

Harnessing Influence on Brand Growth: Exploring Word-of-Mouth and Social Media Influence on Customer Decisions at Local Businesses

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Introduction & Literature Review

Social media has become an essential tool for small businesses to build brand authenticity, engage their communities, and create emotional connections that influence customer behavior. While traditional marketing has declined, word-of-mouth (WOM) marketing remains a powerful way for small businesses to reach and engage customers by creating memorable and personal experiences.

Research shows that engaging, authentic content and personal interactions drive emotional bonds between brands and customers (Panigyrakis et al., 2020). Despite Bala & Verma’s (2018) predictions that traditional marketing is becoming less favorable, WOM is still highly trusted, used and influential (O’Neill, 2024; Lovett et al., 2019). This form of marketing can take place like from the business to the customer, or from customer to customer. Social media platforms (like Facebook, Instagram, YouTube, and Pinterest) offer cost-effective ways for small businesses to foster this engagement and reach new audiences (Garner, 2022). Enagagement, whether traditional or modern is crucial for small businesses to connect and influence the choices of their customers. True brand authenticity and loyalty rely on balancing online engagement with genuine customer experiences and recommendations especially for small businesses that are unable to hire marketing professionals and rely on their owners or other employees to manage communication & marketing strategies.

- RQ1:** Are customers likely to engage with local businesses on social media platforms or through personal interactions to create an emotional bond?
- RQ2:** Do customers learn about local businesses more through social media or personal recommendations through word of mouth?
- RQ3:** How do local business owners perceive and leverage customer engagement in their communication strategies?

Objective

To explore how both social media and word-of-mouth (WOM) marketing influence audience members’ decisions to visit and become faithful customers to local small businesses. Research will also determine if one is a preferred marketing strategy amongst small businesses.

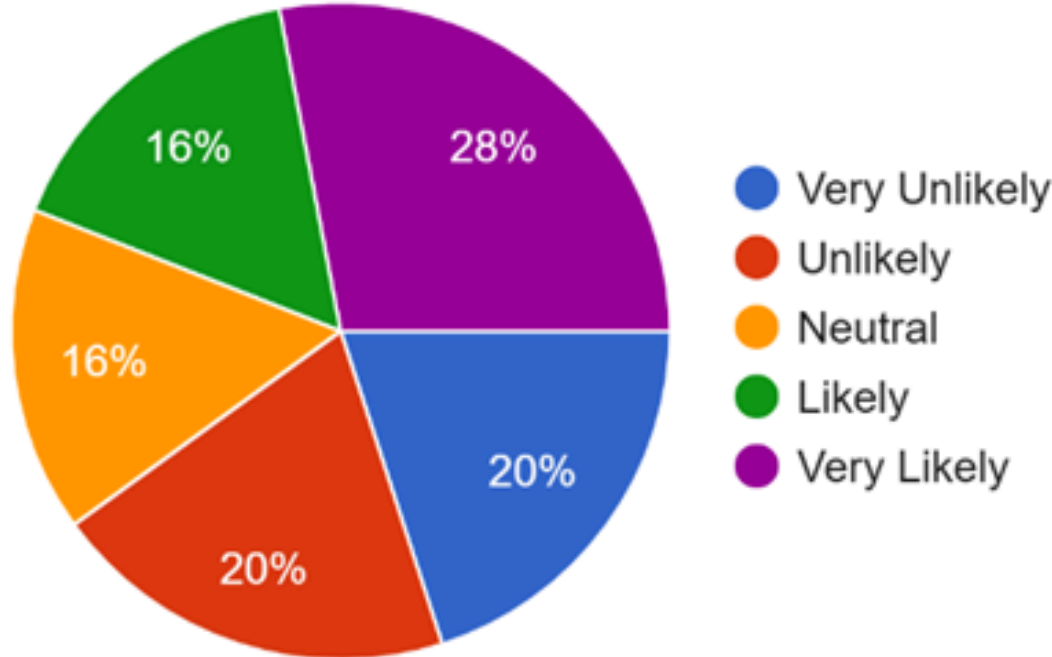
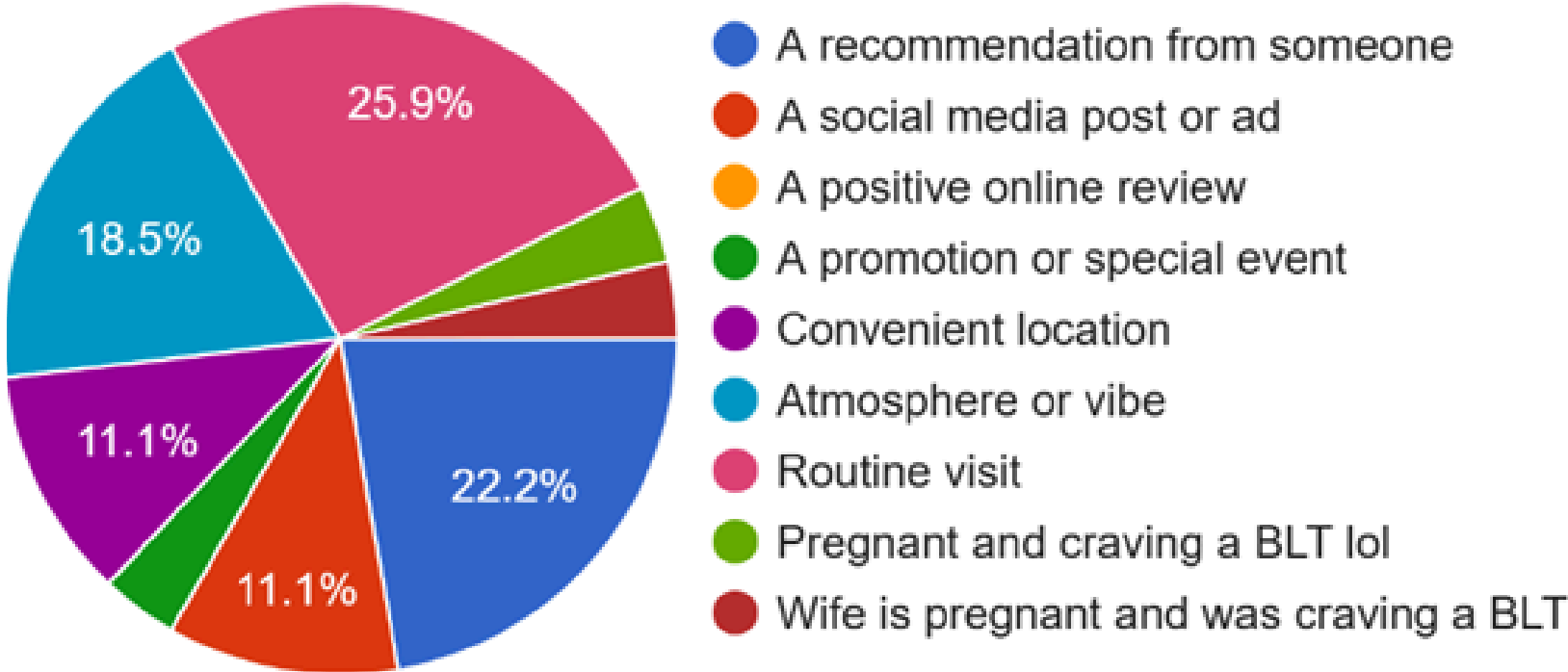
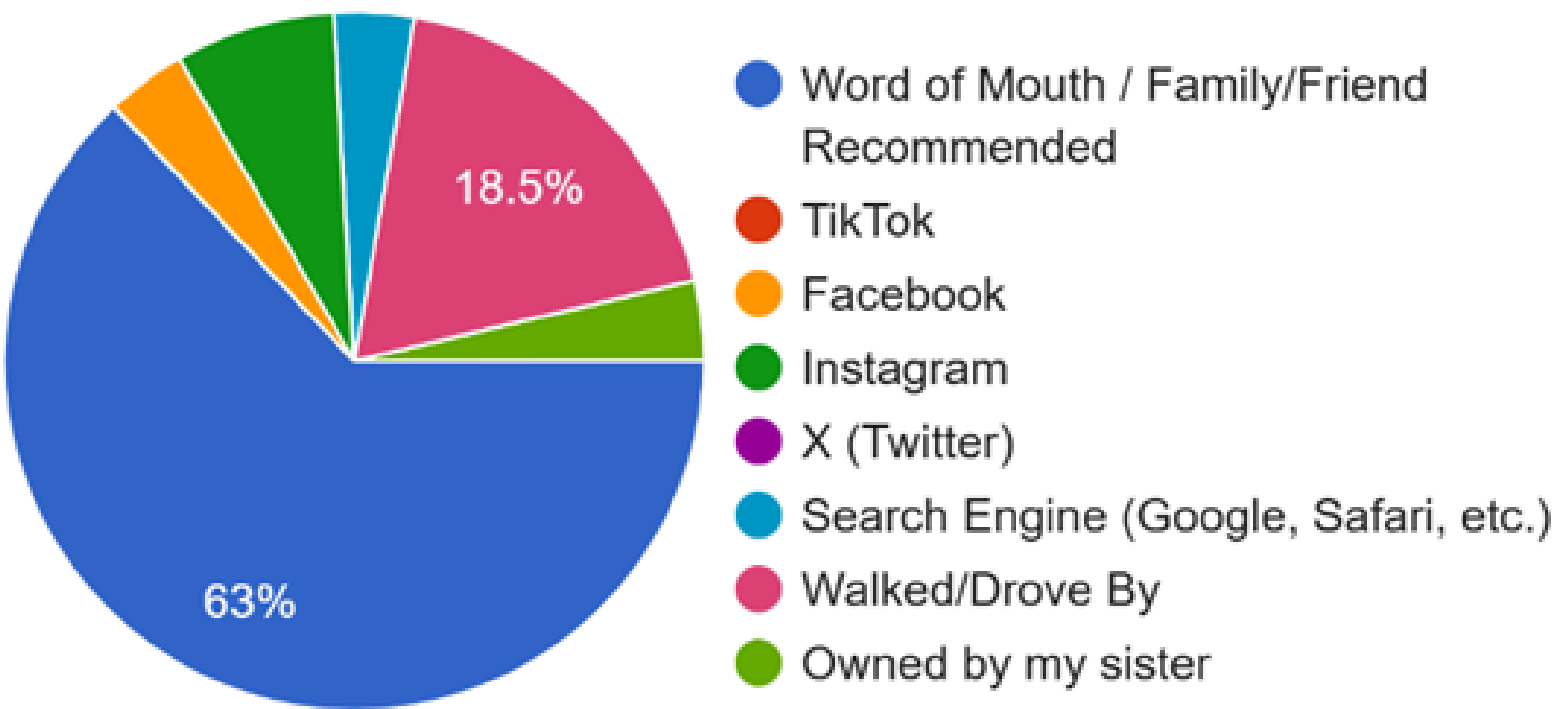
Methodology

A mixed research methods approached was utilized to conduct research for this study. Combining both quantitative and qualitative research methods helped foster a comprehensive understanding of the relationships of the major topic of this research through interviews, social media platform analysis, and a survey.

A sample of 5 small businesses located in Union County, North Carolina across a diverse range of industries were used with a total of 27 participants in the study. Participants were chosen at random through both online and in person interactions.

Findings & Future Research

Results show that WOM remains the strongest driver, with 63% of participants hearing about the business through a personal referral and nearly half (48.1%) saying they are very likely to refer others by word of mouth. Many participants follow businesses on social media (64%) and some share posts. Only 11.1% visited because of social media ads or posts which is half of the 22.2% of participants who said the visit was due to a recommendation from someone. Qualitative insights from a local apparel shop owner further confirmed that personal interactions and conversations help build a deeper emotional bond than social media. In contrast, businesses targeting younger audiences, such as coffee shops, successfully use frequent and engaging social media content to connect with customers.



Future studies should expand to a larger and more diverse sample of businesses and customers to better compare the effectiveness of WOM versus social media. Interviewing multiple owners could reveal varied perspectives and marketing preferences to help gain more accurate results minimizing limitations. Finally, this expansion will also cover a larger geographical scope. Broadening the study beyond one small town could offer a more generalizable understanding of how local businesses nationwide balance traditional and modern marketing strategies.