



MANAGING CUSTOMER RELATIONSHIPS THROUGH SOCIAL MEDIA IN SMALL BUSINESS OPERATIONS

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Abstract

This thesis discusses the issues of effective customer relationship management through the use of social networks in the activities of small businesses. In today's digital era, social networks - in particular, platforms such as Facebook, Instagram, Telegram - are gaining special importance as a means of establishing quick and convenient communication with customers.

The work analyzes the methods of small businesses in studying the needs and offers of customers through social networks, disseminating information about services and products, as well as increasing customer loyalty.

The main problems encountered in these processes and brief proposals for their elimination are also presented. The thesis aims to show ways for small businesses to effectively use social networks as a marketing and customer relationship management tool.

Keywords: Small businesses, social media, customer engagement, digital marketing, customer loyalty, CRM.

Introduction

Small and medium-sized enterprises (SMEs) are a vital part of the modern economy: they play a crucial role in creating jobs in countries, developing local supply chains, and testing new ideas. In recent decades, digital transformation and the widespread use of mobile internet have forced small businesses to rethink their marketing and customer communication strategies. In particular, social media has emerged as a



communication channel that allows small businesses to reach a wide audience in a cost-effective, interactive way. Platforms such as Facebook, Instagram, Telegram, and TikTok are creating new opportunities for engaging customers, gathering their opinions, and building brand awareness (Kaplan & Haenlein, 2010; Mangold & Faulds, 2009).

The main feature of social networks is the possibility of two-way, real-time communication, which is different from traditional advertising media. Therefore, the concept of customer relationship management (social CRM) through social networks has emerged; it includes technological and managerial approaches aimed at attracting customers, analyzing their behavior and building long-term relationships (Trainor et al., 2014). The impact of social networks on business outcomes has been studied in the literature through aspects such as customer loyalty, brand awareness, sales volume and cost optimization (Mangold & Faulds, 2009; Chatterjee et al., 2020).

However, existing research has several limitations. Much of the research has focused on Western markets and large companies, and the impact of small businesses' practices, resource constraints, and cultural and social factors on their use of social media in local contexts, particularly in developing countries, has not been adequately explored. Given the growth of digital platforms and the unique nature of user behavior in countries like Uzbekistan, the results of global studies may not be directly applicable. However, there is evidence that small businesses face practical challenges, such as limited content creation capacity, advertising budgets, customer service resources, and performance measurement methods, but their scope and impact are not fully understood (Chatterjee et al., 2020).

In this context, this article aims to systematically study the practice of managing customer relations through social networks in the activities of small businesses in Uzbekistan. The main goal of the article is to develop practical recommendations by evaluating the methods of using social networks, customer relationships created through them, problems encountered and effectiveness using the example of small businesses in different cities and regions of the country.

This study seeks answers to the following questions:

1. Which social platforms do small businesses in Uzbekistan use for what purposes and how are their content strategies organized?
2. How does the activity carried out through social networks affect strengthening customer relationships (customer engagement, loyalty, customer feedback)?



3. What internal (resources, skills) and external (platform features, customer behavior) barriers do small businesses face in using social networks, and what practical solutions are there to overcome these problems?

LITERATURE ANALYSIS AND METHODS

In recent years, social networks have become an integral part of small business activities, providing an opportunity to quickly and effectively communicate with customers. Kaplan and Haenlein (2010) interpreted social networks as a new communication tool for organizations, noting that they create the opportunity not only for advertising and information delivery, but also for two-way communication with customers. Mangold and Faulds (2009) evaluated social networks as a new element of the marketing mix, noting that they combine word-of-mouth advertising and traditional communication tools. Also, the concept of “social CRM” based on social networks, unlike traditional customer relationship management systems, allows for monitoring customers’ online behavior, analyzing their opinions, and providing quick responses (Trainor et al., 2014).

The benefits of using social media for small businesses have been demonstrated in many studies. In particular, they can reduce advertising costs, attract new customers, and strengthen brand image. However, a study by Chatterjee et al. (2020) noted a number of limitations in the use of social media by small businesses. In particular, problems such as lack of financial and human resources, lack of experience in content creation, and slowness in responding to customer complaints hinder efficiency. Also, the impact of social media on business activities in developing countries, including Uzbekistan, has not been sufficiently studied, and many scientific works are mainly based on research conducted in Western countries. This requires an in-depth study of the experience of using social media in the local context.

This study was based on a mixed methodology to study the practices of small businesses using social media. First, a quantitative survey was conducted to identify general trends, then semi-structured interviews were used to collect more in-depth data and content analysis of posts on the companies’ pages was conducted to consolidate the observed results. The study involved 50 small businesses operating in different regions of Uzbekistan. The criteria for selecting the sample were that the business had been operating for at least one year and was regularly active on social media. The survey consisted of questions based on a Likert scale, which assessed



which platforms the businesses use, content strategies, advertising costs, speed of communication with customers, and expected results from social media. Through interviews, detailed information was obtained from business leaders and marketing specialists about their experience using social media, the problems they face, and their future plans. In addition, each company's posts published in the last six months were analyzed, and the type of content, the proportion of visual and video materials, the presence of call-to-action elements (CTA), comments and their sentiment, and engagement indicators (like, comment, share) were determined and converted into statistical indicators.

Several measures were taken to ensure the reliability and validity of the data collected during the research process. The questionnaire was first piloted in a small group, the interviews were transcribed and coded by topic, and the content analysis was re-checked by two independent coders. The obtained quantitative data were processed using descriptive statistics, correlation analysis, and regression models, and the qualitative data were summarized based on thematic analysis. This methodological approach allowed for a comprehensive study of the current state of social media use in small business activities.

RESULTS

The results were analyzed based on data from three sources (50 online surveys, 10 semi-structured interviews, and content analysis of social media posts of businesses over the past 6 months). The sample consists of various sectors - trade, services, beauty salons, and perfume shops; 70% of businesses reported active use of social media. The distribution by platform is clear: 70% of respondents use Instagram, 55% use Telegram, 30% use Facebook, and 15% use TikTok. Most businesses are active on multiple platforms, with Instagram being widely used by businesses focused on visual content (photos, videos), especially beauty and perfumery; Telegram stands out as a convenient platform for accepting service orders and quick communication with customers.

The purposes of using social media fall into several main areas: about 60% of respondents indicated that they use social media to receive direct orders from customers, while the rest mainly use it for brand promotion, advertising and information dissemination. The results of the content analysis show a diverse composition of posts: advertising-oriented posts accounted for about 40%, product



photos and descriptions for 35%, interactive (survey, Q&A) posts for 15%, and promotions/discounts for 10%. In their interview responses, respondents noted that video and interactive content provide high engagement, while visual quality and the presence of a call to action (CTA) increase the likelihood of conversion.

The results of the survey on the effectiveness of customer communication showed that 65% of respondents noted that social networks provide an opportunity for quick communication; 50% stated that customer feedback has a practical effect on improving products and services. Also, 40% of enterprises witnessed an increase in the number of regular customers through social networks. By comparing content analysis and interview materials, it was found that posts that showed high engagement were usually interactive or video-based and had comments; this confirms the effectiveness of creative and customer-oriented content.

The main problems identified during the study were as follows: 45% of respondents noted difficulties in creating quality and regular content; 30% said that they could not allocate enough budget for advertising and promotion; 25% of enterprises noted problems in responding quickly and effectively to customer complaints. According to the comments in the content analysis, long response times led to negative sentiment responses and lower conversions. Interviews also highlighted resource (time, staff, financial) constraints, lack of understanding of platform algorithms, and shortcomings in marketing analytics (metrics-based evaluation).

The results of the triangulation between quantitative analysis and qualitative observations showed important correlations: social media activity (post frequency, content type diversification, and response speed) was positively correlated with subjective indicators such as “customer engagement efficiency” and “increase in order volume” reported by the companies themselves. The content analysis showed that the explicit engagement metrics (likes, comments, shares) were consistent with the subjective values recorded in the interviews - for example, interactive posts were noted to receive more comments and DMs (direct messages), increasing the opportunity to communicate with customers. At the same time, it was observed that small businesses with limited resources often fail to fully utilize the paid reach capabilities of the platform and therefore rely on organic methods (UGC, barter, promotions).

The main themes identified through qualitative analysis (thematic analysis of interviews) are (1) challenges with content and creativity; (2) lack of mechanisms for



customer service and response; (3) limited funds and budgets for advertising; (4) lack of knowledge about analytics and measuring results; (5) desire to deepen the capabilities of social networks for business. These themes identify the main problems and practical needs. Interview participants on average made the following suggestions: creating a simple content calendar, implementing a 24-hour response policy to respond to customers, simple photography/video lessons to improve visual quality, and collecting UGC from their customers to increase engagement.

Overall, the results confirm that social media can bring clear social and economic benefits to small businesses, but it is emphasized that these benefits can be increased through a more strategic approach, content quality, speed of response and sometimes minimal advertising investment. It is optimal to present the results in the following tables and figures at the end of the article: (1) table of sample characteristics (sector, years of operation, social media use), (2) table of usage and goals by platform, (3) graph of content types and their engagement indicators, (4) table of key themes and positive/negative examples emerging from the interviews.

DISCUSSION

The results of the study confirm that social media is an effective communication and marketing tool for small businesses: a large majority of respondents (70%) actively use Instagram, 55% use Telegram, and about 60% of enterprises reported that they receive orders through social media. This is consistent with the two-way and broad audience reach of social media, as noted by Kaplan and Haenlein (2010) and Mangold and Faulds (2009). At the same time, the emergence of Telegram as an important channel for service orders and rapid communication with customers in the Uzbek context is a local feature that is not often noted in the global literature, and our study indicates the need to reconsider social CRM practices, taking into account local platform advantages and consumer communication habits.

The results of the content analysis and interviews clearly showed differences in engagement depending on the type of content: video and interactive posts (calls for polls, Q&A, UGC) received higher comments and DMs, which had a positive impact on conversion (turning into orders). This result is consistent with observations on content strategies in the literature - visual and interactive content provides higher engagement. At the same time, 45% of respondents noted the difficulty of creating quality content, and 30% noted budget constraints; this indicates that for small



businesses to fully realize the potential of social media, not only access to platforms is required, but also creativity, technical skills and minimal investment.

The challenges identified in the study (content quality, budget, response time) are not only practical obstacles, but also determinants of the effectiveness of the social CRM approach. As Trainor et al. (2014) noted, the success of social CRM depends on the organization's monitoring and analytics capabilities, as well as on its ability to communicate with customers quickly and contextually. Our results show that resource-constrained small businesses, unable to leverage the paid reach capabilities of the platform, are trying to improve efficiency through organic strategies (UGC, customer recommendations, barter partnerships) and content repurposing — but this also requires a strategic plan and an analytical approach for long-term results.

In practical terms, the study provides a number of recommendations for small businesses: first, systematically implement content calendars and optimize weekly/post frequency; second, establish a response policy (e.g., respond to DMs/comments within 24 hours) and develop a complaint management algorithm; third, increase organic reach through microtargeting and collaboration with micro-influencers for low-budget ads, as well as collecting UGC from customers; fourth, adjust the strategy by constantly monitoring minimum analytical metrics (engagement rate, response time, conversion rate). These practical measures will not only increase visibility and engagement on social networks, but also help strengthen customer loyalty.

Theoretically, the study expands the theoretical framework in the context of social CRM and small businesses: it shows the direct connection between social networks and technological and management capabilities (analytics, monitoring, response mechanisms), as well as the impact of local platform characteristics (e.g., the role of Telegram in Uzbekistan) on social CRM strategies. This means that the results of global studies may not be applicable without adaptation to the local context, and it is necessary to take into account local characteristics through case studies.

However, there are a number of limitations in interpreting the results. First, the sample size (N=50) and the sampling method (purposive/stratified) limit the generalizability of the results; the results may not be fully representative of the entire country or different industries. Second, surveys are often prone to self-report bias, and subjective assessments may not always correspond to real sales data - therefore, it is advisable to include objective indicators such as platform analytics (reach, impressions, click-



through, conversion) in future studies. The third limitation is the time and scope of the study sample: social platform algorithms and market conditions change rapidly, so longer (longitudinal) studies are needed to detect changes.

Several directions for future research were identified: studies conducted across countries or with comparator countries with larger and more representative samples; experimental or intervention designs—for example, training small businesses on content marketing and comparing the results; calculating the true ROI (return on investment) of social media by integrating platform analytics and sales data; and testing the effectiveness of tools such as artificial intelligence and automated chatbots in content creation and customer service. There are also important conclusions for policymakers and business incubators: digital capacity building training for small businesses, microgrants, and platform partnership programs can accelerate business development through social media.

CONCLUSION

This study analyzed the current state and practical aspects of managing customer relationships through social networks in the activities of small businesses. The results showed that social networks are not only an advertising and information tool for small businesses, but also an effective platform for communicating with customers. The results of the survey, interviews and content analysis showed that platforms such as Instagram and Telegram occupy a leading position in the activities of small businesses, and they are widely used to receive orders, promote the brand and quickly communicate with customers. In particular, the high level of engagement of visual and interactive content indicates the need to reconsider the content strategy for small businesses.

However, the study also clearly highlighted the challenges faced by small businesses: lack of experience in creating quality content, limited advertising budgets, and difficulties in quickly responding to customer comments and requests are all hindering efficiency. This highlights the need for small businesses to properly manage resources, track minimum analytical indicators (engagement, conversion, response rate), and develop strategies that are tailored to the platform's characteristics in order to fully realize the potential of social CRM.

In practical terms, the study makes a number of recommendations for small business owners and marketers: creating a regular content plan, reducing customer response



times, increasing creative and interactive content, using UGC (user-generated content), microtargeting and working with micro-influencers on a minimal budget. Also, the provision of digital skills development programs, trainings and grants for small businesses by government and non-governmental organizations can expand the opportunities for effective use of social media.

Theoretically, the study extended the concept of social CRM to the conditions of Uzbekistan, highlighting the role and place of local platforms (e.g. Telegram) in business activities. At the same time, the results confirmed that the effectiveness of social networks in small businesses is often associated with resources, content strategy and analytical capabilities. This indicates the need to re-evaluate the theories put forward in global studies in the local context.

The limitations of the study include the small sample size, the fact that the data is mainly based on self-assessment, and the cross-sectional nature of the study. Therefore, future studies should use a larger sample base, integrate platform analytics and sales indicators, and study the effectiveness of social networks over time using a longitudinal approach.

Overall, this study identified the opportunities and limitations of social media customer relationship management in small business operations and provided useful practical and theoretical conclusions. The results show that social media can be an important digital resource for small businesses, directly influencing their competitiveness, building customer loyalty, and ensuring business growth.

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