated 1-2 hours daily, 27.8% twice a week, 22.2% all day during active working hours, and 11.1% 4 times a week.

In response to the question of which media outlet do you mainly use to manage your business, all respondents, 100%, named FACEBOOK, given that the platform is the best channel for small business development, where you can post photo-video materials, blogs, vlogs and run paid advertisements, at a fairly affordable price, and this social network also allows for data analysis. Given that respondents could choose several answers, these respondents named INSTAGRAM and TIKTOK in addition to FACEBOOK.

When asked whether they had the appropriate staff (social media manager) to manage their business through social media, 92.3% indicated that another employee performs the task, 7.7% did not, and none of the respondents indicated that they had the appropriate staff, which is actually a very big and difficult

problem, since it is unthinkable to effectively manage a business through social media without having qualified specialists. When asked whether they consider it necessary to hire appropriate staff, the majority, 76.9%, answered positively. Therefore, we can assume that there is a shortage of qualified social media managers in the country, there are no appropriate training courses for social media managers, and due to the shortage of staff, the salary required for this position exceeds the ability of small businesses to hire an employee.

Based on the answers provided by the surveyed respondents, for 30.8%, the use of social media provides 51-70% of business income, for 23.1%, 31-50% of income, for 23.1%, $\leq 10\%$ of income, for 15.4%, 91-100% of income, and for 7.7%, 11-30% of income.

The amount spent on social media advertising by the surveyed companies is equal to 5% of business profit for 46.2%, 10% for 46.2%, and 51% or more for 7.7%. Based on the above data, we can conclude that the amount spent on social media advertising by small businesses in Georgia is minimal compared to the income received. As a result of correct and effective calculations, the income and general well-being of small businesses will increase even at the expense of a small increase in expenses, which is what the research results provide us with a basis for assuming.

Do you calculate the effectiveness of the money spent on social media advertising? 69.2% indicated that they do not. Obviously, they do not spend such an amount on advertising that they consider it necessary to calculate its effectiveness. However, if they are guided by the comparative effectiveness, they will definitely understand that their income doubles against the background of a slight change or increase in advertising costs.

How convenient is it to deliver products and services through social media? 77% answered positively, 7.7% answered negatively, and 15.4% found it difficult to answer. In this regard, we can talk about the recently introduced practice of delivering items with the help of a courier, as a result of which the customer does not have to visit the post office, wait, go through certain procedures, etc. He receives the item on the spot, which is very convenient, accordingly, the customer is satisfied, and in this case this is directly proportionally reflected in the success and prosperity of the business.

For 92.3% of respondents, using social media channels helps save their business budget (less costs - greater effect), which is certainly one of the important and, one might say, the main factors for business representatives, given that their budget is not very large, and 76.9% of respondents are unable to use expensive media channels (television, newspaper), therefore they prefer to stimulate business with more budgetary means.

The necessity of social media in business is once again emphasized by the responses of the respondents, 69.2% noted that during the COVID-19 pandemic, social media was not the only, but the most effective way to continue the existence of a business, and 30.8% noted that it was truly the only way to manage a business. It seems that most of the consumers and companies agree on the necessity and simplicity of managing a business's social media during the pandemic, and the attitudes of consumers and company representatives

1 regarding managing a business through social media after the COVID-19
 2 pandemic are similar, with the entire composition of the surveyed companies,
 3 100%, stating that it is necessary to continue managing a business through social
 4 media. As it turned out, when managing a business through social media,
 5 companies often face problems in communicating with customers, these
 6 problems are mainly as follows: postal service problems, non-adaptation/
 7 switching, cancellation of subscriptions, time factor, etc.

8 At the end of the questionnaire, respondents were required to indicate a
 9 company or personal email address through which we could contact and
 10 interview them to eliminate any misunderstandings or any shortcomings or
 11 inaccuracies found in the questionnaire.

12 As it turned out, despite the time-consuming process, the company survey
 13 provides much more accurate, relevant and detailed information about the
 14 current situation. This may be due to the fact that the respondents are mainly
 15 owners and managers who are knowledgeable in business activities and give
 16 logical answers to questions, the analysis of which gives us a solid basis for
 17 drawing the right conclusion and developing effective recommendations.

18 19 20 **Conclusion and Recommendations**

21
22 The latest developments in the modern world make the role of social media
 23 in small business and many other areas even more relevant and important, since,
 24 as we have already mentioned, the COVID-19 pandemic slowed down and
 25 seemingly stopped the world, and in order to avoid an economic and social crisis,
 26 it became necessary to find a quick, simple and budgetary solution. Of course,
 27 social media attracted more attention than in the pre-pandemic period, which
 28 was due to its simplicity, budgetary nature, outreach to the masses and
 29 convenient usability.

30 As revealed during the work on the paper, the problems with managing
 31 small businesses through social media in Georgia are similar to the problems
 32 existing in other countries in the same field. Based on the summary of primary
 33 and secondary sources, it was revealed that the development of social media use
 34 in small business management is hindered by a number of illogical reasons, such
 35 as: consumers of specific products are not involved in social media, similar
 36 platforms are only for the new generation, and businesses tailored to older age
 37 groups will not achieve any success, social marketing is too time-consuming,
 38 there is a risk of open criticism, and it does not bring high financial resources. In
 39 the main part of the paper, all of the above-listed problems are discussed, which
 40 allows us to analyze and conclude that all of the above-listed reasons are
 41 irrelevant and do not represent a problem for managing a business through social
 42 media. In addition to identifying problems, a number of perspectives and
 43 opportunities were identified against the background of a comparison of
 44 developed countries, through which it is much easier to increase the awareness
 45 of small businesses through social channels, connect with customers, and create
 46 a desired brand. As we have mentioned, most EU countries and China, which is

an online sales giant, are quite actively involved in the development of social media channels for the well-being of their businesses, and the correct use of their practices in Georgia will bring the desired results to companies involved in the business sector and increase their competitiveness in relation to large businesses.

It should be especially noted that Georgia is a leading country in the Ease of Doing Business Index compared to other countries, since in Georgia, it is easy to start a business in terms of taxes, state or legal regulation. If a person with a business idea wants to start a small business, this is possible with minimal costs, since there is no large financial obligation to the state, and at the same time, it can save the budget, reduce fixed costs, both in terms of rental space and variable costs, and employee compensation costs.

In order to increase the role of social media in small business in Georgia, based on existing data and research results, we have developed recommendations:

- ❖ First of all, the awareness of small business representatives should be raised that keeping up with news and using social media is a necessary condition for the successful functioning of a business. Before starting a small business, a company should collect information, familiarize itself with sources and, in the best case, share the experience of developed countries.
- ❖ In order to raise the awareness of small business representatives and potential businessmen, it is important for the state to take certain legal measures, for example: when implementing such initiatives as financing small businesses, issuing grants, and startup support programs, one of the necessary conditions should be having a social page for the business.
- ❖ Regardless of whether small business representatives understand the necessity of social media or not, success will be unattainable in the absence of qualified, experienced staff, therefore, it is necessary for every business to have a social media manager who manages social platforms using modern marketing approaches.
- ❖ It is also important for the state to subsidize training courses for social media managers, of course, the course should be free or on preferential terms, so that the applicant can master the desired profession. The implementation of the above will eliminate the problem of staff shortage in this field, therefore, small business representatives will have the opportunity to pay the social media manager a salary acceptable to both parties, since staff training will balance the remuneration rate on the demand-supply curve.
- ❖ It is important to choose the right “tone” when managing a business through social media in order to establish two-way communication between the customer and the supplier and, most importantly, to maintain the social load of the network.
- ❖ Changing the role of the e-store for businesses on social media, which means posting detailed information about the products or services being posted and advertised - price, annotation, usefulness, etc.

- ❖ Selecting the right distribution channels to build customer trust, in order to avoid unforeseen events that will lead to customer dissatisfaction.
- ❖ Selecting the right opinion leaders to advertise the products and services offered by the business, considering that a person may be acceptable and a role model for society in one aspect, but annoying them in another aspect.

As a result of considering and implementing all of the above, the current situation in the country regarding the use of social media in small businesses will radically change, business companies will go beyond the local market, the products and services they offer will become known, they will form a brand, establish two-way communication with the customer, and both the company's financial and general well-being will increase.

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