



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL  
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# **The Impact of Viral Marketing on Brand Awareness**

**The study of SMEs**

Master Thesis within Business Administration

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*Ajdin Hasic & Olga Sobtsenko*

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## Master Thesis within Business Administration

**Title:** The Impact of Viral Marketing on Brand Awareness: The Study of SEMs.

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### Abstract

**Introduction:** Mass marketing techniques have dominated the marketing strategies implemented by companies worldwide. Media such as radio, television, newspapers, direct mail etc. were the ones carrying out the message to the large audience. The rapid growth of digital media opened new marketing possibilities for businesses, now the masses can be reached faster and more efficiently. The digital media capabilities can help businesses to spread viral messages to the mass market; like viruses. It is very powerful technique to be used to increase brand awareness of the organization.

**Problem:** As Berthon, Ewing and Napoli (2008) stated in their work that the brand awareness literature has focused almost only on large multinational brands, where SMEs were not taken into consideration. Therefore, it is interesting in current study to address the lack of research focused on the use of viral marketing by SMEs to increase their brand awareness. Thus this thesis aims to fulfill this gap in the academic research.

**Purpose:** The purpose of the thesis is to investigate how Small and Medium-size Enterprises use Viral Marketing and what impact it has on their brand awareness, moreover, thesis also aims to identify how SMEs create successful Viral Marketing campaign.

**Method:** The empirical data was collected through three interviews with the CEOs and owners of organizations located in USA, Belgium and Sweden. There were two phone interviews with representatives of USA and Belgium companies and one face-to-face interview with the respondent from Swedish company.

**Frame of Reference:** Frame of references used in this thesis consists of theories regarding Viral Marketing, Branding and Brand Awareness. The authors have summarized the frame of reference by developing a model that integrates viral marketing and brand awareness. The model will help us out when formulating questions and when analyzing the empirical findings.

**Conclusion:** The authors have come to the conclusion that viral marketing does have an effect on brand awareness, but to different extend for different SMEs. In some SMEs the increased brand awareness is more clear and can be seen immediately, such as increased sales, increased frequency on the webpage and billions of viewers on their video campaign on Youtube, while others only got more friends on Facebook and small increase in sales then before the viral marketing campaign. This study points out that SMEs need to implement as many strategies as possible (slogan, jingle, symbols, slogan), but that is not enough. They also need to be unique, creative and clever when implementing a viral marketing campaign.

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# 1 Introduction

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*This chapter introduces the subject in which the authors of the thesis have chosen to focus this research. This Introduction will begin with describing the background to the problem, which is discussed in the problem discussion and concluded with research questions and delimitations.*

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## 1.1 Background

Mass marketing techniques have dominated the marketing strategies implemented by companies worldwide. Media such as radio, television, newspapers, direct mail etc. was the one carrying out the message to the large audience (Kotler & Keller, 2006). Progressively, new methods have been implemented and the rapid growth of digital media opened new marketing possibilities for businesses, the masses can be reached faster and more efficiently. The digital media capabilities can help businesses to spread viral messages to the mass market (Kirby & Marsden, 2006). Particularly it is the contribution of the Internet and its peer-to-peer technologies like chat rooms, forums, instant messaging applications, blogs, file transfer and social networks, that enables messages to spread faster and more exponentially than ever before (Kirby & Marsden, 2006). Scott (2007) argues that the frustration of relying only on the expensive advertising, traditional advertising techniques, to deliver organization's messages is long gone. Researchers have noticed a decline in effectiveness when it comes to mass marketing. Major reason for this is the enhanced commercial pressure which people are experiencing on an every day basis (Kotler & Keller, 2006). Of course, traditional advertising techniques are still important but more and more marketers and businesses turned to use the Web more frequently to contact the world directly.

One of the earliest use of the term 'viral marketing' takes us to the year 1989 in which in PC User magazine an article about the adoption of Macintosh SE's versus Compaq's, mentioned this term and concept: *'It's viral marketing. You get one or two [people] in and they spread [the message] throughout the company'* (Kirby & Marsden, 2006, p.89). This term cropped up again in 1996 and 1997. Eventually businesses realized the great potential viral marketing had, and it started to be used widely (Kirby & Marsden, 2006).

It is worth mentioning the classical success story of using viral marketing for promotion of a company at the time when people did not think that viral marketing was actually a new marketing technique. It is the story about Hotmail, who became a leading personal web-based email service provider (Kirby & Marsden, 2006). Sabeer Bhatia and Jack Smith, the co-founders of Hotmail, introduced free web-based email in 1996. The partners spent all the resources available on developing hardware and paying personnel, leaving almost nothing on promotion. So what the entrepreneurs did, they just added in the end of each out-going email the sentence 'Get your free email at Hotmail' with hyper link to Hotmail. All the users of these emails became also marketers of Hotmail. They were the ones spreading the message about the company. The result was amazing! Hotmail's subscriber base grew faster than of any other online company (Montgomery, 2001).

*"Viral marketing – having others tell your story for you – is one of the most exciting and powerful ways to reach your audience"* (Scott, 2007, p.100). That is what Sabeer Bhatia and Jack Smith realized when they started to involve their customers in the spreading of information about the company, using word-of-mouth technique but online. Since more and more people are rejecting advertising by simply erasing email from unknown senders, companies must take new measures to reach their audience. Co-founders were using their customers' social networks, therefore, the receivers of the emails were accepting the free subscription of the emails, because it was sent by the people they knew and trusted. According to Dobebe, Tolemanb and Beverland (2005) viral marketing can be described as a process of encouraging individuals to pass along favorable or compelling market-

ing information they receive in a hypermedia environment: information that is favorable or compelling either by design or by accident.

Moreover, viral marketing describes any strategy that encourages individuals by using digital media to pass on a marketing message to others, creating the potential for exponential growth in the message's exposure and influence; like viruses, such strategies take advantage of rapid multiplication to explode the message to thousands, to millions (Kirby & Marsden, 2006). The definition for this type of marketing given by Kirby and Marsden (2006, p.17) says that viral marketing is *"the promotion of a company or its products and services through a persuasive message designed to spread, typically online, from person to person"*.

Since this business idea is fairly young, cost efficient and is facing rapid growth the authors of this paper found it interesting to investigate its opportunities in small and medium-size enterprises (SMEs). The main focus, so far in the academic literature, has been mostly on the impact of viral marketing on the brand awareness of large organizations. As Berthon, Ewing and Napoli (2008) also stated in their work that the brand awareness literature has focused almost only on big, multinational brands, where SMEs were not taken into consideration, or were paid very little attention to. Therefore, authors of the thesis see the need in current study to address the lack of research focused, not on the huge organizations with high potential but, on the use of viral marketing by SMEs to increase their brand awareness.

## **1.2 Problem Discussion**

Marketers are realizing that Internet is not merely an information source for the customer, but rather a marketing engine, which is allowing the customer to actually interact with the brand (Kotler & Keller, 2006). It is essential to plan carefully how the online marketing should be done, who should spread the word, and what kind of message should the world hear about your organization. It is not an easy job, but when it is done correctly, it is definitely a very rewarding one. As Kirby and Marsden (2006) said viral marketing, especially when used as an integrated rather than isolated approach, can both improve brand advocacy and increase mass-market brand awareness. Moreover, it can achieve those objectives very cost-effectively, even if brand, product, or service has no standout, buzz worthy characteristics (Kirby & Marsden, 2006).

Companies with big budgets can and will be spending the large part of it on the traditional expensive marketing (TV, magazines, etc.), but what about SMEs who do not have so much available resources to be spending it on promotion? Could those organizations take advantage of viral marketing or do they stick to the more traditional one?

Viral marketing, as it is cheap and effective, can be of a huge help for SMEs who are trying to increase their brand awareness. As Dangayach and Deshmukh (2001, cited in Thakkar, Kanda & Deshmukh, 2008) identified earlier that SMEs are very flexible, quick decision-makers and have good co-operation from employees, moreover, they are very open for new ideas and change for improvement. Unfortunately, SMEs often face the problem with the lack of financial resources that stops them from investing it into something other than products/services and sales (Krake, 2005).

As identified by Thakkar et al. (2008) and Krake (2005) marketing is a difficult and problematic undertaking for SMEs due to the lack of marketing skills and financial resources. All the problems related to the marketing have the reason behind. As Krake (2005) argues those problems can be traced back to a number of already documented, in the business literature, SME characteristics. According to Carson, Cromie, McGowan and Hill (1995) SMEs have strong focus on product and price, moreover, Hill (2001) found out that SMEs strong sales orientation largely de-

termines character of their marketing (cited in Krake, 2005). As an outcome of its promotion of an organization is pushed to a side and brand awareness suffers.

Furthermore, Krake (2005) found out that the creation of higher brand awareness is not often a clearly stated goal when determining a company's marketing budget, but it is still a target companies want to attain. In order for SMEs to simply survive, their main focus is on generating turnover; therefore a company's attention is directed towards sales, and to stimulating them as much as possible (Krake, 2005). Based on previously mentioned reasons, the authors of the thesis see the potential for SMEs to use viral marketing as a strategy to improve companies' brand awareness.

Although several researches have emerged focusing on viral marketing (Howard (2005), Kirby & Marsden (2006), Rayport (2006), Wilson (2005)) or brand awareness (Aaker (1991), Doyle & Stern (2006) and Krake (2005)) little research has been undertaken to examine viral marketing and brand awareness within SMEs. According to Berthon, Ewing and Napoli (2008), the brand awareness literature has focused almost exclusively on large, multinational brands, where SMEs have been largely overlooked. The motivation of this study is therefore to address the lack of research focused on the use of viral marketing by SMEs to increase the brand awareness.

### **1.3 Research questions**

The research questions for the thesis are:

- How and to what extent do SMEs create and take advantage of viral marketing?
- How does viral marketing effect brand awareness of SMEs?
- How can SMEs create a successful viral marketing campaign?

### **1.4 Purpose**

The purpose of the thesis is to investigate how Small and Medium-size Enterprises use Viral Marketing and what impact it has on their Brand Awareness, moreover, thesis also aims to identify how SMEs create successful Viral Marketing campaign.

### **1.5 Delimitations**

Viral marketing can be spread both through the Internet and mobile phones. The authors of this thesis have decided to investigate viral marketing campaigns performed on the Internet. The decision is based on the fact that mobile marketing is still a very small portion of the advertising market. The reason is that it is quite expensive to download images to mobile phones, which is preventing many people from downloading commercials through their cell phone. Furthermore, Haghirian, Madberger and Tanuskova (2005) argue that marketers are unsure about the customer opinion toward these marketing activities, so it creates high risk for the marketers, and is still avoided.

The authors of the thesis have decided not to focus on a particular industry; instead the focus is on SMEs in general. The reason is that not enough empirical findings could be collected when focusing on companies in certain industry, that practice viral marketing and that fits the definition of a SME. In this thesis that investigates how viral marketing has affected the brand awareness, the authors have only considered the SMEs perspective.

This thesis was conducted based on three interviews with CEO's of a SME. Since the respondents were only three, and the thesis follows a convenience sampling, it is hard to generalize from

the answers. Even though several respondents agreed on certain statements, it is not possible to see them as representative from all SMEs.

## 1.6 Definitions

This section provides the reader with a number of definitions the reader might not be familiar with. The reader will come across those terms throughout the whole paper.

<b><i>Viral Marketing</i></b>	The promotion of a company or its products and services through a persuasive message designed to spread, typically on-line, from person to person (Kirby & Marsden, 2006).
<b><i>Small &amp; Medium Enterprises</i></b>	According to Krake (2005), small company has less than 50 employees, and the balance or turnover is €10 million, middle-sized company has less than 250 employees, and the balance or turnover is €43 million to €50 million.
<b><i>Brand</i></b>	A name, term, sign, symbol, design or a combination of these that identifies the markers or seller of the product or services (Kotler et al. 2005).
<b><i>Brand Awareness</i></b>	Extent to which a brand is recognized by potential customers, and is correctly associated with a particular product (Kotler et al. 2005).
<b><i>Brand Identity</i></b>	Is a unique set of brand association that the brand strategist aspire to create or maintain. These associations represent what the brand stands for and imply a promise to the customers from the organization members (Aaker, 1996).
<b><i>Brand Positioning</i></b>	Is a specific market niche in which the brand defines itself as having a competitive advantage through differentiation (Kotler et al. 2005).

## 1.7 Disposition

This thesis consists of seven chapters, excluding reference list and appendices. The disposition of those chapters is presented below.

### *Chapter 1. Introduction*

The introduction chapter brings in the background of the research, followed by the information on the topic of viral marketing. Furthermore, the chapter introduces the problem, purpose and the research questions, followed by delimitations.

### *Chapter 2. Frame of References*

This chapter consists out of essential theories and models that provide readers with knowledge regarding viral marketing and brand awareness, and their interrelationship. These theories and models will be applied during the analysis of the collected data. The chosen theories will then be used to construct a model for the empirical findings and analysis, which will be presented at the end of the chapter.

### *Chapter 3. Methodology*

The methodology chapter presents the selected approaches and the information collection procedure in order to answer the purpose. Several theoretical concepts are discussed in methodological terms, followed by a description of the method used throughout the empirical study. The authors will also motivate the chosen approach and how the study has been conducted with help of own methodology summary model.

### *Chapter 4. Empirical study*

In this chapter the authors present the collected empirical findings for the study that are divided in to six parts. The empirical findings consist of information gathered from primary data such as interviews with people being in charge for their marketing activities.

### *Chapter 5. Analysis*

The fifth chapter will present the analyses that are divided in to the same six parts as the empirical findings. In this chapter the authors interpret and analysis the empirical findings, using existing theories and models from theoretical framework.

### *Chapter 6. Conclusion*

This chapter sums up the analyzed data providing the reader with conclusions and answers for the research questions and the purpose. This is done with an aim to see whether the purpose of the thesis is fulfilled.

### *Chapter 7. Further Research*

In this chapter managerial implication are given, and suggestions for further studies are proposed.

## 2 Frame of References

*In this section the relevant literature and models that are relevant and suitable for current study are presented and explained. Present theoretical framework will be applied and used to analyze collected data and information.*

### 2.1 Viral Marketing

The term ‘viral marketing’ takes us back to early nineties where businesses realized the great potential of viral marketing and started to use it more widely (Kirby & Marsden, 2006). According to Rayport (2007) this phenomenon facilitates and encourages individuals to forward a marketing message. A company through creation of contents that motivates a person to forward the message to friends and family could achieve this.

During the years, viral marketing has been described in many different ways, Kirby and Marsden (2006, p.17) explains that viral marketing is: *‘The promotion of a company or its products and services through a persuasive message designed to spread, typically online, from person to person’.*

Researchers have done articles and books describing the technique as an electronic form of word-of-mouth. Howard (2005) is one of them, describing viral marketing in the following way: *‘Viral is today’s electronic equivalent of old-fashioned word of mouth. It’s a marketing strategy that involves creating an online message that’s novel or entertaining enough to prompt consumers to pass it on to others spreading the message across the Web like a virus at no cost to the advertiser’.*

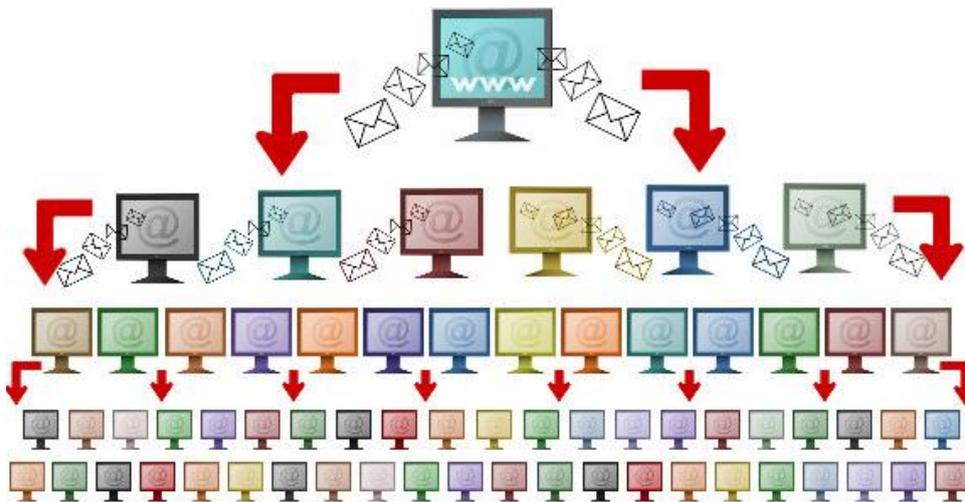


Figure 2.1 The Spread of a Message with Viral Marketing (Grouber, 2009).

The expression refers to the potential of the message to rapid multiplication, which is a desirable outcome for companies who are using this technique (Kirby & Marsden, 2006). Rayport (2007) explains that viral marketing can grow like a virus in the right environment. One similarity between the viruses and viral marketing is the advantage they both gain from the rapid multiplication. The viral marketing strategy will then spread the message to thousand or even millions of people.

According to De Pelsmacker and Van Den Bergh (2007), viral marketing is usually spread by email, recommendation tools on Internet such as “*tell a friend*” buttons or SMS. The authors also mention screensavers, e-cards, funny commercials, cartoons and pictures as different types of viral messages. Due to the tremendous increase in the Internet users, the popularity of the viral

marketing technique among companies has enhanced. This helps companies to reach out to a large group of people at the same time. (De Pelsmacker & Van Den Bergh, 2007).

According to Scott (2007) for many companies and individuals, reaching customers with Web content has a powerful, and less obvious effect. Certainly, organizations create content especially to position them as thought leaders in their market, those organizations referred to as content brands (Scott, 2007).

*Instead of just directly selling something, a great site, blog, or podcast series tells the world that you are smart, that you understand the market very well, and that you would be a person or organization that would be available to do business with' (Scott, 2007, p.38-39).*

Moreover, Scott (2007) also said that Web content has direct contribution to an organization's online reputation by showing thought leadership in the marketplace of ideas.

### **2.1.1 Advantages with Viral Marketing**

One of the major advantages with the viral marketing strategy is that it is fairly inexpensive, especially compared to the traditional marketing campaign, such as magazines, television and radio. One of the reasons for the low costs is that it is encouraging the recipients of the message to spread it further without any effort from the company. It can then reach a large amount of people in a short period of time (De Pelsmacker & Van Den Bergh, 2007).

Another advantage with viral marketing is that the right message has the ability to cut through the advertising clutter, which has increased during the last couple of years. More and more people are rejecting advertising by simply erasing email from unknown senders. Since viral marketing is sent through social networks, and emails, the recipients are accepting the message, because it is sent by the people they know and trust (Kirby & Marsden, 2006).

Moreover, consumers find viral marketing campaigns attractive because those campaigns are non-interruptive, so they enable consumers to choose to interact proactively with a communication (and the brand behind it), or not, rather than be passively dictated to (Kirby & Marsden, 2006). This type of approach, 'bottom-up' approach, respects that the customer is in control; therefore, viral marketing campaigns are ultimately driven (or directed) by consumers themselves (Kirby & Marsden, 2006).

### **2.1.2 Limitations with Viral Marketing**

One of the major drawbacks with the viral marketing is that it might create negative reputation instead of positive reputation regarding the brand. People can start to get tired of the same message arriving day after day, either via the website or forwarded directly from your friends. This situation of duplicated receipts can simply be avoided for email campaigns, by companies specialized in email marketing (Goldsmith, 2002).

The fact that the viral messages are difficult to control is another disadvantage with the technique. Once the message is launched on the Internet it is almost impossible for the company to stop it and take it back, which could lead to a loss of brand control (Krishnamurthy, 2000).

Krishnamurthy (2000) further argues that the viral message could reach and be spread by a group of people that the company wishes not to be associated with. Moreover, in some cases, these people may modify the message or add something to it that can harm the brand and the company. Lack of measurements is another problem which marketers are struggling with while implementing viral marketing. A company cannot always keep track of who received the viral message

and what they did with it. It is also hard to tell if those who adopted the product or service did so because of the viral marketing message or because of other reasons (Krishnamurthy, 2000).

### **2.1.3 Viral Marketing Types**

There are two types of viral marketing, active and passive (Subramani & Rajagopalan, 2003). According to the authors, passive viral marketing means that the “customer” spreads the message when he/she uses it. Hotmail is one example of how the passive viral marketing is used. Every time someone sends an email, Hotmail adds in the end of each out-going email the sentence ‘*Get your free email at Hotmail*’ with hyper link to the Hotmail. All the receivers of these emails became a victim of passive viral marketing.

For an active viral marketing to fulfill its purpose, the receiver needs to participate (Subramani & Rajagopalan, 2003). One example of a product using active viral marketing is MSN, which is giving people the possibility to communicate with help of instant messaging. If a person A would like to communicate with person B, then both must download the MSN application. In that way, the company forces both persons A and B to become active to be able to communicate.

### **2.1.4 Viral Marketing Strategies**

Wilson (2005) agrees with Rayport (2007), who said that the viral marketing message is like a virus that will only be passed on if it is easy to transmit. According to Wilson (2005), some viral marketing strategies work better than others and there are six principles that one should follow to become successful with the viral marketing campaign.

#### **1. Give away products or services**

The word “Free” is the most powerful word in a marketer’s vocabulary. Most viral marketing campaigns give away valuable products or services to attract attention. Some examples are free email services, free information, free software applications that perform powerful functions, but not as much as you get in the “pro” version. Words such as “cheap” or “inexpensive” might work, but not as effective as “free”. Hopefully, people will then see other desirable things that the company are selling and purchasing them. To sell something, give away something. (Wilson, 2005)

#### **2. Effortless transfer to others**

Viruses only spread when they are easy to transmit and viral marketing are the same. The viral marketing message must be easy to transfer and replicate; email, website, graphic, software downloads. Viral marketing works effectively on the Internet because instant communication has become so easy and inexpensive. (Wilson, 2005)

#### **3. Scale easily from small to very large**

For the viral marketing message to be successful, the transmission method must be rapidly scalable from small to very large. One must build in scalability to the viral marketing campaign. For example, if people are signing up for free mail accounts, the company must plan ahead of time so it can add more mail servers. If the servers are not added quickly, the rapid growth will decline and die (Wilson, 2005)

#### **4. Exploits common motivation and behaviors**

Successful viral marketing campaign must take advantage of common human motivations. It can be the desire to be cool, hunger to be popular, loved and understood. It is

important to pull the common and right triggers in people's emotions and behavior for its transmission (Wilson, 2005).

#### 5. Utilizes existing communication networks

The marketer should take the advantage of people's tendency of being social. Research has shown that people in general have a close social network consisting out of approximately eight to ten people. Beyond these close friends, there is another social network on additional 100 to 1 000 people. These networks are the same on Internet, meaning that companies should put in viral messages in the communication that already exist among these people. (Wilson, 2005)

#### 6. Takes advantage of others resources

The most creative viral marketing campaigns use others resources to get the work out. By placing text or graphic links on others websites or to be seen in other peoples blogs would make the viral marketing campaign more effective. Using other peoples and companies resources, gives one the opportunity to save money and time. (Wilson, 2005)

### 2.1.5 Viral Marketing and Emotions

According to Dobele et al. (2007) online information such as viral marketing campaigns are shared more rapidly when the receiver has a strong emotional connection with the specific message. There are six primary emotions with a strong influence on viral behavior and these are surprise, joy, sadness, anger, fear and disgust (Dobele et al., 2007).

1. **Surprise.** Surprise is the first emotion, which is essential for all marketing campaigns, and it works as a foundation alongside other emotional triggers. The surprising campaigns can have a great impact and become very successful if the campaign is unexpected. Surprise itself is not always enough to guarantee success, therefore it should be combined with other emotions.
2. **Joy.** This emotion is suited for fun brands or brands that want to re-energize their image. It could be a product that has been on the market for a long time but need refreshment. It is also suitable for products that promise life enhancement.
3. **Sadness.** Suitable when looking for an immediate response to unfortunate events, but the disadvantage is that the reactions usually result in short-term commitments instead of long-term. It is good to balance the sadness with messages of hope or change.
4. **Anger.** Best suited for single campaigns that require an immediate reaction such as injustices in a target market or the society. Anger is not suitable for campaigns that require long-term action.
5. **Fear.** This emotion is short-term response to a perceived threat. It must be used carefully since it is most likely to receive mixed responses from target market.
6. **Disgust.** This emotion is best targeted towards young males. It is suitable for brands that are interpret as having a rebellious image. Males are twice more likely to pass on messages involving disgusting humor than females.

### 2.1.6 Viral Marketing Campaign

According to Scott (2007) the formula is a combination of some great and free Web content (a video, a blog entry, or an e-book) that is groundbreaking, amazing, hilarious or involves a celebrity, plus a network of people to light the fire, and all with links that make it very easy to share. While many organizations plan viral marketing campaigns to spread the word about their products or services, they should not forget that something may go viral that was not planned to go, and it may show organization, products, and/or services in either a positive or negative light (Scott, 2007). There is a need to be monitoring the Web for organization and brand names in order to be alerted quickly about people's talks and interests. As Scott (2007) said, *"if a positive viral explosion that you did not initiate begins, do not just hang on for the ride – push it along"*.

It is essential for organizations who are using viral marketing to have successful campaigns no matter if they are part of a wider marketing initiation or not.

There exist three core components to any viral marketing campaign (Kirby & Marsden, 2006):

- **Creative material:** developing and producing the viral agent that carries the message organization wants to spread in a digital format.
- **Seeding:** distributing buzz story and viral agent online in places and with people that provide the greatest potential influence and spread.
- **Tracking:** measuring the results of the campaign in order to provide accountability and prove success.

There are also three key factors that will increase the likelihood of a successful online viral marketing campaign (Kirby & Marsden, 2006):

- Specialist strategic planning to ensure that viral marketing is used to deliver tangible, measurable, and ongoing brand benefits.
- Appropriate 'wow'-factor material that users want to seek out, talk about and pass on of their own freewill.
- Appropriate specialist seeding of the buzz story and the viral agent to places where viral and brand influencers already gathered.

### 2.1.7 Successful Viral Marketing Campaigns

It is not easy to find the right formula for a successful viral marketing campaign. As the market has changed from the early days of the launch of Hotmail, organizations are aware that they need to do something innovative to stand out of the crowd (Goldsmith, 2002). Some very successful examples of viral marketing campaigns can be see below.

**Quicksilver – Dynamite Surfing.** Quicksilver is a manufacturer of surfwear and other boardsports-related equipment. The problem quicksilver faced was how to increase the brand awareness in Scandinavia. An agency created a low quality movie clip about how to go surf in a country without waves. In the clip, a group of young men threw dynamite in to an urban lake. Then they surfed on the small wave that was caused from the explosion. It was never discovered if the clip was real or not, a factor that itself generated attention (Maymann, 2007).

More than 20 million people have watched the clip and four days after the launch, it appeared on around 95 per cent of all surfer related websites. The viral won a Silver award at the Cannes

Lions, which is an international advertising festival. The award it self created even greater brand awareness. (Maymann, 2007)

**Threshers 40% Off Voucher.** Threshers is a UK based private drinks retailer. In 2006, right before Christmas, Threshers leaked voucher worth 40% off wine and champagne via the Internet. The voucher was intended to be only for their suppliers and the belief that it was mistakenly released for private persons, the voucher made it spread faster and faster around the world via email, social networks and blogs. People wrote that it is a secret, and that everybody could download and print the voucher and claim 40% off at Threshers. Threshers pretended to be worried about the release, and about losing money on the promotion (Altoft, 2008).

The organization got massive publicity, and in a month they got more publicity than they got for the whole year. The organization also ended up making huge profit on their discount voucher (Altoft, 2008).

**Batman – The Dark Night.** More than eight months before the movie were supposed to be released, Warner Bros started to promote the movie, with a limited budget. Starting out with a simple teaser page including just one blurry picture. Fans were ecstatic when they clicked at the picture and they got forwarded to another page with a defaced poster that forwarded them to a third, which was no longer active. In this last page, fans had to enter email address, which gave them a code that would reveal a few pixels of an image hidden under the defaced campaign poster (Christian, 2007).

People immediately spread the word in order to get the full image revealed, and it generated a lot of interest from online publications including blogs and newspapers. Warner Bros has now created an effective viral marketing campaign, within a limited budget (Christian, 2007).

## 2.2 Brand

Kotler et al. (2005, p.549) defines a brand as *'a name, term, sign, symbol, design or a combination of these that identifies the markers or seller of the product or services'*. This means that a brand name, symbol or sign is used to distinguish a product or service from its competitors. Further on, brands do also include different tangible and intangible attribute that the business stands for (Kotler et al., 2005).

A brand can be different from a product. A product is anything that a company offers to a market for purchase, use or consumption to satisfy the needs or wants of customers (Kotler et al., 2005). According to Doyle and Stern (2006), brand goes beyond physical product and has added value, which differentiate it from a product. These values can be intangible but still important to consumer's consideration. These added values are developed from both emotional and functional experiences of the brand and they pay a vital role in many consumers buying decisions (Doyle & Stern, 2006).

A brand can be said to be a product or service where the logo, slogan, name, symbols etc. forms a particular image and awareness for the consumer. These products and services consist of experiences, which normally arise, in peoples mind.

Ever since the development of brand equity in 1980s, there has been a rapid development in the subject. This is due to the fact that branding is an important factor for the success, especially in a very competitive business environment. (Aaker, 1991) Further on, Aaker (1991, p.15) provides a definition on 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 a firm's customers'*.

In other words, brand equity can be said to be any asset or liability connected to brand name that adds or subtracts value to a product. Aaker (1991) stated that brand awareness is an important element of brand equity, which needs continuous investments otherwise it will decline.

### 2.2.1 Brand Identity

Aaker (1996, p.68) defines brand identity as following: *'Brand Identity is a unique set of brand association that the brand strategist aspire to create or maintain. These associations represent what the brand stands for and imply a promise to the customers from the organization members.'*

He explains that brand identity is how the company would like customers to see its brand, not necessarily what it is. Identity is what the company sends out to customers and the image is the customer's view of the brand in their minds (Aaker, 1991). Brand identity consists of a *core identity* and an *extended identity* (Aaker, 1991).

The *core brand identity* is the unique and unchangeable qualities in the brand. Even if an organization enters new markets, change the strategies or their position, the core identity is most likely to remain the same. Examples of core identity are; trust, quality, value and innovation (Aaker, 1991). *Brands extended identity* is the element that adds details that help to portray what the brand stands for and it can be changed and modified in different markets. Examples of extended identity elements are logotype, slogan relationship and product scope (Aaker, 1991). When the company has decided an identity to proceed with, and in what value proposition they want to put the focus, the positioning of the brand is needed. The positioning is the slogan extracted from the identity and value promise (Aaker, 1991).

According to Aaker, (1991) there are different perspectives of brand identity, which helps to build a meaning and association around the brand. The different perspectives are (Aaker, 1991): *product, organization, person and symbol*.

- The **product** perspective means things such as quality, attribute and country of origin. The product is important part, since it is related to the consumer's experience of the brand. The company needs to be aware of the risk by building a brand around the product, since the products usually have a short lifecycle. Imagine a company building their brand strategy around the product, they would have to change the strategy every time they introduce a new product to the market.
- The **organization** might express values and focus. It can be hard to build a brand around a company as well. There are mostly the multinational organizations that manage to succeed with building a brand with associations around the organization.
- The **personality** perspective is basically to give a brand a soul. The goal for an organization is often to create and maintain a personality of the brand and the customer, where the relationship between the consumer and the brand gets less complicated.
- The symbol holds the identity together and makes the brand easier to recognize. If the company has built the brand around the **symbol** (logotype) successfully, the symbol can stand alone and yet the consumer connect the symbol with the brand.

### 2.2.2 Brand Positioning

According to Kotler et al. (2005), an organization should create a successful strategy by finding a customer group, where they have competitive advantage through differentiation. By positioning, the organization should get in to peoples mind, and the competitive advantage is achieved when

an organization have the best position in peoples mind.

There are four basic questions that an organization needs to consider before choosing a position strategy (Merlin, 1999).

1. What position do we have now?
2. What position do we want to reach?
3. Which competitors do we have to budget?
4. Can we stick out?

According to Kapferer (2001), there is a two-stage process when positioning. First, the organization must sort out to what category the brand should be associated and compared with. Secondly, the organization must sort out what is considered to be unique for that brand, compared to other products and brands of that category.

There are many different position strategies for positioning a brand, depending on what product benefits and organization wants to highlight. According to Ries and Trout (2000) there are three alternatives for positioning strategies (cited in Kotler et al., 2005).

1. To strengthen the current position of the brand in the consciousness of the customers.
2. To find new positions that are sufficient valued that the customers take a liking for it.
3. To deposition or reposition the organizations to take a step back from the competition. Instead point at another direction, niche and follow that path.

After identifying several different competitive advantages, the organizational position should be based on them. Next step is to focus on the best advantages and then push it to the market in an efficient way. It is important for the organization to decide on how many and which competitive advantages to push out to the market. (Kotler et al., 2005)

According to Kotler et al. (2005), many organizations try to communicate to many advantages to the market and there is a bigger risk to get an unclear and vague position. Instead, the organization should only communicate one advantage to the market and with that develop a unique sell position, such as best quality, best service or the lowest price. Kotler et al. (2005) further states three position mistakes that organizations should avoid:

1. Under positioning, which means that the organization fails to position them at all at the market.
2. Over positioning, which means that the organization communicates to a narrow view of the organization to the customers.
3. Avoid confused positioning. This means that the customers get an unclear view of what the company really stands for.

### **2.2.3 Brand Awareness**

People must be aware that a certain brand exists and is offering a certain type of product. That is called brand awareness (Kotler et al., 2005). According to Aaker (1991) is the capacity of consumers to recognize or remember a brand, and that there is a link between the brand and the product class, but it does not have to be strong. This means that brand awareness is the ability to distinguish a brand among other brands. Aaker (1991) stated that brand awareness is an important element of brand equity. He further argued that brand attitude and intention to purchase

could only be developed through brand awareness. Aaker (1991) also explains what brand awareness is in the model below.

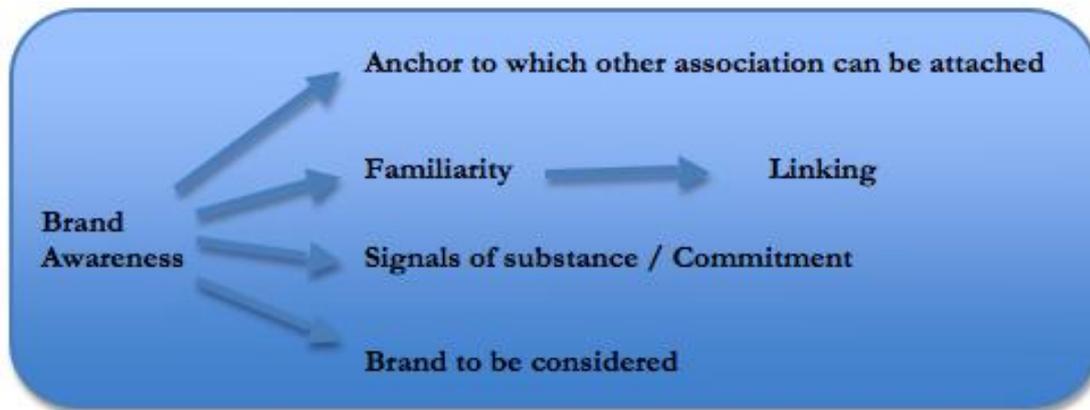


Figure 2.2 Brand Awareness (Aaker, 1991, p.63).

**Anchor to which other association can be attached** is when a new introduced product has to work to win recognition, since the chance of being purchased without knowledge about the product is low. This means, that without creating recognition, it is difficult to be aware of the character and advantages of the new product. By creating product identification a new relationship to the product can be created (Aaker, 1991).

The **familiarity/linking** means that people tend to like familiarity, and knowledge make the product and brand better known and familiar. This includes mostly low-involvement products such as sugar, salt, soap, when the knowledge about the brand often makes the buying decision. The number of experiences and linking has a positive association, due to names and catchy jingles (Aaker, 1991).

**Substance/commitment** can be seen in names awareness, which means existence, promise and matter, more over as things that are important for the buyer. The customers will continue to buy the product, even if they do not know a lot about the company, as long as the customers have positive brand awareness from the company. Buying situation can influence the brand awareness and understanding in a buying process (Aaker, 1991).

The level of **brands to consider** is the first level to reach. This is the situation where the customers consider which brand to choose (Aaker, 1991).

This is how Aaker (1991, p. 63) explains brand awareness and recall of a name: *‘A name is like a special file folder in the mind which can be filled with name-related facts and feelings. Without such a file readily accessible in memory, the facts and feelings become misfiled, and cannot be readily accessed when needed.’*

There are many researchers that have seen brand awareness as an important element that plays a vital role in consumer’s choice of brand. In Lin and Shang (2003), the result of their study shows that brand awareness has the most powerful influence on consumers purchase decision. Lin and Shang (2003) strengths that result by presenting a study showing that brand awareness is the primary factor of the decision process.

### 2.2.3.1 Achieving Brand Awareness

It is important to increase the brand name identity as well as linking the characteristics to the item. This is extremely important when the product is new (Aaker, 1991). According to Aaker (1991) there are several factors as ways to achieve brand awareness:

- **Involve a slogan or jingle:** Using a slogan is a visible feature of a brand. There can be a very strong link between a slogan and a brand. To implement slogan and jingle can be powerful and great change for a brand.
- **Be different and memorable:** Product differentiation is important, since there is a risk of similarity between product and their means of communication. Be unique.
- **Symbol exposure:** When having a symbol, potential customers will easily recall and memorize a visible illustration of the brand. A logo that is connected to an existing brand will play an important role in developing and keeping brand awareness.
- **Publicity:** One of the most important and efficient ways to get publicity and create awareness is through advertisement.
- **Event sponsorship:** Sponsoring an event can help to create and/or maintain awareness for a brand.
- **Consider brand extension:** One way to increase brand recall is to show the logotype or the name of the product and make the name popular. Then create different products within the same brand. Examples of names that can be found, promoted a publicized on other products, than the key product, are Coca-Cola and Heinz.
- **Using cue:** Packaging is one of the most significant cues to a brand, due to the fact that it is what the purchase sees when purchasing a product.
- **Recall requires repetition:** It is easier to build up recognition than to build up recall of a brand. For example, there are people that can recognize a face of a person but not recall the name. Therefore the brand needs to be more outstanding to receive a top of mind recall.
- **The recall bonus:** To keep a top position through regular publicity creates brand awareness, but it also decreases recall of competitive brands.

Treffner and Gajland (2001) argue that a special hallmark is important to achieve brand awareness, since it is the hallmark that the consumer recognizes. Hallmark is not the same as a symbol because it is much wider. A brand can have several hallmarks and they are usually divided into six groups (Treffner & Gajland, 2001):

1. **Word brand**, a name or word, such as Coca Cola.
2. **Design**, Coca Colas' design of the bottle.
3. **Sound**, the melody of the ice cream truck.
4. **Scent**, perfumes.
5. **Pattern**, the square pattern of Burberry.
6. **Colour**, boxes of film for cameras (Kodak's boxer are yellow, while Fuji's are green).

### 2.2.3.2 Measuring Brand Awareness

Being the first name to come to mind when someone thinks of a special product is one indication that a brand has the highest awareness in the particular category (Jones, 1999). Brand awareness has for a long time been the desired outcome of marketing activity such as St. Elmo Lewis's

AIDA (Attention, Interest, Desire, Action), which is the very earliest model of advertising effectiveness. Awareness can be measured as recognition (when hearing the brand name) or spontaneous (when hearing a definition of the product field) (Jones, 1999).

One of the best-known measures is indicating that brands that are well known or easily come to mind are not always highly thought of or likely to be preferred (Jones, 1999).

According to Aaker (1991 p.62) there are three levels of brand awareness measurement. He further argues that brand awareness is a process where the brand is just known to a level where the customer ranks the brand highest, and then the brand becomes the “top of mind”.



Figure 2.3 Levels of Brand Awareness (Aaker, 1991, p.62).

- **Brand recognition:** This level is the first stage of brand awareness. It is the ability of consumers to identify a certain brand among others i.e. “aided recall”. Aided recall is when a person is asked to identify a recognized brand name from a list of brands from the same product class. Brand recognition is important when consumers face the buying procedure.
- **Brand recall:** Means that a consumer is expected to name a brand in a product class. This is referred to as “unaided recall” since they are not given any clue from the product class. Brand recall is important when customer have to buy regularly purchase products such as coffee, detergent etc. for which brand decision usually are made prior going to the store.
- **Top of mind:** This is a situation when the first brand that a consumer can recall amongst a given class of product.

## 2.3 Summary of The Theory

To fulfill the purpose of this paper, the authors have summarized the frame of reference by developing a model that integrates viral marketing and brand awareness. The research model will be of guidance in this process to examine the impact of viral marketing on brand awareness and it also summarizes the different theoretical framework that has been examined. The model will help us out when formulating interview questions and when analyzing the empirical findings.

The model (Figure 2.4) presented in this section was used for the summary of the theories found. Moreover, it was used for formulating interview questions in order for them to be very much in line with the theory. Also the model provided easy step-by-step structure for presenting the empirical findings, the analysis of the research, as well as this model was followed during drawing conclusions.

The research model 2.4 corresponds to the whole process that the organization goes through, from the start (when planning the viral marketing campaign) to the end (where measuring the brand awareness). The process is divided into two interconnected areas Brand Awareness and Viral Marketing with seven phases in them. Using blue arrow in the model that presents influence of these two areas on each other shows the interrelation between them. The seven phases are: (1.) Identity, (2.) Positioning, (3.) Achieving brand awareness Strategy, (4.) Viral marketing strategy, (5.) Viral marketing and emotions, (6.) The campaign, and (7.) Measuring brand awareness. The description of how each phase combines theories from the frame of references is presented below.

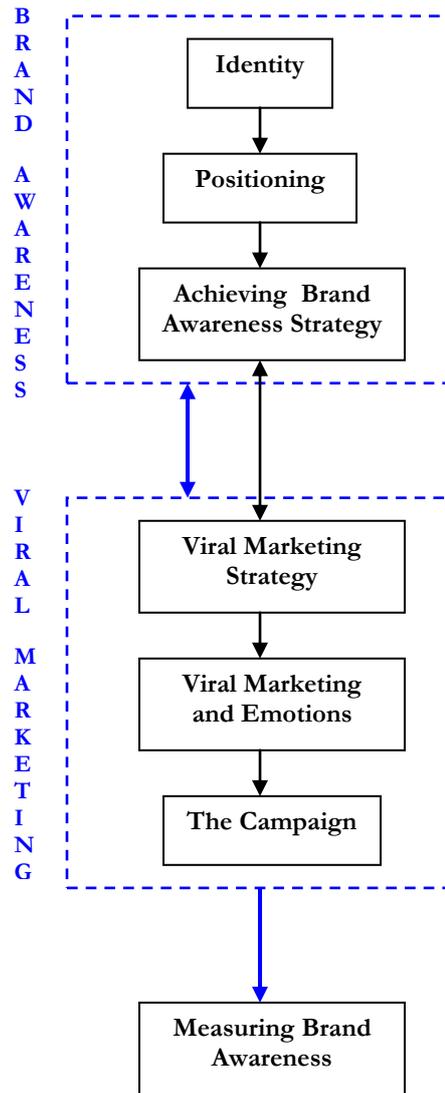


Figure 2.4 The Theory Summary Model (Authors' Own Model).

## 1. Identity

In this phase, *Identity* is how the organization would like customers to see its brand. As Aaker (1991) explains, identity is what the brand wants to be, and he describes it from two aspects; *core brand identity* is the unique and unchangeable qualities in the brand, such as trust, quality, value and innovation. *Brand extended identity* is the element that can be changed and modified in different markets, such as functional advantages, logotype, slogan and product scope. Further on there are different perspectives of brand identity, which helps to build a meaning and association around the brand: *product, organization, person and symbol* (Aaker, 1991). The organization can then choose to build the awareness around one or two of them.

## 2. Positioning

The second phase is when the organization needs to find a customer group, where they have a competitive advantage thought differentiation. This phase should be done before creating a successful strategy by evaluating different questions such as: *What position do we have now? What position*

*do we want to reach? Which competitors do we have to budge? Can we stick out?* (Merlin, 1999). The organization should then choose the best advantages and then mediate the chosen position in an efficient way to the market.

### **3. Achieving Brand Awareness Strategy**

This phase is closely related to the Viral Marketing Strategy, since some of the stages are directly or indirectly done simultaneously. Brand awareness is the ability to distinguish a brand among other brands. It is important to increase the brand name identity as well as linking the characteristics to the item. There are several factors as ways to achieve brand awareness: *Involve a slogan or jingle, be different and memorable, symbol exposure, publicity, event sponsorship, consider brand extension, using cue, recall requires repetition and the recall bonus* (Aaker, 1991).

### **4. Viral Marketing Strategy**

In this phase, the organization will now create a strategy based on the brand identity and brand positioning. First the organization needs to decide if they should implement an *active* or *passive* viral marketing type, meaning if customer should spread the message when he/she uses it or if the receiver needs to participate, for example, by download software (Subramani & Rajagopalan, 2003). Secondly, some viral marketing strategies work better than others and there are six principles that the organization should follow to become successful with the viral marketing campaign: *give away products or services, effortless transfer to others, scale easily from small to very large, exploits common motivation and behaviors, utilizes existing communication networks and takes advantage of others resources* (Wilson, 2005).

### **5. Viral Marketing and Emotions**

In this phase it is important to realize that *emotions* are a vital aspect of viral marketing. Online information like viral marketing campaigns are shared more rapidly when the receiver has a strong emotional connection with the specific message (Dobele et al., 2007). There exist six primary emotions with a strong influence on viral behavior like surprise, joy, sadness, anger, fear and disgust (Dobele et al., 2007).

### **6. The Campaign**

*The Campaign* phase is where the company actually implements the viral marketing strategy to achieve brand awareness. As mentioned before, this strategy is based on the brand identity and brand positioning.

### **7. Measuring Brand Awareness**

This last phase is the outcome of the first five phases, where organizations see the results of the activities performed in all previous phases such as identity, positioning, achieving brand awareness, viral marketing strategy, and the campaign. According to Aaker (1991) there are three levels of brand awareness measurement: *Brand recognition* which is the first stage of brand awareness, *brand recall* where the consumer can name a brand in a product class and *top of mind* where the first brand that a consumer can recall amongst a given class of product. Further on, increased sales, more website visitors, more people watching a certain campaign are other indicators pointing on an increased brand awareness. In this last phase, the organization measures its brand awareness, to see whether the campaign is successful or not.

## 3 Methodology

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*The methodology chapter presents and motivates the research philosophy and chose of methods used for the thesis. Also this chapter discusses the trustworthiness of the research.*

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Every empirical research should be carefully planned and followed. Therefore, there is a need for researchers to be using certain techniques and methods in order to conduct a high quality research that would be worth of trust. The following chapter talks about and motivates those techniques and methods used for the current research paper in order for the thesis to fulfill the purpose and answer the research questions. Also, this chapter will provide the reader with better understanding of the assumptions made throughout the thesis.

### 3.1 Research Philosophy

Current thesis about Viral Marketing and Brand Awareness in SMEs has put the authors of the thesis in position to carry out a social science. Different researchers can interpret their surroundings in a different way, due to the fact that the interpretation differs a lot between people based on their past experiences, backgrounds, etc. Therefore, it is considered of a high importance for the researchers to provide the audience with the information about what scientific way we interpret the world around us, because there could be used various scientific approaches. As Morgan and Smircich (1980) stated the research, which is conducted within social science disciplines, would only benefit if researchers would focus more on trying to explain and explicitly show what type of believes they bring to the study.

According to Saunders, Lewis and Thornhill (2003) when conducting research, the approach chosen is dependent on which way the researcher thinks about knowledge creation. In order to develop scientific knowledge the systematic observation should be used rather than selective, as well as the method used for the research should be capable of repeating similar research results. However, according to Welman, Kruger and Mitchell (2005) who stated that other independent researchers can perform their own sovereign research in order to verify whether comparable results are obtained, what opens for critical evaluation at this point. The reason behind it is that there are several scientific approaches or schools of thought about the research process on how knowledge could or should be created (Saunders et al., 2003; Widerberg, 2002). In the scientific literature the main three views that are in dominance in the area are *positivism*, *hermeneutism* and *realism*. As Widerberg (2002) said these views on how knowledge emerges are not to the full extent mutually exclusive in all aspects but rather they overlap one another.

When discussing approaches used in methodology positivism and hermeneutism can be treated as the opposite extremes of each other (Figure 3.1). Based on the philosophy of positivism, the researcher and the interpretations made taken as completely value-free and objective, where generalizations and research contributions assumes to be law like generalizations (Saunders et al., 2003). The followers of positivism believe in a truth that is for them fully observable, and the truth is what they see. Moreover, the researcher is then seen as independent of the subject of the research that does not favor affect and being affected by the subject of the research. Therefore, in order to be able to facilitate replication a scientific observation and a highly structured statistical analysis are needed (Saunders et al., 2003). As Wiklund (1998) stated from strict positivist standpoint any theory and knowledge about unobservable particles cannot be accepted.

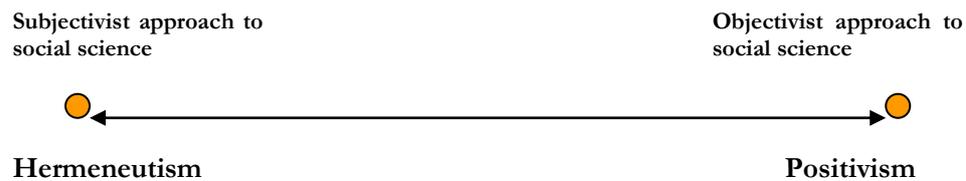


Figure 3.1 Continuum of Sciences (Morgan & Smircich, 1980, p.492).

The authors of the current study are not fully agree with positivistic point of view due to a number of strong arguments against having strictly positivistic standpoint as a scientific philosophy. In case of business world sticking fully to this kind of viewpoint would be mistaken since this world is very complex and every business situation/case is too unique to have it as a ‘*law*’. However, there are still a number of cases in the business world that actually can be seen to an extent as underlined ‘*law*’. Nevertheless, present scientific paper will exclude usage of positivism as a base.

The other methodological approach is hermeneutic approach, which is more into interpretation and understanding of the research area, and that is more subjective, therefore it is located on the other end of continuum from positivism (Figure 3.1). According to Alvesson and Sköldbberg (1994) this approach is a pre-understanding of the studied phenomenon based on the idea that a part can only be understood in relation to the whole. Therefore, the researcher has very low knowledge about the phenomenon he/she intended to explore, what makes the research process to be going back and forth between the studied part and the whole, to illustrate that process the Hermeneutic circle was developed (Figure 3.2). This type of research approach is more of qualitative than quantitative nature, and is used more frequently in the field of social sciences, while the positivism is more of quantitative nature.

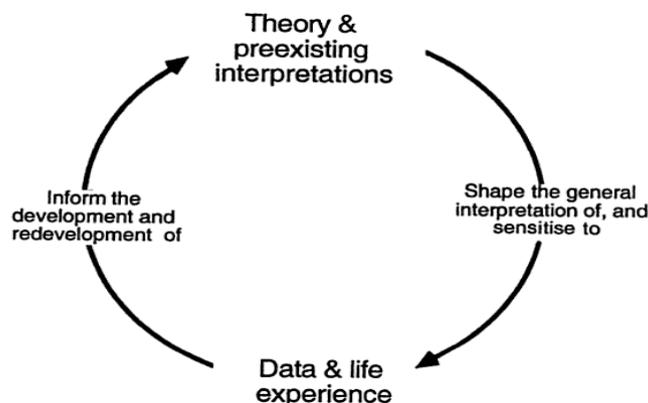


Figure 3.2 Hermeneutic Circle (Ezzy, 2002, p.26).

As Ezzy (2002) said the Hermeneutic circle is not a vicious circle, it would be one if theory completely shaped what was seen and interpreted. Also Ezzy (2002) stated that human experience is structured, and that the hermeneutic circle is a virtuous circle in the sense that the structure of human experience is represented, however uncertain, temporary and limited by theory and interpretations. Hermeneutics engages with the circle of interpretation as a way of understanding human life (Ezzy, 2002). As Heidegger (1962, p.194, cited in Ezzy, 2002, p.25-26) said *‘if we see this circle as a vicious one and look out for way of avoiding it, even if we just “sense” it as an inevitable imperfection, then the act of understanding has been misunderstood from the ground up’*.

The scale that is used here (Figure 3.1) is a very good way of illustrating two extremes of methodological approaches in social science. When researcher is on the objective end he/she follows the positivism, and thus believes that the interpretation could be made without using personal experience. Though, if researcher is on the subjective end he/she then follows the hermeneutism, and believes that interpretation is made inside him-/herself and therefore subjective. However, one more approach exists here, which is realism, where reality is independent of human thoughts and beliefs.

According to Saunders et al. (2003) the philosophy of realism seeks to understand people’s subjective reality in a broader social environment having an affect on people’s views and behaviors. Realism is in a way similar to positivism implying that the world is independent of people’s knowledge about it. As Wiklund (1998, p.75) stated that the role of science is *‘to gain knowledge about an objective world, not a world dependent on our interpretations of reality’*. Therefore, scientific theories about the reality (realism) can be confirmed as about to be true (Boyd, 1984). Instead of having an opinion that a phenomenon is the truth, a realism follower does not eliminate a fact that the truth might be developed and somewhat changed over time, what gives it a major difference from the positivism (Wiklund, 1998).

### 3.2 Research Approach

So far there are two very common research approaches that are used by researchers, inductive and deductive. The inductive approach is mainly used to understand the phenomenon in its own terms (Hirshman, 1986), meaning that the researchers observe the reality and conclusions are then drawn based on the empirical findings that can fit or not with the theories (Figure 3.3). While the deductive approach is then used to *‘add the body of knowledge by building formal theory that explains, predicts and controls the phenomenon of interest’*, as well as it tests theory by *‘confronting the theory with real-world data’* (Kotzab, Seuring, Muller & Reiner, 2005, p.60), see Figure 3.3.

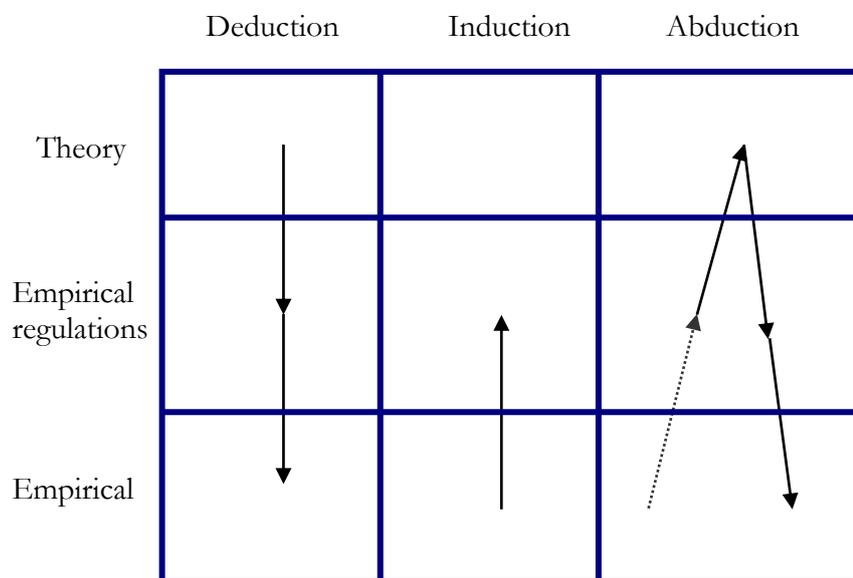


Figure 3.3 Deduction, Induction and Abduction (Alvesson & Sköldberg, 2003, p.45).

When there is a variation between used theory and empirical findings, as it is in the current research, then this research is referred to as abduction (Patel & Davidsson, 2003). As reader is already familiar with the hermeneutic circle mentioned earlier, when interpretations are made the abductive approach can be seen in the same way moving back and forth between theory and em-

irical findings (Figure 3.3). The authors of the thesis use this type of approach since the thesis aims to create understanding of a studied subject (Alvesson & Sköldbberg, 2003). Moreover, during the work on the paper authors were moving back and forth between theory and empirical findings. After finding some theory the empirical support has to be in place, and vice versa. After getting some more information from empirical findings the new theory has to be found in support to that. When authors found the theory about studied subject, they started conducting empirical research. After doing so the authors realized that for some issues there were not enough theoretical support, so they went into academic literature again. Next, when more theory was found more empirical information was needed. Therefore, there was constant research done by the authors in theory and real world.

### 3.3 Exploratory research

A number of aspects can have an effect on the choice of a research design type. The aspects are: the type of decisions that are to be made, the size of research budget, and the perception of risks that may occur (Wrenn, Loudon & Stevens, 2001). Nevertheless, the most important one is the nature of the research questions (Wrenn et al. 2001) that the study is trying to find answers to.

Thus, when the research deviates and follows things that revelatory observations make clear the preferable design is than an exploratory research (Wrenn et al. 2001). Moreover, exploratory research gives the highest level of flexibility, compared to other research design types like descriptive and casual designs (Wrenn et al. 2001).

Exploratory research should be used when there are six typical intentions researcher employs (Wrenn et al. 2001): (1) defining an ambiguous problem or opportunity, (2) increasing the decision maker's understanding of an issue, (3) generating ideas, (4) providing insights, (5) establishing priorities for future research or determining the practicality of conducting some research, and (6) identifying the variables and levels of variables for descriptive or causal research.

Therefore, the authors of the thesis think that exploratory research is the most appropriate in this case, because the intention of this study is to achieve broad insights of the phenomenon of interest and reach a better understanding of it, and also to obtain broader insights of the research subject. In addition, the research questions that the thesis is aiming to answer are "How", thus it gives further support to the choice of using exploratory research (Wrenn et al. 2001).

### 3.4 Choice of Method

The following section will present and discuss methods chosen to use in the thesis. Methods are *'a set of procedures and techniques for gathering and analyzing data'* (Strauss & Corbin, 1998, p.3). There exist two methods for gathering data for the research, qualitative and quantitative. The choice of method is influenced by a researcher's own preference, familiarity, and ease with a research mode (Strauss & Corbin, 1998). *'Although the purpose of the research and the nature of questions asked often will determine the mode, a researcher ultimately has to work with those modes with which he or she feels most comfortable'*, said Strauss and Corbin (1998, p.33). Quantitative research is applicable when general trends and happenings need to be identified (Saunders et al., 2003). Moreover, the meaning of quantitative data is based on numbers, results are collected numerically and in standardized data, and analyses are conducted through statistics, charts and diagrams (Saunders et al., 2003). However, according to Riley, Wood, Clark, Wilkie & Szivas (2000) the qualitative techniques are dependent on the researcher's ability to act as interviewer or observer when gathering data. Additionally, the number of respondents and the personal involvement in the process affects the method for data collection. In this thesis, the data was collected by using personal involvement of a group of respondents through an interview. This technique helped the authors to achieve an in-depth under-

standing for the subject. Thus, when researchers want to gain a deeper understanding of a chosen area of investigation they tend to use qualitative study. Consequently, in order to fulfill the purpose and answer the research questions the authors of the thesis carried out a qualitative study. With this paper we are aiming to provide rich insights into the issues that are of interest for both management practitioners and researchers (Cassell, 2006).

The emphasis in qualitative research lean towards the individuals' interpretations of their environments and of their own and others behavior (Bryman, 1995). Thus, *'the presentation of data tends to be sensitive to the nuances of what people say and to the contexts in which their actions take place'* (Bryman, 1995, p.29-30). And therefore, the emphases are then on understanding of what is going on in organizations in participants' own terms rather than on the researchers'. There are different techniques when performing qualitative research (Holme & Solvang, 1991); one of them that were used here was a case study.

### 3.5 Research Strategies

In the academic literature there exists a number of different research strategies like experiment, survey, archival analysis, history, case study, etc. The chose of any of these strategies fully depends on the nature of study researcher wants to perform, and the type of research questions the study aims to answer. The comparison of different research strategies shall be made in order to pick the best suited one for the thesis.

Generally, case study is a preferred strategy when *'how'* and/or *'why'* questions are being posted, when the researcher has little control over events, and when the focus is on a existing phenomenon within some real-life context (Yin, 2003). As Yin (2003) stated that using case studies for research purposes still remains one of the most challenging of all social science endeavors. Therefore, we as researchers and authors of current thesis need to think about following questions *'Why do we want to do a case study on our research topic?'*, *'May be we should consider doing an experiment?'*, *'Or a survey?'*, *'A history?'*, *'Or may be a computer-based analysis of archival records?'* (Yin, 2003).

These are some of the choices that represent different research strategies. Each of them is a different way of collecting and analyzing empirical data that follows its own logic, and each strategy has its own advantages and disadvantages (Yin, 2003). In order for researcher to pick one he/she has to be aware of differences between these strategies and their benefits and pitfalls.

The usage of each strategy depends on three main conditions (a) the type of research questions posted, (b) the extent of control a researcher has over actual behavioral events, and last but not least (c) the degree of focus on contemporary as opposed to historical events (Yin, 2003). For better understanding and visualization of the four strategies and three main conditions for their usage readers should see Table 3.1.

Table 3.1 Relevant Situations for Different Research Strategies (Yin, 2003, p.5)

Strategy	Form of Research Question	Requires Control of Behavioral Events?	Focuses on Contemporary Events?
Experiment	How, Why?	Yes	Yes
Survey	Who, What, Where, How many, How much?	No	Yes

<b>Archival analysis</b>	Who, What, Where, How many, How much?	No	Yes/No
<b>History</b>	How, Why?	No	No
<b>Case study</b>	How, Why?	No	Yes

As reader can see from the table above (Table 3.1) each research strategy has different research questions it can answer, requires different extent of the researcher's control over and access to actual behavioral events, as well as they have different focuses on contemporary events. The case study is favored in examining contemporary events, but when the relevant behaviors cannot be manipulated (Yin, 2003). The case study and a history have many of the same techniques, but case study adds two sources of evidence that not usually included in the historian's selection: direct observation of the events being studied and interviews of the persons involved in the events (Yin, 2003), which will be used in this research. In addition, case study has unique strength in ability to deal with a full variety of evidence like documents, artifacts, interviews, and observations (Yin, 2003), that is a case in the thesis. Therefore, based on the arguments presented above the authors of the thesis believe that the case study would be the most suitable for this research, and be in line with the topic, problem, and purpose and research questions. The thesis aims to answer questions 'How?', and the authors of the thesis have no control over actual studied behavioral events, and also this study has strong focus on contemporary events.

Moreover, according to Bryman (1995) case studies require the detailed examination of one or a small number of 'cases'. Additionally, Bryman (1995, p.30) also stated '*the unit of analysis is often the organization, but can equally be either departments and sections in organizations or inter-organizational networks*'. Thus, this type of research technique is suitable for the current thesis since it aims to investigate a number of small and medium size enterprises. Thus Case study is chosen as a research strategy for this thesis.

### 3.6 Data Collection

The data collection is a very important aspect for any undertaken research. The collected data can be classified as a secondary or a primary data. The secondary data is a data that was previously collected for another purpose (Wrenn, Stevens and Loudon, 2002). On the other hand, the primary data is a data that was gathered by the researcher for that specific study; moreover, it was gathered for the first time (Wrenn et. al., 2002).

#### *Secondary Data*

For the research design secondary data is essential. And it can have a number of uses, according to Wrenn et al. (2002) secondary data can be employed in order to: understand the problem situation and provide an overview, make available information and insights for answering the research questions, provide exploratory information in order to plan and design primary data tools, evaluate primary data as a check and standard, give insight to sample selection, and finally, provide the primary data phase with research hypothesis or ideas to be studied. The secondary data has its own pros and cons. The advantage of secondary data can be of low cost, availability, speed, and flexibility (Wrenn et al., 2002). Its disadvantages are that it is of a poor fit, accurateness, age, and quality (Wrenn et al., 2002).

The authors of the thesis used the companies' websites as a secondary data source in order to gather material and get the understanding about the studied organizations, as well as to get an overview of the research.

### *Primary Data*

In order to answer research questions or test hypothesis of the research, it is not enough to limit yourself by using only already existing data (Wrenn et al. 2002). There is a need to conduct a different type of data, which is primary data. The primary data is information collected for the problem at hand (Churchill, 1996). Additionally, researchers performing the investigation classify the primary data collection method, and the data is gathered from the examination of the interviewees or the focus groups (Brannick & Roche, 1997). The main sources of primary data are: the organization as a whole, the environment that includes the stakeholders of the organization like key customers, non-key customers, and competitors (Wrenn et al. 2002).

The primary data for this thesis was gathered through two phone and one face-to-face interview with the CEOs and owners of the investigated organizations. According to Sekaran (2000) face-to-face interviews, telephone interviews and computer-assisted interviews are the most frequently used methods for gathering primary data.

#### **3.6.1 Interviews**

In order to fulfill the purpose and answer research questions three interviews with the CEOs were conducted as a valid and reliable data for current thesis. The amount of interviews is limited to three due to the time constrain, however these are the most representative and suitable ones for the research at hand. The authors of the thesis were able to achieve broad insights of the phenomenon of interest, reach a better understanding of it, and also to obtain broader insights of the research subject. As Yin (2003) argues in his book the interviews are vital sources in case studies and are guided more by conversations than by structured questions.

There can be two types of interviews: focused interviews and open-ended interviews. For the focused interviews the researcher has to prepare a set of questions in advance, according to Yin (2003) they still remain open-ended and conversational manner. These types of interviews have prepared in advance outlines, which increase the comprehensiveness of the data and makes data collection organized and efficient (Greenfield, 2002). However, there is a risk that important topics may be unintentionally lost. In order to avoid it the focused interviews can be used in combination with the open-ended ones. The open-ended or also called informal conversational interview approach is common in gathering information in case studies (Yin, 2003). Here the interviewer has a possibility to ask not only about the facts of a matter but also an opinion about the events. Open-ended interviews increase the quality and relevance of the questions asked (Greenfield, 2002). On the other hand, however, the researcher might end up collecting not very relevant information.

Therefore, to be able to cover all the needed questions for this thesis and still have space for informal conversation during interviews the authors of this paper used combination of both focused and open-ended interviews. The questions were asked not only from in advance prepared interview guide but also the ones appeared during the conversation with the respondents. Thus, the interviewees were able to share their own '*insights into certain occurrences*' (Yin, 2003, p.90).

There were three interviews conducted with the CEOs and/or owners of organizations located in USA, Belgium and Sweden. Due to long distance between two interviewees and the interviewers (authors), two phone interviews with representatives of USA and Belgium companies were performed. Third interview, however, was face-to-face because the respondent was from Sweden,

and authors were able to meet with him in person. The length of the first interview with representative from USA company was 52 minutes, the second one with the interviewee from Swedish company was for approximately 70 minutes, and the third interview with the owner of the Belgium organization was for 40 minutes long. For the first contact with potential interviewees emails were used in order to present the authors and their research area and topic.

The interviews were recorded by a combination of note taking and tape recording (Greenfield, 2002); these are the common ways to record interviews. The fact that all the interviews were recorded decreased a possibility of losing relevant information and also the capability to re-check the data, that adds to the validity and reliability of the research.

### **3.6.2 Selection of Respondents**

The study was conducted by interviewing the particular respondents from the particular organizations from a sample (a limited number of SMEs) not the whole population (not all the SMEs). It is of a great importance for the valid conclusions to define the elements of the population and select a representative sample (Saunders et al. 2003). The sample was selected with consideration to the purpose and the research questions. The main criteria for companies were that, first of all, they have to be small and medium size companies regardless of industry, and secondly they have to practice viral marketing. When the organizations that fit these criteria were found they were contacted in order to find out if they would be interested in participating in the interviews for the thesis. Three companies that were the most suitable and representative agreed; they were from USA, Belgium and Sweden. The reason for not focusing on a certain industry is that not enough empirical findings could be collected when focusing on companies in certain industry, that practice viral marketing and fits the definition of a SME.

It is possible to judge the whole piece by using a small sample, however, it is still important to choose the most representative sample (Wrenn et al. 2001). Usage of sample compare to the whole population has advantages like it can save costs, it is time efficient, and it can provide more in-depth information (Wrenn et al. 2001).

Samples can be both non-probability and probability. Non-probability samples are samples that were not selected by chance (Wrenn et al. 2001). However, probability samples are samples where every element has equal and known probability of being selected (Wrenn et al., 2001). This thesis employs a non-probability sampling method because the selected samples were not selected by chance. The selection was carefully planned.

There are three most common methods of non-probability sampling: convenience sampling, quota sampling, and judgment sampling (Wrenn et al. 2001). Convenience sampling is one of the least time consuming, picks elements that are most close at hand, generalization is not possible, it does not follow any particular pattern, and the sampling error cannot be estimated (Wrenn et al. 2001). However, convenience sampling is a very frequent exploratory sampling method used (Wrenn et al. 2001). Quota sampling splits the whole population into subgroups based on judgment (age, sex, occupation, etc.); and then a quota is picked from each subgroup (Wrenn et al. 2001). Judgment sampling is a very subjective approach because it highly depends on the judgment of the researcher (Wrenn et al. 2001). This type of sampling can be used when a researcher is aiming for the decision makers in a population, also it can be picked where a respondent gives the researcher further directions on who can be interviewed next (Wrenn et al. 2001). This thesis employs convenience and judgment sampling methods, because companies that were picked were the most convenient ones out of the ones that were willing to participate. Also, the authors were aiming for the CEOs and/or owners of the companies that were involved into marketing decisions in their organizations.

Thus, three CEOs who are actively involved in the marketing decisions and campaigns of their organizations were interviewed. Due to the fact that two of the respondents are from USA and Belgium, two phone interviews were used. The third interview with the CEO of Swedish company was conducted through personal face-to-face interview. Furthermore, the main criteria for the interviewees were that they needed to have very good knowledge about marketing activities of their organization and be directly and indirectly involved with those activities. Moreover, they needed to be at high position of the organization. Therefore, the questions like ‘*What is your position in the organization?*’ and ‘*Are you actively involved in the marketing of the organization?*’ were addressed before hand.

### **3.6.3 The Design and Procedure of the Interviews**

In order to collect relevant data to fulfill purpose and answer research questions, interviews were chosen as a method. However, for interviews to be structured and organized researchers have to have good communication skills, ability to listen and have excellent understanding of the matter. Therefore, before starting with interviews the authors of the thesis gathered theoretical background on the research topic, which is ‘*The Impact of Viral Marketing on Brand Awareness: The Case of SMEs*’, theories were gathered about Viral Marketing, Brand Awareness and SMEs.

When the authors achieved understanding of the matter, we created the purpose and questions of the research that have to be fulfilled and answered. Additionally, to gather the empirical data, the interview questions were based on the theories that were conducted. However, interviews should be structured but with the space for personal reflections of interviewees, who need to feel comfortable in the beginning (Repstad, 1999) as well as during the whole interview.

Thus, all three interviews started with some background questions like ‘*Tell us a little about your history in this company?*’ and ‘*How come that you started working here?*’ (Lundahl & Skärvad, 1999). These questions were asked in order for the respondents to feel comfortable, and more interested and engaged in the interviews, since questions were easy to answer and they relate directly to respondents own experience. Afterwards, the other type of questions was addressed related more to the research purpose and problem. In the end of the interviews respondents had a chance to add something more they felt was missing and correct their answers if it was needed, which is a good way to end interviews with, mentioned by Repstad (1999). Both of the authors of the thesis were addressing questions to the interviewees to have diversity, and all the answers were tape recorded as well as noted not to miss any important information.

## **3.7 Data Analysis**

To make some sense out of gathered data it has to be interpreted and analyzed. According to Repstad (1999) the analysis of the data is a process where researchers are trying to gather and later present the data in well-structured way to make it easy to understand. As Saunders et al. (2003) argue the analysis process should start by classification of non-standardized qualitative data that have been collected into certain categories. When data is collected in to categories it makes it easier for the researchers to analyze it. In our case the categories are based on the theory blocks, which are presented in the Figure 2.4.

When the analyses were carried out the authors were going back not only to the theory but also to the problem, purpose and research questions to make sure that the connection exists. The goal of the analysis is to make trustworthy conclusions that are based on the empirical findings in relation to the theoretical background (Merriam, 1994).

Therefore, the number of categories was created based on the theory blocks, in which later all the findings were divided. So the data further down is presented in a more clear and understandable

way. As the findings were already divided into categories the analysis therefore were also divided into the same categories. It was done in order to make sure that all the theory has empirical support and vice versa, and not to lose any relevant data.

### 3.7.1 Trustworthiness of the Research

As any other research it is also of a high importance to authors that this thesis is worth of trust. Therefore, the section below will address different tests and tactics that help to make sure that the research is reliable, valid and trustworthy. In the literature four tests exist that have been commonly used to establish the quality of any empirical social research. As case study is one form of such research, the four tests are also applicable to case study. There are as well several tactics for dealing with these four tests when doing case study (Yin, 2003). The tests, tactics and phases of research in which tactics occur are presented in the table below (Table 3.2).

Table 3.2 Case Study Tactics for Four Design Tests (Yin, 2003, p.34)

Tests	Case Study Tactic	Phase of research in which tactic occurs
<b>Construct validity</b>	• Use multiple sources of evidence	Data collection
	• Establish chain of evidence	Data collection
	• Have key informants review draft case study report	Composition
<b>Internal validity</b>	• Do pattern-matching	Data analysis
	• Do explanation-building	Data analysis
	• Address rival explanations	Data analysis
	• Use logic models	Data analysis
<b>External validity</b>	• Use theory in single-case studies	Research design
	• Use replication logic in multi-case studies	Research design
<b>Reliability</b>	• Use case study protocol	Data collection
	• Develop case study database	Data collection

#### 3.7.1.1 Construct Validity

Construct validity by definition is *‘establishing correct operational measures for the concepts being studied’* (Yin, 2003, p.34).

As reader can see from Table 3.2, there are three tactics that available to increase construct validity when doing case study. The first tactic, which is applicable during data collection, is the use of multiple sources of evidence, in a manner encouraging convergent lines of investigation (Yin, 2003). Therefore, the data for this thesis was gathered from interviews, companies’ websites and other documents. The second tactic, that is also relevant during data collection, is to establish a chain of evidence. Thus, the gathered data was documented in a chain way, what means that it follows each other. And the third tactic is to have the draft case study report reviewed by key in-

formants (Yin, 2003). This tactic was of a tremendous help to the authors during the ‘*composition of research*’.

### 3.7.1.2 Internal Validity

Internal validity (for explanatory or casual studies only, and not for descriptive or exploratory studies) is establishing an informal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from illegitimate relationships (Yin, 2003).

Numerous “*threats*” to validity have been identified, mostly dealing with illegitimate effects. Internal validity is only a concern for casual (or explanatory) case studies, in which researcher is trying to determine whether event  $x$  led to event  $y$  (Yin, 2003). In this case we are trying to find out how usage of viral marketing by SMEs affects their brand awareness. However, as Yin (2003) argued that if researcher failed to see that there is also factor  $z$  that had effect on  $y$  and the conclusions, therefore, were made only in relevance to  $x$  and  $y$  without  $z$ , then the research design failed to deal with some threat to internal validity. Thus, it is very important for us as authors of this paper to be open-minded while working on the thesis not to oversee any  $z$  factors that have big impact on the outcomes of the research.

The concern over internal validity, for case study research, can be extended to the broader problem of making conclusions, because case study involves an inference every time an event cannot be directly observed (Yin, 2003). A researcher will “*infer*” that a particular event resulted from some earlier occurrence, based on interview and documentary evidence collected as part of the case study (Yin, 2003).

Nevertheless, the specific tactics for achieving this results are difficult to identify that is especially true in doing case studies (Yin, 2003). There are a number of suggestions presented in Table 3.2, which shows that the analytic tactic of pattern matching is one way of addressing internal validity. Three other analytic tactics explanation building, addressing rival explanations, and using logic models were used in the thesis for addressing internal validity.

### 3.7.1.3 External Validity

External validity is ‘*establishing the domain to which a study’s findings can be generalized*’ (Yin, 2003, p.34). This test deals with the problem of knowing whether or not a study’s findings are generalizable beyond the immediate case study.

The external validity problem has been a major barrier in doing case studies (Yin, 2003). Critics usually state that single cases offer a poor basis for generalizing. Nonetheless, such critics are implicitly contrasting the situation to survey research, in which a sample readily generalizes to a larger universe (Yin, 2003). Thus, it is important to remember that this analogy to samples and universes is mistaken when dealing with case studies. Case studies rely on analytical generalization, where the researcher is striving to generalize a particular set of results to some broader theory (Yin, 2003). The same type of generalization is seen in this paper.

The generalization is not automatic: a theory must be tested by replicating the findings in a second or even a third neighborhood, where the theory has specified that the same results should occur (Yin, 2003). Therefore, once such direct replications have been made, the results might be accepted as providing strong support for the theory, even though further replications had not been performed (Yin, 2003).

### 3.7.1.4 Reliability

The fourth test is reliability, which is ‘*demonstrating that the operations of a study – such as the data collection procedures – can be repeated, with the same results*’ (Yin, 2003, p.34).

The objective of this test is to be sure that if a later researcher followed the same procedures as described by an earlier researcher and conducted the same case study all over again, the later researcher should arrive at the same findings and conclusions as the earlier one (Yin, 2003). Thus, it is also very relevant to this study, that we are trying to make the research in the way that is possible to be done later again by other researchers and to arrive to the same findings and conclusions. It should be noted that the emphasis is on doing the same case over again, not on “*replicating*” the results of one case by doing another case study (Yin, 2003).

The goal of reliability test is to minimize the mistakes and prejudices in a study (Yin, 2003). In order to increase the reliability of the thesis, both authors have been present during all interviews. All the interviews were recorded and conducted in English, which was an advantage for the US and the Swedish company since English were their native language and the respondent from Belgium spoke English fluently. This increased the reliability since the language barriers were smaller than having the interview in their second language.

### **3.7.1.5 Confidentiality**

For a number of reasons, the information received from the respondents can be of a sensitive nature. The authors offered an agreement to interviewees to assure them that no third party would gain any access concerning the information regarding names, organizations, customers or products.

Therefore, the empirical data was depersonalized to ensure confidentiality. All the names of respondents and their organizations were replaced. Thus, the Respondent A is a respondent from USA company (Company A), the Respondent B is a respondent from Swedish company (Company B) and Respondent C is a respondent from the Belgium company (Company C).

## **3.8 Summary of Methodology**

For the reader’s convenience authors chose to create a summary model instead (Figure 3.4) instead of verbally summarizing the Methodology chapter by describing research philosophy, methods, concepts and techniques, presented and discussed earlier in this chapter, and relations between them.

In this section research philosophy and all the methods used for the thesis are presented in the summary model below (Figure 3.4). The bold blue color of the words in the model represents the methods, concepts and techniques used by the authors for current research. The methodology is at the top of the model, followed by research philosophy and methods with their subsections.

The Methodology Summary Model (Figure 3.4) makes it easier for the reader to visualize all the relations between the philosophy, methods, concepts and techniques presented and discussed throughout the whole methodology chapter.

# Methodology

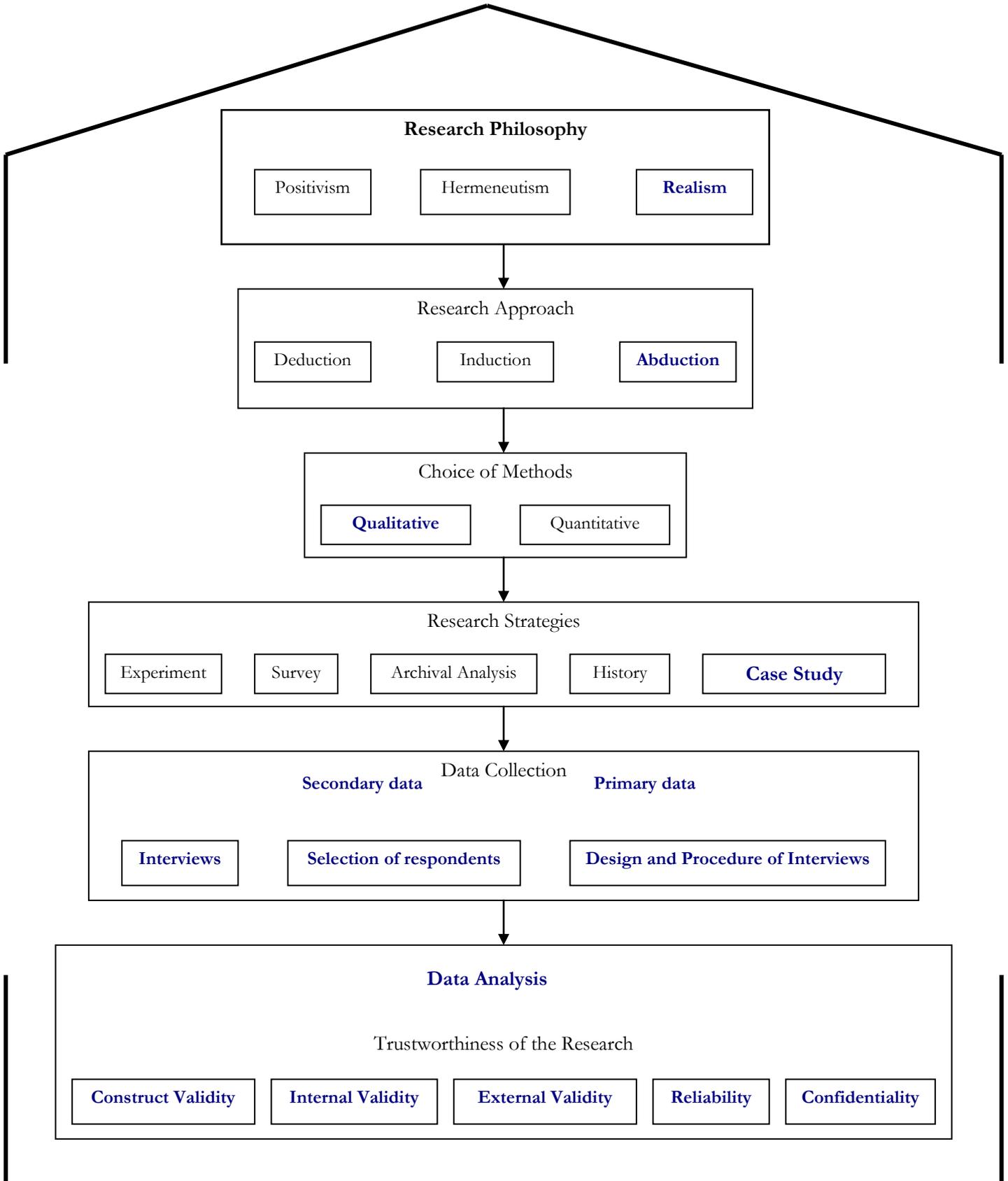


Figure 3.4 The Methodology Summary Model (Authors' Own Model).

## 4 Empirical Findings

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*The Empirical findings section presents the results from the interviews conducted by the authors of the thesis. This section is divided into seven phases, within two interconnected areas (Brand Awareness and Viral Marketing), based on the authors' model, called the Summery Theory Model (Figure 2.4), presented earlier in the thesis.*

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The respondents who took part in our interviews are the CEOs and the owners of the companies. These people are directly and actively involved in all marketing activities of their organizations.

**Company A** is a manufacturing and selling company from US. They produce small household products with an innovative technology.

**Company B** is an online retail company based in Sweden, who “will” sell different kind of imported products. The company has so far only one product.

**Company C** is a company in Belgium that manufactures a textile product for households.

### 4.1 Identity

When respondents were asked if they try to put more emphasis on the product, person, symbol, organization, etc., Respondent A and C stress more on their products while Respondent B on the organization.

As Respondent A said: *‘We do not offer many different products, instead we only have a great innovation with few categories, depending how powerful product you need’*. Since as it was said it is not a big company yet, they do not put more emphasis on just market the organization. Instead they are trying to put more focus on the product. Respondent A also stated: *‘It is important that people become aware of the quality of our product’*. Therefore, they created a campaign where they demonstrated the product, showing how good quality it is and how powerful it is compared to their competitors. They created a logotype just for the campaign, which is similar to their company logotype, *‘...so people can recall the campaign with our products and organization’* (Respondent A).

Respondent B shared with us that *‘Since I just put one of my products on the market I am trying to get people involved in my business idea, make them interested in my vision, because part of the revenue is going for donation to people in need’*. Therefore, he is promoting himself, his vision, and the organization. It is an small organization with different products, thus *‘I would like people to remember the organization by the day I launch the rest of them’* (Respondent B).

Respondent C says that their company is still very small and they have not yet introduced any new products, instead they have one product in different colours. Customers can order the product in different colours and sizes. Just as Respondent A said, Respondent C also puts more emphasis on the product. Further on, Respondent C said: *‘We have even created a slogan including our product name’*. The slogan does not only include the product name, but it also explains the functionality of the product and it is used on product itself, webpage and other promotion materials.

Respondent A shared that in their campaign they are promoting high quality of their product, *‘our product is more powerful than competitors which suit people who are using it a lot in their daily life or in their professions’*. The company of Respondent B is *‘trying to communicate that people can trust my company and me and that they will get exactly the product they need’*. He also said that it is convenient to order the product and *‘the customer will get a great service and hopefully feel appreciated’*. Since the product is a slightly a combination of two different products, Respondent C is trying to communicate the functionality

of the product. Even though they claim to have the lowest price and highest quality, it is still *'the functionality of the product that is the essential'* (Respondent C).

## 4.2 Positioning

When our interviewees were asked about what position they try to achieve with their campaign, Respondent A said that since they have had the product on the market for several years now, they just try to get more people to be aware that they exist. *'We did not try to become a market leader within the industry, since we are not big enough. Instead we try to target a more specific market, and to become a market leader within that market'*, as he added. He further said that he would like people to be aware of his brand and think of it when being out there shopping for similar products as ours.

As well as respondent A, Respondent B is not trying to become a market leader, but he said that he wants his company to be associated *'with the best organization in Sweden'* in the niche market he is targeting. He wants people to be aware that his organization exists and that customers perceive it as serious and professional.

Respondent C says that they tried to become more known within Belgium. They know that they cannot become a market leader; instead they just aim to target as many people as possible. Respondent C says: *'We are fairly new on the market, and the competitors holds much greater piece of the market, therefore we just hope that more people will become aware of our product'*.

Before the campaign, the company of Respondent A did not have a big market share. They tried to sell the product both online and with help of sales persons, but they had issues to reach to customers. Most of the customers thought that they had too expensive products and they had not even heard about the brand. They mostly sold their products to persons that knew who they were and what kind of quality products they offer.

Respondent B said that *'before the campaign nobody knew about my organization and me'*, he had almost no sales and the only customers he had were his family members and closest friends. Further on respondent B said that the reason for the low sales could not only depend on the lack of awareness among customers, but also that they might prefer their local organization instead of him.

Since Company C is fairly new on the market, they had almost 0% of the market. The company participated into different competitions where they won several awards. This opened their eyes, what potential the product had. They were participating in local news and people started to show interest in their product. They later on started online campaign, and Respondent C said that they have become more known, especially in the local area. This has increased their sales, but they are still a very small actor on the market.

On the addressed question *'Do you think your present and potential customers are aware enough about your company's brand?'*, Respondent A answered that he believes that people are getting more and more aware of his brand. With each day they are getting more and more customers both private persons and professionals. He further said that even if more and more people are aware of their brand, there are still markets where they could grow, especially outside USA.

Respondent B, however, stated that more people know more about the organization now than before the campaign. He further said that he is still surprised how many potential customers who are consuming similar products as he provides and who are living locally, but still unaware of his existence. *'There are still a lot of people who will become my customers, I just need to make them aware of my existence'*, he said.

*I personally don't think that people are aware enough of our brand'*, Respondent C stated. Even though more people have shown interest in their product, there are still many people who are not familiar with the brand, both locally and nationally. There are still a lot that needs to be done, when it comes to promoting the product, and *'it could be better'* (Respondent C).

The company of Respondent A has several competitors that are much bigger than them, who hold the major part of the market. These companies are international and have much more resources for marketing themselves. They also offer a variety of products that are less expensive than the company of Respondent A. Therefore, this company is targeting a niche market, *'we do have a product that is slightly more expensive than our competitors, but we also provide the customer with a product that has higher quality and power than they do'* (Respondent A). He also claims that their product is an innovation that is using different technology, which suit people who are professionals and/or who just appreciate high quality. He further said that their products have a slightly different design, looking more futuristic than competitors.

The company of Respondent B also has a lot of different competitors, *'but I am trying to be seen more than my competitors'*. He said that he is trying to create different networks with people who will potentially become his customers. He is trying to communicate that he is *'more organized'* than his competitors and that his products are *'more professional'*. The company of Respondent B guarantees customers a short delivery time compared to rivals. *'My plus is that I donate a percentage of my turnover, and my competitors do not,'* said Respondent B.

The situation is the same for Respondent C, who has a number of competitors, *'one of them is an American company who operates worldwide and is a lot bigger than we are'*. Few months ago, there was a local *"company startup program"* where some people started to produce and sell almost identical products. According to Respondent C, the American company is more known and has more resources to invest in to marketing and the promotion of their product. Additionally, Respondent C claims that they differentiate their product by offering higher quality at a lower price. The product has a nice functionality since: *'our product can be transformed into a similar product, which our competitors cannot'*. Respondent C stated that they hopefully will be able to compete with their rivals, at least within a few years.

### **4.3 Achieving Brand Awareness Strategy**

For the question of *'what kind of marketing techniques do you use for brand awareness?'* all of the interviewees named a number of techniques they use. Respondent A said that they created a separate webpage only for their campaign, where they upload videos on their latest laboratory test. That webpage is linking to the company webpage where customers can see more detailed information about the product and even purchase them. They also have different blogs about their products and accounts on YouTube, where people can see their videos and subscribe the information they what to receive from the company. *'We have also created a Facebook group were we have over 2 500 members'*, says Respondent A, where people can see videos on Facebook and encourage other people to join the group.

Respondent B talks to people but since he is trying to target customers with different geographical locations within Sweden, he is using his webpage as a foundation. Then he created a group on Facebook, where he can get in touch with the customers in Sweden. On Facebook he sends them messages and links, connecting to his webpage where he uploads more detailed information. The group on Facebook started with only his friends joining it, and then they invited other people to join it. He also puts on videos on Youtube. And he said that he sends out emails to different media, such as newspaper and TV.

Respondent C started off by creating a Myspace site, where they were explaining what their product is about, where they also uploaded pictures of the product. There is a guestbook on Myspace site where people can ask questions and leave comments. Later on, they created a Facebook group, where people can join to watch pictures of the product, get latest info and other news, so that customers do not forget that the product exist. The Facebook group consist out of 120 members, mostly family and friends. They also have a webpage that is still in progress and that needs to be improved. *'In the near future, the webpage will be translated into English as well'*, promised Respondent C.

In order to achieve higher brand awareness the company of Respondent A, firstly, they created a logotype for the campaign, which is almost the same as the company's logotype. The logotype is using the same colors as the product and even the person testing the product has a logotype on his clothes. In all of their videos they use the same song, and *'the song is inspired from the way TV shows were done in 80's'*. Every video starts with a big picture of their logotype and the song in the background. Secondly, they named their campaign with a "question" that has to be answered at the end of the video. That question is used as a link to company's webpage, the group on Facebook has the same name and the YouTube account has the same name. *'Every time we start a video we ask a question and then the video will answer'*, says Respondent A. The brand name is similar to the question they ask and hopefully people will recall their brand when asking that question.

Respondent B believes that he has very catchy logotype, where people who he is targeting recognize his logotype and what the logotype stands for, even if they do not know his company. *'People immediately recognize the logotype when they see it. I think people tend to like the logo'*, he says. Further on he is using a slow and sad song in his videos, and the song is of course always the same. He tends to believe that people become emotional just by listening to the song. After each video he also encourages other people to visit his webpage for more information. He thinks that people might ignore to watch the video and therefore he is using a lot of repetitive words such as "You", "Help", and *'Don't be like everyone else'*. Respondent B is using a slogan "You Can Make a Difference" almost everywhere, for instance in all his videos, headings and on the webpage since he donates percentage of his revenues to different persons who are in need.

Respondent C said that one way to increase their brand awareness was to create a logotype for the product. The logotype reminds the customer of the product due to the product design. Second way was to create a slogan for the product, and in the slogan the product name is included. The logotype and the slogan are used on the Facebook group and Myspace.

#### **4.4 Viral Marketing Strategy**

Respondent A encourages his customers to spread the information about the company and products. On one of their webpage, which is especially done for one campaign, they have options such as *'tell a friend'* where people can forward a video that they have published to other people. The only thing they have to do is to enter email of their friends. They have also published their videos on other WebPages and online channels, such as YouTube, where people can forward videos and even subscribe. People who are subscribers will automatically receive a message in their mail when we upload new video, respondent A said. They also ask people to send them proposals to what kind of product (Respondent's A product) they would like to test in the next campaign, in order to encourage the participation from customers. He said that people seem to like this option and they constantly have discussions with each other on potential product to be tested.

Respondent B stated that *'It will be ideal if people spread the information about my organization and what I do'*. He talks to people he knows and people he is a friend with on Facebook to forward his mes-

sages and his campaign. He believes that in a while he will get more customers *'and hopefully they will pass on my campaign to even more people'*. He has also written emails that he sent to other organizations and newspapers. In the emails, he makes them aware of what he does and what his purpose is, and *'then I encourage them to pass on the message or to write about it in the newspaper so that more people can see it'*. He encourages them by stating how other people will benefit from his organization.

*'Yes, yes, we do encourage people to spread the information about our existence'*, Respondent C said. They talk to their closest friends, classmates and coworkers to promote the product. This is the only way they encourage people to send the information about them, and they have no such options online that encourages people to spread the information about the product.

Respondent A thinks that giving his products away for free will not directly affect their marketing, *'we were discussing to have a lottery where we give away our products to our subscribers, but we believe it will not help us much'*. They believe that customers appreciate their marketing campaigns and the quality of their products without getting them for free.

On the other hand, Respondent B stated that since *'I am trying to get people to donate money through my organization, I promise to give away a percentage to charity'*, which he believes has a very positive effect on his company. He is not giving his product for free, instead he donates a percentage of the profit to the ones who are in need.

Due to the low cash flow within the company, Respondent C does not give away any products for free. Company C also does not have any competitions where people can win a product. *'Hopefully we can do it in the future'*, stated Respondent C.

## 4.5 Viral Marketing and Emotions

Our interviewees are trying to create different feelings among their customers when launching a campaign. Respondent A: *'First of all, we tried to communicate the high quality of the product... Secondly, we knew that the campaign had to be different from our competitors... The campaign should be performed in a way to shock people... Therefore we agree to make a campaign that is different and surprising'*. They believe that it is funny to watch their video, and at the same time people are amazed of their product qualities.

In the campaign of Respondent's B company he is showing a video promoting his organization showing a person in a very bad life situation. *'This person needs help, and with help of all customers we will be able to help people in need'*, he said. He tried to create a feeling of sadness, where people will get emotionally touched, *'it turned out to be like that, but they also felt anger of how nobody else was helping this type of people'*, he added.

According to Respondent C, since the product is a combination of two products, people tend to have positive reaction to the product. *'We hope that people will feel happy and cozy using our product'*, Respondent C said.

## 4.6 The Campaign

All three of the participants promote their brands on online communities. Respondent A does it through Facebook, YouTube, some blogs and, as he said his company *'can even be found on Wikipedia'*. Respondent B shared that he writes a lot on different blogs, such as Twitter, guestbook's, forums as well as Facebook. Respondent C said that they promote their product on other online communities like Facebook and Myspace.

As Respondent A said: *'We did a video showing how our product can be used for purposes where it is not supposed to be used for. Our product will destroy other products and people will become surprised how powerful our product is'*. In the videos, they always had the same person testing the product and he always used

the catchy “*question*” before and after the video. Then they uploaded the video on YouTube where it can be shared with friends and sent forward.

After those activities company A received a lot of attention from the public, so they started to create more and more videos using similar idea and techniques. After some while, when the videos had been watched so many times, the company A created a separate webpage just showing all the videos and links to their company webpage where all the information about the product can be found and purchased.

Respondent B uses online communities where he tells what he does, what he stands for and how customers indirectly help someone else. He said: ‘*On my webpage I put information about people who are in need*’. He then writes information encouraging people to help them and how they can help them. Later he forwards this by email, sending it to all group members on Facebook and write on other online communities with special interests. He puts the logotype everywhere so that people can recall the organization not matter where they are watching the video, or what kind of product category they are purchasing. In all his different techniques he ads his slogan ‘*You Can Make a Difference*’.

Respondent B shared that he writes a lot on different blogs promoting his products and explaining his vision. He also has a blog software named Twitter, where he writes small messages up to 150 letters, where people who have added him on Twitter can follow all his comments. Respondent B further said that he puts out how much money that is donated to different persons and his customers who have added him on Twitter can follow that. According to Respondent B, he does not have many friends on Twitter, but that he believes that it is something that is going to increase in near future.

Company C did a brochure about the product, including pictures and explanations how the product can be of use. The brochure has later been uploaded on the Facebook and Myspace where people can see it. After that more people have showed interest and joined their groups on Facebook and Myspace, the owner started to write more about the product and leave notice when there is a certain sale on the product. ‘*The information to customers could be for example that we plan to introduce similar products in near future...*’, Respondent C said. Respondent C further claims that they do not put a lot of emphasis on the Facebook than they do on the webpage.

## **4.7 Measuring Brand Awareness**

Answering to the question if they are satisfied with the results of marketing techniques they use, Respondent A said that ‘*we are more than satisfied, we did not count that we will get that much of attention*’. Their campaign had such a great success that it was spread all over the Internet. They have over 180 000 subscribers on Youtube and there have been more than 3.4 billion people watching their campaigns only on Youtube. The product received so much publicity that it was even used in one of the most popular shows.

Respondent B is also happy with the results, but as he said ‘*I have noticed that the campaign do not last for a long time. People react and a lot of them respond immediately, while the ones who did not respond immediately tend to forget about the message and the campaign*’.

Just as Respondent A said, Respondent C did not expect to get this much attention in such a short period of time. There were even people asking how to order the product from other cities and that was according to Respondent C surprising. They are very satisfied with the publicity they received.

Respondent A stated that before the campaign their product was only sold to people who somehow knew about them, such as local people and local organizations. However, after the campaign people from all over the world are purchasing their products as well as more and more professionals are using it, due to the good quality.

For the company of Respondent B the awareness increased after the campaign he did *'there are much more people visiting the webpage and more and more people are joining the Facebook group'*. He said that the webpage frequency has increased with over 300% just after one week. Now customers order some of the products even though they are not for sale yet, and there are also a lot of people who just donate money for the people in need. *'There are much more people writing on my webpage guestbook and there are even people approaching me when they see me'*, he said.

As Respondent C said that since their product is a result of a school project, only classmates were aware of it. Later on, they won some awards and had the chance to attend the local TV. After that they promoted themselves more on their webpage. And now there are people from other part of the country ordering their product. It did not last long before they noticed the impact of the campaign said Respondent C.

The sales of the Respondent's A company have grown since marketing campaign. Now their product is sold to other countries all over the world. *'Even frequency on our webpage has increased dramatically'*, he said. According to Respondent A, they had to expand the production and employ more people.

For the Respondent's B company both their sales and customers have increased. *'Webpage and my Facebook accounts are growing'*, he said.

For the Company C there are more people who are visiting the webpage, and sending emails asking about the product. The sales have also increased, but they have not increased to that extent that the owner can make a living out of the business. Facebook has not increased much and not many people have joined the group.

After the campaign company of Respondent A is still not a market leader within the industry, but they are a leader in their niche market. This company is constantly growing, and Respondent A hopes that they will get bigger piece of the market soon.

However, Respondent B shared: *'I am not the biggest organization in Sweden yet, since people recall to their local organizations, but a lot of them are also aware of my organization. At least, I am more known now, especially in southern Sweden'*.

According to Respondent C, who stated: *'We are selling more than before, but we still have a small, small portion of the market'*.

When interviewees were asked about how long time did it take for them before they noticed a difference in brand awareness among the customers? Respondent A said that it happened already after a few weeks, *'we had more and more people visiting our webpage'*. Their videos become more and more viewed on YouTube as well as more people started to write to them and call them. It took them few months before they noticed a major difference in sales. *'Our sales boomed in such a speed that we could not catch up with it'*, stated Respondent A.

For Respondent B the difference was noticeable already in few hours. The webpage frequency had dramatically increased and the video had been watched over 27 000 times in just a few days. *'Unfortunately, the webpage frequency dropped down in just a few weeks now, but it was still for times as big than it was before campaign'*, he said. Also he had more people joining his Facebook group in just a few hours.

In the Company C there was not an extreme difference in sales but they noticed a difference in people visiting their website and the amount of emails sent after just one day. *'People started to ask where and how to order the product'*, share Respondent C.

## 5 Analysis

*In this chapter connection of the empirical findings with the theoretical framework will be made. The analysis is structured in accordance to the seven-category model in the frame of references that builds a foundation in order to be able to answer the research questions and fulfill purpose of the thesis.*

In order to fulfil the purpose of this thesis: *to investigate how Small and Medium-size Enterprises use Viral Marketing and what impact it has on their Brand Awareness, moreover, thesis also aims to identify how SMEs create successful Viral Marketing campaign*, the authors made use of their own model, presented in section 2.3 of the Frame of Reference, that can be seen below as well (Figure 5.1).

The research model corresponds to the whole process that the organization goes through, from the start (when planning the viral marketing campaign) to the end (where measuring the brand awareness). The process is divided into two interconnected areas Brand Awareness and Viral Marketing with seven phases in them.

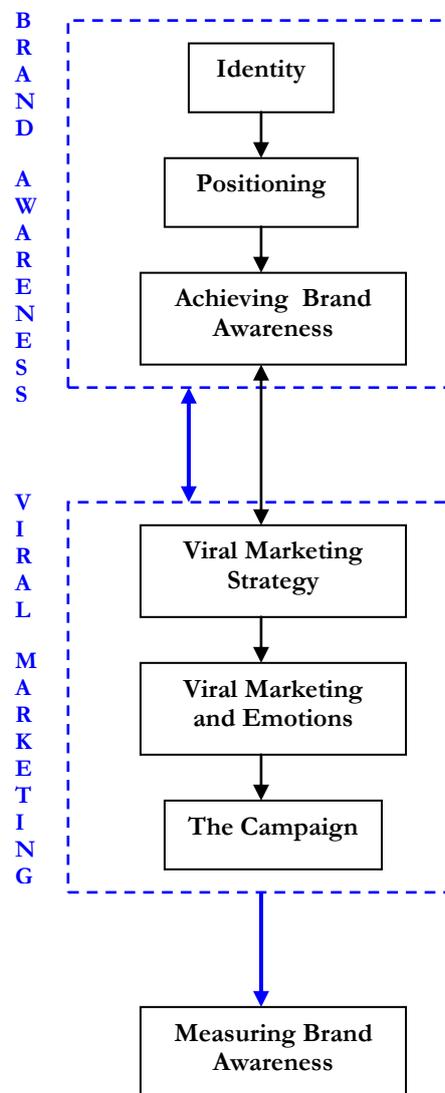


Figure 5.1 The Theory Summary Model (Authors' Own Model).

## 5.1 Identity

As explained in the theoretical framework the brand identity is something that is unique and associated with the brand which is aspired to create or maintain. It is what the brand stands for and how the organization would like customers to see the brand (Aaker, 1991). The empirical findings of this report indicate that Respondent A would like the brand to be associated with the new innovation and the quality of the product. They are trying to create an image around the high quality of the product. The Respondent B was opposite and preferred the customers to associate the brand with his vision and the good cause, through the donation. The reason is that he has not yet launched most of his products and when he does, he would like customers recognize the brand and not only the first product being launched. Respondent C only has one product and she would like her product to be associated with good quality and functionality. The reason for that is that the product is a combination of two different products. As mentioned before, this is how organization would like the customers to see the brand and Respondent A and B have managed to communicate the message to the customers in the viral marketing campaign, while Respondent C has not. The reason is that Respondent C has plans to communicate good quality and functionality but it is not clear in the viral marketing campaign. Instead she shows the functions of the product and how it can be used. Respondent C needs to make it more clearly in the viral marketing message the high quality of the product.

According to Aaker (1991) a brand identity consists out of core and extended identity. The core identity is the essence of the brand, which is most likely to be the same even if the company enters new markets or changes the strategy. Company A's core identity is the "*innovation*", since it uses a technology that none of the competitors do, which generates higher quality. Company B's core identity is build on the engagement from the owner and the "*professionalism*". Company C's core identity is the "*functionality*" of the product. As Respondent C said, her product can be transformed in to two different products and that is the concept. According to Doyle and Stern (2006), brand goes beyond physical product and has added value, which differentiate it from a product. These values can be intangible but still important to consumer's consideration. It is only Company B that has a high added value, by donating money and also providing professional service. This is something that the other two companies should put more emphasis on.

The extended identity includes elements that add details that help to portray what the brand stands for and it can be changed and modified in different markets (Aaker, 1991). All the companies' uses a logotype for the product and Respondent C's viral marketing campaign logotype is similar to the company logotype and people can associate them. Since Respondent C only has one product, the extended value is the colour of the products. The company should try to add more extended values to potential customers. Further on, Respondent C created a slogan, which includes the product name and explanation of the functionality. Respondent B donates a percentage of the turnover to people in need, which might add more value to the product. The extended identity for Company A is that the products have different power and have different design than competitors, making the product look more futuristic. All companies can easily change these extended identity, but since Company A's campaign has been seen over 3.4 billion people, the advise would be to stick to the same logotype and design, since it is by now well established.

According to Aaker (1991) there are different perspectives of brand identity, which helps to give a meaning and association around the brand. These perspectives are product, organization, person and symbol. Respondent A was using product as his main perspective, and the reason is their high quality compared to their customers. Respondent A said that he would like the customers to associate the products with his brand when they see them. According to Aaker (1991) it is important to focus on the product, since it is related to the consumer's experience of the brand, but Re-

spondent A should be aware that it can be risky since some products might have short lifecycle. As long as the organization have a better technology and innovation than their competitors, they should not worry, since there should always be a need for such a product.

Respondent C is also building their perspective around product, since they so far they only have one product in several colours. The company does plan to launch new products and this might cause problems and they would have to change the strategy, since the focus is only on the product. Even the logotype and the slogan is directly linked to the product. The company might have to change the strategy every time they introduce a new product to the market (Aaker, 1991).

Respondent B was focusing more on the organization as the perspective. He tries to communicate the high professionalism and good service. Aaker (1991) mentions that it can be a problem to build a brand around a company, and that mostly the multinational organizations manage to succeed. The reason might be that multinational companies have already established a strong brand name on the market before launching other products, and if people have positive feeling towards that brand, they will most likely buy the new product as well. This is most likely not the case with SMEs, since they most likely do not have a very strong brand name. Moreover, Respondent B wants people to remember the organization even when he launches rest of the products. Organization as a perspective is a good way to go when launching other products, like multinational companies do. Further on, Respondent B also uses personality as the perspective since he tries to give the brand a soul, with the concept of donating money.

Aaker (1991) states that symbol holds the identity together and makes the brand easier to recognize. All the companies do use a (symbol) logotype both in their campaign and on their product, but none of them are only focusing on symbol perspective.

## 5.2 Positioning

An organization should create a successful strategy by finding a customer group, where they have a competitive advantage through differentiation and positioning (Kotler et al., 2005). There are four basic questions that these organizations need to consider before choosing a position strategy (Merlin, 1999).

*What position do we have now?* All three respondents said that they had an almost invisible position on the market. The reason why Company A had a small position on the market is due to the low marketing investments, and not so many people were aware of their product or the company. The only marketing they had was a webpage and few in-house salespersons. Respondent B and C newly introduced their first product, meaning that they have not yet created any promotion about their product. Like Respondent A, they started off by creating a webpage about the company, promoting the product.

*What position do we want to reach?* According to Ries and Trout (2000) there are three alternatives for positioning strategies (cited in Kotler et al., 2005):

1. To strengthen the current position of the brand in the consciousness of the customers.
2. To find new positions that are sufficient valued that the customers take a liking for it.
3. To deposition or reposition the organizations to take a step back from the competition. Instead point at another direction, niche and follow that path.

Respondent A said that they did not try to become a market leader, since they are not big enough. Instead they try to make more people aware of their product, just as the first alternative states. This is also the alternative that Respondent C tries to achieve, by targeting as many people as possible in Belgium. Respondent B said that he did not try to become a market leader, but he

would like people to associate his company with the most serious and professional within his niche market. This relates to the second alternative where he tried to find new positions by donating money and hopefully the customers will take a liking for it.

*Which competitors do we have to budge?* All companies mention that they have competitors that are bigger than them. Respondent A and C have direct competitors who are much bigger and who operate internationally.

*Can we stick out?* Company must sort out what is considered to be unique for that brand compared to other products and brands of that category (Kapferer, 2001). Respondent A try to stick out by targeting a niche market. They admit that they are more expensive than their competitors, but they provide higher quality and different design and with help of that they can differentiate from the competitors. Respondent B has several competitors, and he is differentiating himself by trying to be seen more than them and communicate that he is more organized and professional than them. Further on he also differentiates himself by donating money, and none of the competitors are doing it. Respondent C is dealing with the issue by combining their product with another one and create higher value to the customer. Their high quality such as the function of the product and the low price helps them to differentiate their product from the competitors. All three companies identified their competitive advantages and their organizational position was based on them, like Kotler (2005) argues. These competitive advantages are developed from emotional and functional experiences and according to Doyle and Stern (2006), this plays a vital role in many consumers buying decisions.

According to Kotler et al. (2005), many organizations try to communicate several advantages to the market and there is a bigger risk to get an unclear and vague position. Instead, the organization should only communicate one advantage to the market and with that develop a unique sell position, such as best quality, best service or the lowest price (Kotler et al. 2005). Respondent A is focusing on the best quality and Respondent B on the best service, while Respondent C focuses on both best quality and lowest price. This means that the customers can get an unclear view of what the company really stands for and this is what Kotler et al. (2005) is calling *confused positioning*. Further on he also argues that this position should try to be avoided.

### **5.3 Achieving Brand Awareness Strategy**

Aaker (1991) argues that there are several factors to achieve brand awareness. One of them is to be different and memorable. Product differentiation is important, since there is a risk of similarity between competitor's products (Aaker, 1991). All three companies are being unique in some way compared to their competitors. Respondent A is being different since he is using a different technology and design of their product, than their competitors. Respondent B donates a percentage from the turnover and Respondent C has combined two products in to one and therefore being more functional than the competitors.

Another way to achieve higher brand awareness is by involving a slogan or a jingle in the viral marketing campaign, where it can be a very strong link between a slogan and a brand (Aaker, 1991). Respondent A does not have a slogan, but they do have a question that they always ask in every movie, which relates to their product. That can be seen as a sort of slogan for the campaign. The respondent also has a song for their campaign that is used in all the videos. Respondent B and C both have a slogan for their product, where Respondent B's slogan is "*You Can Make a Difference*" and Respondent C has a slogan where the product name is included.

When a company has a symbol, potential customers will easily recall and memorize the brand (Aaker, 1991). All companies have a powerful logotype that is used in the marketing campaign

and the webpage. Respondent A has a separate logotype only for the campaign and it is very similar to the company logotype. That way customers can recall to the company when they see the logotype. Respondent C's logotype is directly linked to the product where the design of the logotype reminds the customers of the product. Aaker (1991) emphasise that a logotype plays an important role in developing and keeping brand awareness.

One way to increase brand recall is to show the logo or the name of the product and make the name popular, and then create different products within the same brand (Aaker, 1991). This is what Respondent A already does by having other product with different powers. The company can introduce different models and designs and customers will still be aware of the brand. Respondent B has so far launched one product and plans to launch more within the same brand. The company is following Aakers advice by creating a strong logo for the organization. Respondent C has a strong logotype linked to the product, and if the company plans to introduce new products that are little different from the one now, the company will face problem. The slogan and the logo are strongly linked to that specific product and will not match if the company introduces new different products.

Aaker (1991) finally argues that it requires repetition to be able to build up recall of a brand. He further argues that it is easier to build up recognition than to build up recall. Respondent A have found what they say is a successful campaign, and they do similar movies over and over again. They do switch the product that they will destroy with help of customer's suggestions. Respondent B does the same, where he is using repetitive word such as "*You*", "*Help*", and "*Don't be like everyone else*". Respondent C tries to be seen online using several tools such as Myspace and Facebook, but they do not have any repetitive or catchy method. They only write about the product and display the slogan and logotype, which might not be enough repetitive for the customers to recall the brand.

Treffner & Gajland (2001) argues that there must exist some sort of hallmark to be able to achieve brand awareness, like design, sound or colour, and these companies have tried to implement them. Company A; design and sound, Company B; sound and Company C: colour.

## 5.4 Viral Marketing Strategy

There are two types of viral marketing, active and passive (Subramani & Rajagopalan, 2003). It is clear that all three companies are using the active type of viral marketing, since it forces both the company and customers to become active to be able to communicate. They all use either Facebook or Youtube and the webpage, meaning that the customers have to be a member or to login to these sites to be able to take part in the message.

There are viral marketing strategies that work better than others and one should try to follow six principles to become successful with the viral marketing campaign (Wilson, 2005).

*Give away products or services.* None of the Respondents are giving away their product for free, even if Wilson (2005) argues that to be able to sell something one should give away something. Respondent A also added that if they would give away a product for free it would not affect their marketing, customers appreciate their marketing campaigns. Since Respondent A has a campaign where their product destroys other products, and people are giving suggestion to which product to destroy next time, Respondent A could give away the product to the best suggestion and people would then be more involved in to the campaign. This is also the case for Respondent C, where they could give away samples of their product to make people more aware of the product.

*Effortless transfer to others.* The viral marketing message must be easy to transfer and replicate, like a virus (Wilson, 2005). Respondent A does have a "tell a friend" option on their webpage, where

people can forward the marketing message. This option is highly recommended to use by De Pelsmacker and Van Den Bergh (2007). Respondent A also published their movies on Youtube and people can easily forward the video to others by just entering people's emails. This is an efficient way since it is easy, fast and inexpensive. Respondent B also uses an effective way by writing on Facebook where a lot of people directly see his message, but the disadvantage is that people have many other friends on Facebook and there is a risk that they do not even notice his message among so many messages. Respondent C does not have any online options where people can forward the message. This is a major disadvantage since their message cannot be easily transmitted to others. Kirby & Marsden (2006) argue that the right message, viral marketing sent by friends who they know and trust cuts through the advertising clutter. Respondent C should try to take advantage of these social networks and their message will be more accepted.

*Scale easily from small to very large.* A company must plan ahead of time so that it can rapidly scale from small to very large Wilson (2005). All the companies were hoping that campaigns would generate higher sales. None of the companies had a viral marketing campaign that was so successful that they could not handle the orders and they all could handle a higher demand from the customers if necessary.

*Exploits common motivation and behaviours.* It is important to take advantage of common human motivations and pull the common triggers in people's emotions and behaviour (Wilson, 2005). This means that it is important to create a feeling among the customers when creating a viral marketing campaign. This is explained in more detail below in 5.5, Viral Marketing and Emotions.

*Utilizes existing communication networks.* Marketers should take advantage of people's tendency of being social. The viral marketing message should be put in the Internet communication that already exists among people (Wilson, 2005). All companies are using other networks. Respondent A is using Youtube and even Facebook where people are forwarding their videos. Respondent B also uses Facebook, guestbook's and forums, while Respondent C only uses Myspace and Facebook to some extent. Respondent C should take more advantage of people's social networks and promote the product not only on other people's Facebook groups but also blogs and guestbook's such as Respondent B. Companies should try to avoid sending to many emails since according to Goldsmith (2002) too many of similar messages arriving day after day will cause irritation towards the brand. Get other people to send the message for you.

*Take advantage of others resources.* To be seen in other people's blogs or webpage's would make the viral marketing campaign more effective (Wilson, 2005). This is the case from Respondent A since there are Facebook groups made by customers and their videos can be seen on a lot of different blogs and webpage's. By just googling the company or the name, there are several pages writing about the campaign and the videos. Respondent B and C have not come that far. Respondent B can be seen on other guestbook's and blogs but it is usually himself doing it and Respondent C can only be found on Facebook, Myspace and its own webpage. Respondent B and C should try to promote themselves on other webpage's and communities. They should try to create a positive reputation about the brand and Scott (2007) also said that Web content has direct contribution to an organization's online reputation by showing thought leadership in the marketplace of ideas. Do something that your competitors have not done yet.

## **5.5 Viral Marketing and Emotions**

Viral marketing campaigns are shared more rapidly when the receiver has a strong emotional connection with the specific message. These emotions are surprise, joy, sadness, anger, fear and disgust (Dobele et al. 2007). Surprise is the first emotion, which is essential for all marketing campaigns and works as a foundation alongside other emotional triggers. Respondent A definitely

surprises people and their plan was to shock people when they were watching their movie. Further on Respondent A's campaign is a funny video and at the same time people are amazed of their product qualities. When the message is supposed to be fun, then it also triggers joy emotion, which is suitable for products that has been on the market for a long time but need refreshment. This is the case of Respondent A, since they had their product for a longer period of time, but not so many people were aware of it.

Respondent B is showing a video of a person in a very bad life situation and by that he is not only creating surprise that some on can live like that but also sadness. He also uses a sad music in the video and this works when looking for an immediate response to unfortunate events, but the disadvantage is that the reactions usually result in short-term commitments instead of long-term (Dobele et al. 2007). This is a disadvantage to the company since they might lose awareness in the long-term. By giving away a percentage of the turnover, he gives people hope and that is according to Dobele et al. (2007) good in the viral marketing campaign. People purchasing this product can also feel a joy since they contribute to life enhancement, for the one who really needs (Dobele et al. 2007).

Respondent C tries to communicate joy for people using the product. According to Dobele et al. (2007) joy is suitable for products that promise life enhancement, and the product of Respondent C is functional, but it does not contribute to a life enhancement. The campaign pointing that the product is a combination of two products does not create huge surprise among customers, instead it just makes people have positive reactions to the product. Respondent C should try to communicate a stronger emotion and feeling among the customers with help of the viral marketing campaign. The viral marketing campaign, as now it is not creating any surprising emotions among the customers.

## 5.6 The Campaign

Scott (2007) argues that the formula for a successful viral marketing campaign should be groundbreaking, amazing, and hilarious or involves a celebrity, plus a network of people to light the fire and make it easy to share. The campaign is based on the viral marketing strategy, which itself is based on the brand identity and brand positioning.

There exists three core components to any viral marketing campaign (Kirby & Marsden, 2006) and these components are covered in all the previous steps. These components are creative material, seeding by creating buzz story and tracking by measuring the results.

All three companies have some sort of viral marketing campaign. Respondent A did a video showing how powerful their product is by destroying other products with it. They uploaded the video on Youtube and later on their webpage who is especially made for the campaign. People were surprised when seeing this video and started to send it forward with options where they could add friend's emails and send it forward. This was clever since people did not expect this and the concept were creative. They always used the same song before the video and they even had a logotype similar to their company logotype.

Respondent B also created a video showing the bad life of a person followed by sad music and by that he created a sad feeling among people. Those people purchase products and at the same time donate money to that person. Respondent B also writes on blogs such as Twitter, Facebook, guestbook's and the webpage, to keep people updated, and he always includes his logotype and the slogan; "*You Can Make a Difference*". Company B followed these steps in hope to create brand awareness, just as Company A did.

Respondent C added brochures about the product on Facebook, webpage and Myspace so that people can see it. Respondent C did not take use of the emotions in the campaign, as it could be done. There is a logotype and a slogan, but the slogan and the logotype cannot be used if they introduce a new product. Respondent C should try to include a campaign with more emotions, especially to surprise customers with a shocking add or a video. The company does not take advantage of the online communities that are there for free, such as Facebook and blogs. The respondent does use Facebook but not to the same extend as Respondent A and B does.

## 5.7 Measuring Brand Awareness

People must be aware that a certain brand exists and is offering a certain type of product and that is brand awareness (Kotler et al. 2005). This means that brand awareness is the ability to distinguish a brand among other brands (Aaker, 1991). According to Aaker (1991) there are three levels of brand awareness measurement: *Brand recognition* which is the first stage of brand awareness, *brand recall* where the consumer can name a brand in a product class and *top of mind* where the first brand that a consumer can recall amongst a given class of product. To be able to measure this brand awareness, one has to ask people if they are aware of the brand and if they only recall the brand or if they recognize it. According to Jones (1999) a brand that is well known or that easily comes to mind is not always highly thought of or likely to be preferred. Therefore, increased sales, more website visitors, more people watching a certain campaign are other indicators pointing on an increased brand awareness.

All the respondents were satisfied with their viral marketing campaign, but some of them have succeeded more than others. Company A have more than 180 000 subscribers on Youtube and over 3.4 billion people watching their campaign only on Youtube. This is what Rayport (2007) claims is a viral marketing campaign that is like a virus. Company B had an increase in the webpage frequency with over 300% and more and more people joining the Facebook group. Company A's campaign has succeeded more than Company B and C, since they only have a few hundred people in their Facebook group. Company B had over 27 000 watchers on the video after just few days, that is great for the company, but since the campaign is fading out, the company needs a renewal. The company should add another similar video. Company C were almost not selling at all before the campaign, and today they have a small sale. This is not an ultimate viral marketing campaign, but at least they managed to create brand awareness since people are purchasing their product.

Respondent A and B should be satisfied with their viral marketing campaign, since they have accomplished their goal to create a brand recall and increase the brand awareness. More people are aware of the company, ordering more products and spreading the message as they are supposed to. Company C have not succeeded with their campaign. Even though their sales have increased, they are still not well known in their area within that business. They have to implement a viral marketing campaign that communicates a higher added value then competitors. They also have to implement a viral marketing campaign that is unique and with more surprising emotions.

## 6 Conclusion

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*In this chapter the authors will answer the purpose and the research questions of the thesis that was formulated in the first chapter of the thesis. Conclusion will be drawn from the analysis of the thesis, providing the insights and major implications of the study that have been made.*

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This chapter will answer the purpose of the thesis and the research questions addressed earlier in the paper. The purpose of the thesis is *to investigate how small and medium-sized enterprises use viral marketing and what impact it has on their brand awareness, moreover the thesis also aims to identify how SMEs create successful viral marketing campaign.* The research questions are: *How and to what extent do SMEs create and take advantage of viral marketing?, How does viral marketing effect brand awareness of SMEs?, How can SMEs create a successful viral marketing campaign?*

Through interviews with CEOs, the authors have come to the conclusion that viral marketing does have an effect on brand awareness. SMEs, who participated in this thesis, all took the advantage of a viral marketing campaign and benefited from it, however to different extend. In some SMEs the increased brand awareness is more clear and can be immediately seen, such as increased sales, increased frequency on the webpage and billions of viewers on their video campaign on Youtube. Other SMEs have also increased their brand awareness even if it was in a small scale, such as receiving more emails about the product and having more friends on the Facebook group than before the viral marketing campaign.

Some SMEs used videos, while others only took advantage of online communities such as Youtube, Facebook, blogs and guestbooks. It is clear that all the companies had a viral marketing campaign that was consistent and linking to their webpage. They did so by having same logotypes and slogans on all the online communities as well as on the webpage, so that people can recall it. Even though there are a lot of online communities and social networks online, SMEs must choose the ones who have the option to easily forward the marketing message. It is not until then the viral marketing message can be transferred like a virus among people.

It is important to point out that the reason for differences in the success of the viral marketing campaign between the different SMEs is the different implementation of viral marketing strategies. Some SMEs have increased their brand name identity by linking the characteristics to the product more then others and focusing more on their competitive advantage by differentiating and positioning into a certain market. The more successful SMEs have implemented more strategies such as involving a slogan, jingle, symbols, slogan etc., while the less successful SMEs have only implemented one or few of them. These strategies help SMEs to hold the identity together and make the brand easier to recognize. The interesting finding is that two of the successful viral marketing campaigns have implemented common motivation and behaviors in term of emotions. The viral marketing campaigns that communicated a strong emotion with the specific message were more shared among the customers than the one who did not have such strong emotions.

This study points out that SMEs need to implement as many of these strategies as possible, but that is not enough. They also need to be unique, creative and clever when implementing a viral marketing campaign for them to be memorable by the public. However, in order for SMEs to succeed in their viral marketing campaigns in the competitive markets they need to try something that their competitors have not done yet.

## 7 Further Research

This paper has arisen many new questions in the subject of viral marketing and brand awareness. The questions can be seen as proposals for further studies within this area.

Firstly, there is of large interest for further studies with a greater extension by covering larger number of SMEs. The SMEs could be located in a certain industry in order to yield a trustworthy and representative study for SMEs in that industry.

The authors believe that it would give a higher credibility to the thesis if the potential customers were included into the research and the interviews or surveys performed. Customers will help to clear out if they perceive the viral marketing campaign and the brand in the same way as the SMEs do. This will enrich the empirical findings and give amore truthful and detailed picture covering both perspectives. Thesis would then cover both sides the companies and their customers, and would give an interesting comparison.

In addition, it would be interesting to further investigate on how viral marketing links with word of mouth (the promotion of a company or its products and services through a persuasive message designed to spread, not online, from person to person) and investigate if they complement each other.

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# Appendices

## Appendix 1: Interview questions

- What is your position in the organization?
- Are you actively involved in the marketing of the organization?

### Identity:

- Do you try to put more emphasis on the product, person, symbol, organization, etc?
- What product advantage are you trying to communicate in your campaign? (Price, quality, functionality, etc.)

### Positioning:

- What position did you try to achieve with the campaign?
- What was your market position before the campaign?
- Do you think your present and potential customers are aware enough about your company's brand?
- Do you have any direct competitors? How do you differentiate yourself from them?

### Viral Marketing Strategy:

- Do you encourage your customers to spread the information about the company and product/service?
  - How do you do it?
- Have you ever considerate to give away a product or a part of a product for free?

### Achieving Brand Awareness:

- What kind of marketing techniques do you use for brand awareness?
- How are you trying to achieve higher brand awareness?
  - Do you use any memorable and catchy techniques: jingle, slogan, symbol, publicity, sponsorship?

### Viral Marketing and Emotions:

- What kind of feeling among the customers are you trying to create when launching a campaign?

### The Campaign:

- Have you ever promoted your brand on any online community (blog, guestbook, etc.)?
- If yes, how do you market your brand using online communities?

**Measuring Brand Awareness:**

- Are you satisfied with the results of marketing techniques you use?
- Have you noticed any difference before and after the campaign?
- Have your sales, customers or webpage frequency increased after your marketing campaign?
- What is your market position after the campaign?
- How long time did it take before you noticed a difference in brand awareness among your customers?