Social Media Marketing vs. Prevalent Marketing Practices

(A Study of Marketing Approaches for Micro firms in Sweden)

Master Thesis within Business Administration

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Abstract

Background
In Sweden almost 90% of businesses are micro in nature which plays a pivotal role in the economy by generating employment opportunities as well as serving a source of instilling entrepreneurial spirit and innovation. Due to their invaluable contributions to the economy, their survival through revenue generating marketing practices has become an area of much more interest than ever realized before. A common misconception prevalent is that marketing in micro businesses is just a miniature of larger enterprises. This is why earlier researchers have paid scarce treatment to marketing practices in micro businesses as evident from the scant published material on the topic, making it an intriguing area to study. Currently much hype has been created about social media applications like Facebook, Twitter, LinkedIn etc and their marketing value for small businesses. It is therefore, in this thesis we study social media and prevalent marketing practices in the context of micro business.

Purpose
Micro firms are often cash-strapped which limits their revenue generating ability through prevalent marketing practices which are resource intensive. In the back drop of all the hype about social media as a marketing tool we got the clue to find the right marketing approaches for these businesses regarding the choice of prevalent practices and social media as a new marketing tool. To achieve this purpose, we have formulated the following research questions.

RQ1. Which of the two types of marketing is more effective in terms of targeted segment coverage and expenditures?
RQ2. Which marketing approach enables micro firms to maintain better relationships with customers?
RQ3. Whether or not it is the right time for micro firms in Sweden to adopt social media marketing practices?

Method
A qualitative approach has been used to achieve the exploratory purpose of the thesis. Overall; eight micro firms were chosen from a convenience sample, representing different regions and industries of Sweden. In the first phase, two pilot semi-structured interviews were conducted to attain a better understanding of the phenomenon under study. Later, six more semi-structured interviews were carried out from micro businesses representing different sectors in Skövde, Mariestad and Jönköping Counties.

Conclusion
This thesis suggests that micro businesses are mostly marketing weak organizations (MWO) as they are sales oriented and see marketing as more of a luxury. Micro businesses in the sample reveal a tendency to carry out marketing activities in a haphazard manner which limits their likelihood of achieving their targets. It has also been indicated that conventional approach to reach target segments, still has a strong effect on micro firms in Sweden and is therefore more
appropriate for them as majority of their customers are geographically concentrated as well as a major strata of these are yet to start active participation on the social media landscape. In terms of costs social media (high volume, low expense) is more effective only when used in tandem with conventional marketing (low volume, high expense) approaches. It is therefore suggested that micro businesses can use a blend of social and conventional marketing practices till the time that the social media network externalizes to a greater extent.

Given, the small population of Sweden, it has also been showed that micro businesses are keeping good customer relationship with customers via word-of-mouth marketing which is considered as instrumental for success of majority of micro business. At the same time, this finding does not indicate any clear picture as to which form of marketing is doing better for these businesses.

In terms of social media adoption the findings indicate that micro businesses see social media as a great marketing opportunity in which micro businesses can compete on a level playing field with their larger counterparts. This study also concludes that social media is in infancy stages of its development in Sweden as people though they are present on the social media landscape, but have not yet, thought of it as a mainstream marketing channel. Therefore, it is suggested that micro firms in Sweden need to adopt a wait and see approach for the time being and start preparing to capitalize on social media soon when it becomes ripe and ready for marketing.
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1 Introduction

In this chapter the authors introduce the reader to research area by presenting a snapshot of social media marketing and conventional marketing practices in the background section of the study. The new challenges for marketers and opportunities for micro firms are incorporated in problem discussion which tries to build a foundation for the consequent purpose of the study and research questions. Included are the delimitation and disposition of study to enable reader to follow the line of reasoning of the thesis in a convenient manner.

1.1 Background

In hindsight it becomes clear that marketing has undergone two notable changes in the past few decades. The first phase was predominantly driven by manufacturers; while the second by retailers. The former drove the market by aggressive promotional strategies while the latter exploited closeness to consumers (Schultz & Schultz 1998). Ever since then marketing has entered a third phase, influenced by the increased role of information technology (IT) in consumer lifestyles which has led to a consumer dominant marketplace (Jim Blythe, 2006) and in the new landscape “consumer really is king” (Rob, 2009).

In the year (2006), Forrester Research identified an emerging trend taking place in online communities known as “Groundswell”. In this consumers interact through web 2.0 enabled technologies which include, but not limited to, Facebook, LinkedIn, MySpace, and user-generated content sites like YouTube, Helium and so on. Groundswell is formed by the intersection of people, interactive technologies, and online economics (Charlene, 2008). It is defined as, “A social trend in which people use technologies to get information they need from one another, rather than from traditional institutions like corporations” (Charlene, 2009). Groundswell is facilitated by Web 2.0 Technologies, a term coined by Tim O’Reilly, which uses collective intelligence of people. Web 2.0 is also known as social media (Tim, 2007). Social media is interactive in nature and is therefore known as consumer-generated-media, new media or citizen media (Rob, 2009). Conventional media is company-generated and information flows in one direction i.e., messages are broadcast from company to target audience (one-to-many) and in social media (many-to-many) in multiple directions.

Dave Evans in his ground breaking study (2008) defines social media as, “The democratisation of information, transforming people from content readers to content publishers. It is the shift from a broadcast mechanism to a many-to-many model, rooted in conversations between authors, people and peers”.

The rise of new social media can be seen from the fact that in first decade of 21st century several words from social media have entered lexicon as word of the year such as “Blog” (2004), “Podcast” (2005), “Facebook” (2007) and most recently a verb “Unfriend” which means to remove a friend on social network site (SNS) such as Facebook was chosen as the word of year 2009 by New Oxford American Dictionary.

A joint survey conducted by Forrester and the Association of National Advertisers (ANA) in the United States demonstrate the importance of social media as it depicts how marketers plan on advertising spending in 2010. Most marketers intend to increase marketing budgets to Social media by a whopping 77%, Web advertising 73%, and Search engine marketing 59%. Alternately, marketers plan to increase spending on conventional marketing only by 13% in magazines, 9% increase on radio advertising, and a dismal 7% raise in newspaper advertising.

These changes have created several opportunities for micro firms to adopt social media marketing as they are often cash-strapped and lack marketing expertise for carrying out expensive marketing campaigns. Social media therefore is most relevant to Sweden whereby an overwhelming majority of the businesses are small-sized.
According to business statistics for (2009), Sole proprietors constitute 74.7%, Small-sized firms 3.2%, Medium-sized 0.5%, Large enterprises 0.1% and Micro firms make up 21.5% of overall Swedish employment market (ekonomifakta, 2009). This shows that significance of small businesses are indisputable in Sweden as more than 96% of the employment is coming from sole proprietors and micro firms together. It is therefore, important for these small businesses to survive to sustain or increase their contributions towards themselves and alternatively to the economy. Small firms need either to grow or reduce their operating costs by efficient utilization of scarce resources, which typically characterize small firms. According to Huang and Brown (1999) small firms face several constraints. These constraints, when ranked in descending sequence of their importance, are sales and marketing (40.2%), followed by human resource management (15.3%), general management (14.3%) and operations (8.6%). The reason is that small firms are unable to employ seasoned marketers to carry out marketing activities for themselves (Huang & Brown 1991). As a consequence, in these economic times small firms are moving from conventional marketing practices such as television advertising, newspapers, radio, magazines, word of mouth marketing (WOMM), public relations (PR) and relationship marketing towards more affordable and interactive social media marketing.

1.2 Problem Discussion

An interesting way to describe social media marketing is to compare it with conventional marketing practices. The new trend, “groundswell” enables consumers to connect with one another and influence collective perception about a company or a newly launched product. As a result netizens change behaviour more quickly than tech-challenged offline consumers who stay loyal to companies for a longer time. This trend is compelling companies to use media which consumers value to get a positive image for themselves. The new approach to marketing has not only brought companies to a new arena but, also, it has threatened the existence of conventional forms of marketing practices (Charlene, 2008). Social media marketing has created new challenges for advertisers, companies and strategists. Pre-test interviews coupled with the scarce treatment of micro businesses by earlier researchers aroused much curiosity in our minds to know exactly what the real marketing scenario in Sweden is. Due to the increasing popularity of rapidly evolving social media marketing worldwide it would be interesting to know that whether it is the right time for small firms in Sweden to adopt the social media bandwagon?

With these studies in backdrop we conducted two pre-test interviews with Micro firm managers to find out the existing marketing scenario. Both the interviewees were knowledgeable about conventional marketing practices such as the 4Ps, advertising, customer retention and word-of-mouth marketing (WOMM), sales promotions, and web portals. Both were actively using media sharing sites (YouTube & Flickr) and social media network sites (Facebook and LinkedIn) but for personal purposes only. The young manager of the two interviewees was actively uploading materials on Scribd and videos on YouTube. However, they both were unaware of the impact of using social media for promotion of their businesses. The post-interview responses demonstrate general mindset thinking more inclined to conventional marketing practices like marketing mix (4Ps), promotional mix, word of mouth marketing (WOMM) and relationship marketing strategies.

1.3 Purpose of the Study

Micro firms are always short of money and money is spent on activities that can bring maximum benefits to the firms. In the back drop of all this hype about social media as a marketing tool we got the clue to find the right tools of marketing for these cash strapped micro firms regarding the choice
of conventional tools and social media as a new marketing tool. The purpose of our thesis is to compare and contrast conventional marketing practices with social media marketing in the context of micro firms and then suggest these micro firms as which tools are more suitable for them.

1.4   Research Questions

To achieve this purpose, we have formulated the following research questions.

RQ1. Which of the two types of marketing is more effective in terms of targeted segment coverage and expenditures?
RQ2. Which marketing approach enables micro firms to maintain better relationships with customers?
RQ3. Whether or not it is the right time for micro firms in Sweden to adopt social media marketing practices?

1.5   Delimitation

There are certain delimitations to our study which we would like to mention before proceeding further. The first delimitation is the time constraint. This is a Master level thesis and the time to conduct this study was too short considering the scope of the study. In order to complete the degree we had to really keep ourselves from spreading out in the study and complete in time as per requirement of the submission of the study in time. Our convenience sample for interviewing micro firms across different sectors from three cities of Sweden namely Jönköping, Skövde and Mariestad is not exhaustive. We needed to spread to other regions and industries for our study but due to the time constraint we were unable to do it accordingly.

Further, the subject is very new and there is very scant material written on the subject. Though we did our best to get a hand on every possible material related to the subject, yet there might be some shortcomings in the study. However, we have tried our best to contribute to the existing marketing literature in the context of micro firms.

The other delimitation is that we have conducted this study from one perspective only e.g. from the perspective of the businesses only and we have not interviewed or taken into account the thinking of the consumers. In order to get a clear picture of whether or not it is the right time for companies to ride the social media bandwagon or not we should have taken the consumers’ perspective also. We leave more thorough investigation of how consumers see social media for future researchers which might lead us to more accurate results.
1.6 Disposition of the Thesis

This is the introductory chapter which reveals in the background why social media vis-à-vis conventional marketing practices is topic of interest to be studied. The problem discussion elaborates how this topic relates to the earlier studies being conducted in a way to build a foundation for the purpose and subsequent research questions. Further at the end of chapter delimitation and disposition of the thesis are presented.

In this part the literature review of the study is presented which gives a schematic description of previous theories and researches undertaken in the context of marketing in small firms. In first place this chapter elaborates the fundamentals of conventional marketing in comparison to the newly emerging social media marketing coupled with a description of three laws of social media which describes the effectiveness of traditional media such as television and radio in terms of reach and frequency. Afterwards the focus is turned towards how the marketing mix paradigm is experiencing a shift in the relationship and social media marketing continuum. Finally, the issues of social media diffusion and adoption are discussed to find out whether on not small firms in Sweden are ripe and ready to take advantage of social media bandwagon. At the end a summary of the chapter is presented for reader's convenience.

In this chapter of the thesis the research approach and strategy are explained to show why qualitative multiple interviews are chosen. Then a description of target audience is presented as to whom benefit from this research along with procedure for collecting firsthand data via two pilot and six real time interviews. Afterwards the tools for data analysis are discussed and validity and reliability of the research is elaborated. The chapter ends with a comprehensive summary which serve as a road map to this chapter.

First, a brief introduction of the micro firms and interviewees is presented at the outset of the chapter to ease the analysis process. The empirical findings have been divided into three main categories which correspond with the three research questions and linked in a manner to compare the field data with the literature review. Finally the empirical findings are subjected to analysis which reveals the most important themes in a tabular form.

The conclusions of thesis are presented in this chapter after summarizing the important findings with reference to the research questions and the purpose of the study. Then implications for managers and academia are discussed. At the end a discussion about further research and authors own reflection from the study is incorporated and limitations of the study are presented.
2 Frame of Reference

In this chapter we introduce the concepts of micro firms in relation to conventional marketing practices and social media marketing. These theories are to be used when analyzing empirical data of the study, and as a support when drawing conclusions.

2.1 Introduction

According to Schmiemann (2006), in the European Union 90% of the businesses are micro in nature and same is true within Sweden where micro businesses are considered as the backbone of the economy. These businesses create employment opportunities; germinate entrepreneurial spirit in public and innovation in organizations. In spite of this still there is very scant published material on micro firms and it is relatively complex to define micro firms as there are several connotations of their qualitative and quantitative definitions. Micro firms in qualitative terms are businesses which are owner managed, have a small market share and the owner manager has discretionary power of making his or her own strategic decisions (Bolton Committee, 1971). According to Johnson, (1999) micro business is a business having up to 10 employees. This quantitative definition might cause some confusion as in this case the term SMEs can be used interchangeably with small businesses which also cover the definition of micro firms.

In the year (2005), European Commission introduced a new criterion for defining SMEs as shown in table (2-1) above. Accordingly, Medium-sized, Small and Micro businesses are businesses which have fewer than 250 employees or either an annual turnover not more than 50 million Euro. Whereas, Small-sized firms are businesses which have fewer than 50 employees and their annual turnover do not surpass 10 million Euros. Finally, Micro firms are businesses which have fewer than 10 employees with annual turnover not exceeding more than 2 million Euros. From this discussion evidently micro business is easy to describe but difficult to define. Therefore for this thesis we will follow the most recent definition of European Commission (2005) for micro businesses as it is recognized and practiced worldwide by academics and practitioners.

### Table 2-1: European Union Criteria for Defining SMEs

<table>
<thead>
<tr>
<th>Enterprise Category</th>
<th>Headcount</th>
<th>Annual Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>Less than 250</td>
<td>Less than or equal to 50 Million Euro</td>
</tr>
<tr>
<td>Small-sized</td>
<td>Less than 50</td>
<td>Less than or equal to 10 Million Euro</td>
</tr>
<tr>
<td>Micro firms</td>
<td>Less than 10</td>
<td>Less than or equal to 2 Million Euro</td>
</tr>
</tbody>
</table>

(Source: Adopted from European Commission industry guide, 2005)

2.2 Marketing in Small Firms

First, we begin by defining marketing in the context of small firms as, “Small business marketing consists of those business activities that direct the creation, development, and delivery of a bundle of satisfaction from the creator to the target user and that satisfy the targeted user” (Logenecker et. al, 2010). The concept of bundle of satisfaction in this definition is explained later with the help of figure (2-4) as the benefits which consumers might receive from the product or service offered.
According to Timmons (1999) business mortality statistics for small businesses show that, small firms experience a high rate of termination during initial years. The rate of discontinuance can be as high as 70% during the first five years of inception. Whereas, Marc (2004) argues that marketing practices like a careful analysis of target market can lower failure rates of small businesses up to 60%. At the same time small firms confront several other problems which in descending sequence of their importance are sales and marketing 40.2%, followed by human resource management 14.3% and operations 8.6% (Huang & Brown 1991). This indicates that marketing is the most pressing problem confronting small businesses and still it has been recognized as most important business function for small businesses (McKenna, 1991), and of-course marketing in small firms differ from marketing in large firms (Bjerk & Hultman, 2002). The same course of reasoning is applicable in the context of micro firms which are influenced by owner-manager and resource scarcity (Karolina et al, 2007).

These challenges call for a marketing orientation in small firms to improve performance with respect to competitors. According to Never and Slater (1991) a marketing orientation is defined the, “organizational culture that most effectively creates the necessary behaviours for the creation of superior value for buyers and thus continuous superior performance for the business”. However, Mike (2002) state that there are other possible orientations which small businesses can follow such as production orientation, product orientation, financial orientation. Most recently Kotler and Keller (2009), advocated the concept of holistic marketing orientation meaning that “everything matters” in marketing and that a wide, integrated orientation is needed to compete effectively in marketplace and mindspace.

It has been agreed on that the principles of marketing theory are equally important for both small and large firms (Sui & Kirby, 1998). There are several models of marketing that provide guidelines for businesses to survive and grow in their respective industries. However, Welsh and White, (1981) proclaims that “a small business is not a little big business”. There are several points on which small businesses differ from big organizations like; owner-management has a distinct strict discipline in small businesses, lack of trained personnel, short-ranged management perspective, limited financial resources, adoption to steady state conditions and analytical models used in big organizations have limited usage in small businesses (Welsh & White, 1981). This shows that small businesses are not like big businesses therefore, the needs of these two types of organizations differ from each other including its marketing needs.

2.3 Towards a New Model of Marketing

One set of marketing theory cannot be generalized for two types of organizations with different characteristics and requirements. The marketing theories which are written in the context of big organizations have little or no relevance to small businesses (Chasten & Mangles, 2002).

Little research has been carried out on small businesses and those researchers tried to draw models and theories specifically for small businesses but these efforts alone cannot help the needs of the small firms in totality. For instance, Miller and Antilla (1987) researched 36 Finnish and Swedish firms but they described their research as being “too qualitative for examining state-of-the-art marketing in small manufacturing firms”. Similarly, most of the research that is done on small businesses focuses on the problems or barriers present in the small firms (Simpson et. al, 2006). Some research is practical in nature but lacks real time application. For instance, the Growth/Stage Model by Siu & Kirby, (1998) advocates the consideration of the stage of growth of small businesses while formulating marketing models for small firms, but the model is unable to mention the impact of radical technological advances like the internet.
In the light of the above shortcomings in theories for the small firms, it can be argued that the theories need to be either modified to suit the small businesses or a completely new set of theories and models be drawn for the small businesses.

Simpson and Taylor (2002) came up with a new model of marketing, “the role and relevance model of marketing”. The role and relevance model of marketing in SMEs explains the role and relevance of marketing in a small business environment. The model places organizations in four quadrants depending on the relevance and role of marketing. These quadrants comprise as; Marketing led organizations (MLO), Marketing dominated organization (MDO), Marketing weak organization (MWO) and Marketing independent organization (MIO).

![Role and Relevance Model of Marketing](image)

**Figure 2-1 Role and Relevance Model of Marketing** adopted from Simpson & Taylor, 2002

In Marketing-led organization (MLO), there is strong marketing orientation for maintaining or increasing market share in a competitive business environment. Marketing-led organization is perceived to be organizations pursuing best business practices to cope with changes in business environment. In a Marketing-dominated organization (MDO) there is minor relevance and major role of marketing in strategy making processes. Normally, such organizations have guaranteed business from a major account or client. Therefore, marketing may be seen as unnecessary and the organization might be called a marketing-nominated organization but in the long term marketing can help the organization move to (MLO) quadrant in the model. In the Marketing-weak organization (MWO) a sales orientation is prevalent with major relevance and minor role of marketing. This type of organization does not have a proper marketing department and these businesses are normally not interested in growth either. A Marketing-independent organization (MIO) resembles a marketing dominant organization (MDO) but in such type of organization there is no unconditional orientation and commitment towards marketing. However, a drawback of (MIO) approach is that the organization future is at the mercy of the major client (Simpson & Taylor, 2002)

From the above discussion we come to know that Marketing-led organization (MLO) is the best strategy for a small business for maintaining or increasing market share in the domain of competition. There are three possible alternative paths identified for small firms to reach the desired (MLO) quadrant as shown in Figure (2-2) below.
“Strategy A” which follows the route (MIO-MDO-MLO) is an innovative approach which is resource intensive in the beginning but should help the small business later in exploiting actionable opportunities, “Strategy B” which follows the track (MIO-MWO-MLO) is more a reaction to market demands, and finally “Strategy C” which follows (MIO-MLO) path is seldom used by Small brick and mortar businesses (Simpson & Taylor, 2002). Later in the year, (2006) Simpson and Taylor carried out another research along with Padmore and Hughes to test their new model. They found that there still lie some deficiencies in their model but the model has been successful in taking the understanding of marketing in small firms one step further by categorizing small businesses on the basis of marketing activities they carry out inside (Simpson et. al, 2006).

2.3.1 Summary

To sum up the above discussion in few simple words the authors have tried to form a launching pad for the RQ1 of this thesis. In the first place an effort has been made to define accurately micro firms and therefore we have adopted for this thesis the standard definition of micro firms given by the European Commission (2005). Second, the authors have tried to describe how marketing is seen and carried out in small firms as by design or default a small business is not a little big business. Therefore the authors try to explain that marketing practices in small firms should be seen as distinct from big business and a new model of marketing is discussed which classifies small firms in four quadrants depending on the role and importance of marketing for a small business.

2.4 Conventional Marketing Mix and Social Media

Traditional marketing practices are centred on the marketing mix model. The marketing mix model was introduced by Borden in the 1950s (cited from Neil, 1984). Soon after in the 1960s according to McCarthy (1960), the marketing mix model was termed the 4Ps of marketing as it contains Product, Price, Place and Promotion variables. Ever since then it became the indisputable marketing model and replaced the then existing functionalist approach and parameter approach of Copenhagen Business School of Scandinavia (Alderson, 1957).

Further with the passage of time researchers like Booms and Bitner proposed more supplementary “Ps” of marketing to existing list of “4Ps” such as people, process and physical evidences constituting a “7Ps” approach which is more inclined to services marketing (Fifield & Gilligan, 1996), and personnel,
physical assets, procedures and personalization (Goldsmith, 1999). Most recently Otalcan (2005) has introduced the concept of \((2P+2C+3S)\) by including Personalization, Privacy, Consumer, Community, Sales promotions, Site and Security in the marketing mix list of variables which are more inclined to E-Marketing practices. It is important to know that although the original marketing mix model has been oversimplified by restricting it merely to 4Ps of marketing (Gronross, 1999) still it is interesting to know that embedded in the Promotion “P” are sub variables such as advertising which can be both below-the-line (BTL) and above-the-line (ABL) or a hybrid combination of both known as through-the-line advertising (ABL+BTL =TTL), Sales promotions such as (Samples, Premiums, Point of Purchase (POP), Trade shows, scientific shows, sweepstakes), Personal selling, Public relations and Direct marketing (Wilmshurst, 2007). Most recently according to Glyn and David (2009), with the arrival of social media a new dimension has been added to promotion mix as social media in a conventional sense can help companies to interact with consumers, while in unconventional manner it makes possible for customers to interact directly with other customers.

The table 2-2 (a) below reveals the fundamental changes that social media has induced by making media instantly updatebale, control, archives accessibility, freedom and in terms of measuring the effectiveness of a marketing campaign. On the other hand traditional media is unchangeable with archives not accessible and reaches a finite number of people (Stokes, 2008).

<table>
<thead>
<tr>
<th>Traditional Media</th>
<th>Social Media</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed, unchangeable</td>
<td>Instantly updateable</td>
</tr>
<tr>
<td>Commentary limited and not real time</td>
<td>Unlimited real-time commentart</td>
</tr>
<tr>
<td>Limited, time delayed best seller lists</td>
<td>Instant popularity gauge</td>
</tr>
<tr>
<td>Archives poorly accessible</td>
<td>Archives accessible</td>
</tr>
<tr>
<td>Limited media mix</td>
<td>Allmedia can be mixed</td>
</tr>
<tr>
<td>Committee publishers</td>
<td>Individual publishers</td>
</tr>
<tr>
<td>Finite</td>
<td>Infinite</td>
</tr>
<tr>
<td>Sharing not encouraged</td>
<td>Sharing and participation encouraged</td>
</tr>
<tr>
<td>Freedom</td>
<td>Control</td>
</tr>
</tbody>
</table>

*Source: Rob Stokes, (2008)*

The above discussion is further elaborated by Charlene Li and Josh Bernoff (2008) who, based on their observation of hundred of businesses, have come up with five common objectives such as listening, talking, energizing, supporting and embracing as to why companies use social media. These five objectives correspond to the traditional business functions as shown in the table 2-2 (b) which also reveals that how things have become different in the domain of groundswell.
2.5 Product

Kotler and Armstrong (2004) define a product as, “Anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a need or want”. It can be a tangible physical good, service(s) and idea(s) which are intangible in nature. Based on consumer welfare and satisfaction, Shapiro et al, (2002) have categorized products into four categories as shown in figure (2-3).

![Figure 2-3 Consumer Welfare and Satisfaction Model of Products adopted from Shapiro et al, 2002](image)

As the figure reveals that desirable products have both high immediate appeal and long term satisfaction. Salutary products have low immediate appeal but may benefit the customer in long run e.g. Air bags. Pleasing products have high immediate appeal but might hurt the consumer in the long run such as cigarettes and deficient products have neither immediate appeal nor long run benefits. Marketers plan their products on the basis of customer value hierarchy consisting of five distinct levels as shown in Figure (2-4). According to Logenecker et al, (2006), the basic level is the core benefit which signifies the fundamental benefit for which the consumer buys the product. The second level consists of generic or basic product and the third expected product. The fourth level is augmented product which means any additional features, benefits or value laden services on the basis of which organizations compete and finally, potential product which include the total augmentations and
transformations a product might produce in future time (Kotler, 2000).

![Diagram: Five levels of Product](image)

**Figure 2-4: Five levels of Product adopted from Philip Kotler, Millennium Edition**

### 2.6 Pricing

Price is the reflection of market forces and is defined as, “The sum of the values that customer exchange for the benefits of having or using the product or service” (Wong et al, 2005), and “The amount of money charged for a product or service” (Kotler & Armstrong, 2008). Boone and Kutz (2001) argue that price refers to the exchange value of a product or service. Pricing tactics normally changes as the product or service goes through the product life cycle (Kotler et al, 2005). For imitative products firms normally follow four types of strategies such as Premium pricing, good value, overcharging and economy pricing strategy, as shown in the figure (2-5). For innovative products firm can chose from market skimming to penetration strategies (Kotler et al, 2005). It is important to discuss that many small businesses consider under-cutting pricing as the most appropriate strategy in the initial stages for attracting customers and booming sales. However, the small business owner should bear in mind that established competitors normally have more resources than new one and in a cut throat price competition they can be wiped out the small business (Logenecker et al, 2010).

As the Figure (2-5) reveals below Premium pricing strategy means having high-quality product and higher prices and on the other hand, Economy pricing strategy has a low quality product or services and charges lower prices. Whereas, good value pricing offers high quality at an affordable price and overcharging strategy means that the organization over prices its product or service relative to the quality of the product/service (Kotler et al, 2005). Companies which launch new innovative products, with the fear of easy entry for competitors, often use skimming pricing strategy also known as market-plus pricing as in these strategy higher prices are set initially on purpose to skim the profits from the market. The term takes its origin from the expression “skimming the cream” (Boone & Kurtz, 2001).
On the other extreme, market penetration sets lower prices in beginning to penetrate the market initially and then gradually raise the prices as demand pull is created (Kotler & Armstrong, 2008).

![Pricing Strategies Model](image)

**Figure 2-5: Pricing Strategies Model adopted from Principles of Marketing, Kotler et al, (2005)**

According to Longenecker et al, (2006) small business should not recognize off target pricing as an irreversible error as pricing is not an exact science and there are no established hard and fast rules. If the pricing strategy misses the target then small firms should make necessary adjustments to their strategy.

### 2.7 Place

According to Boone and Kurtz, (2001) a marketing channel is defined as, “A system of marketing institutions that promotes the physical flow of goods and services, along with ownership title, from producer to consumer or business user; also called a distribution channel”.

Companies seldom work in isolation for creating value for customers as majority of firms are only part of larger distribution network (Kotler et. al, 2005). Therefore it is crucial for firms to determine the type of channel which is most appropriate for attainment of their objectives. Some channels have many marketing intermediaries such as a wholesaler, agent/broker, and a retailer (Boone & Kurtz, 2001) while in a direct-marketing channel there are no intermediaries involved, as shown in the Figure (2-6) below (Kotler et al, 2005).

![Distribution Channels](image)

**Figure 2-6: Types of Distribution Channels adopted from Boone & Kurtz (2001)**

Intermediaries are used in distribution channels as they create efficiencies in providing products to end-users as these intermediaries are more specialized expertise in these operations (Kotler & Armstrong, 2008).
The above Figure 2-7(left) reveals that intermediaries enable economies as there are three manufacturers who are reaching three end users. In this arrangement nine different contacts are required. On the other hand in the Figure 2-7 (right) there are also three manufacturers who are using one distributor that uses six contacts. The result is distribution decreases the number of contacts or amount of work which needs to be done by both manufacturers and end users (Kotler & Armstrong, 2008). This reduces the cost of operation and, hence, more benefit for the end user.

2.8 Integrated Marketing Communication Mix /Promotion Mix

Wibur Schramm (1995) defines communication as, “the process of establishing a commonsense or oneness of thought between a sender and a receiver”. According to Boone and Kurtz (2007), integrated marketing communications try to organize and direct the elements of marketing mix (advertising, personal selling, sales promotions, public relations and direct marketing) to create a customized message for target audience to attain organizational objectives. Longenecker et al, (2010) proclaims that small firms use promotions in different extents; a small business rarely would use the entire promotional strategies available. In conventional promotional mix, the five elements are designed by businesses in coordination with paid advertising agencies and marketing research firms (Glynn & David, 2009). This method has been used ever since, World War II for creating integrated marketing communications strategies with organizations operating from a position of control (Muniz & Schau, 2007). However, Blackshaw and Nazzaro (2004), proclaim that recently the strategies for interacting with target audience have changed with the advent of consumer generated media, as control of managers on timing, content, and frequency is diminishing to a great extent (Glynn & David, 2009). This is mainly been made possible through the social media trend where consumer interact with one another independently and get the information which they normally would get from institutions (Charlene & Li, 2009)

In this regard for comparison purposes Emily Riley and Rebecca Jennings, (2009) in collaboration with Forrester research have devised a template for aligning social marketing tactics with traditional marketing channels as shown in table 2-3 below.
In order to carry out this type of comparison the businesses must first determine their goal which can be brand building, engaging customers, information gathering, inducing purchase and customer service. Then the marketer should analyze which tactics might take the place or be compared to a traditional marketing approach (Emiley Riley et al, 2009). After discussing the evolutionary developments which marketing mix has undergone, now we shall elaborate the specific variables of the marketing mix model one by one.

We are witnessing a transition from traditional media to social media. In an effort to cover both sides of the continuum we would start with conventional promotional strategies and then towards relationship marketing and finally to social media adoption practices.

2.9 Advertising

According to PricewaterhouseCoopers, 2009 worldwide marketers spend in excess of 400 billion dollars on advertising of which major amount of money is spent on television advertisements. According to Boone & Kurtz (2001, advertising is nonpersonal (one-to-many), paid form of communications (unlike publicity) which uses several types of media for informing or inducing trial in target audience. Whereas, Kotler et al, (2005) define advertising as, “Any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor.” According to Baker (2006), for creating effective advertisements Strong’s widely accepted model of AIDA- (Attention, Interest, Desire & Action) is used. Businesses use advertising for informing, persuading, and comparing their products or services to competitors (Boone & Kurtz, 2001; Kotler et al, 2005; Baker, 2006; Stanton et. al, 2003; & Kotler & Armstrong, 2008). Majority of small businesses use other people competencies for their advertising purposes such as advertising agencies and research firms (Longnecker, 2006). However, today broadcasters are faced with numerous problems which are mostly technology oriented. For instance, Baker (2006), stresses that with the arrival of Personal video recorders (PVRs) like TiVo, consumers can record many hours of programming and can easily skip advertisements.

Regarding two types of advertising (informative and persuasive) there are two schools of thought. The Harvard school of thought see advertising mostly as anticompetitive and persuasive in nature,
whereas, the Chicago school of thought view advertising as informing consumers by having a favourable impact on competition (Beuscart & Mellet, 2008). Furthermore, there are two main categories when it comes to the types of media for advertisements such as Above-the-line (ATL) which contains all commission based media such as Television, Newspapers, Magazines, Radio and Below-the-line (BTL) which are non commissioned such as publicity (Wilmshurst, 1994).

Table 2-4: Profiles of Major Types of Media

<table>
<thead>
<tr>
<th>Medium</th>
<th>Advantages</th>
<th>Limitations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>Mass-marketing coverage; Low cost per exposure; combines sight, sound and motion</td>
<td>High cost; bicultural costs; High clutter; fleeting exposure; less audience selectivity</td>
</tr>
<tr>
<td>Newspapers</td>
<td>Flexibility; Timeliness; good local coverage; highly believable</td>
<td>Short life; poor reproduction quality; small pass along audience</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>High audience selectivity; flexibility; no ad competition; allows personalization</td>
<td>Relatively high cost per exposure; “Junk Mail” image</td>
</tr>
<tr>
<td>Magazines</td>
<td>High geographic and demographic selectivity; credibility &amp; prestige; long life; good pass along readership</td>
<td>Long ad purchase lead time; high cost; no guarantee of position</td>
</tr>
<tr>
<td>Radio</td>
<td>Good local acceptance; high geographic and demographic selectivity; low cost</td>
<td>Audio only; Low attention; fragment audience; “The half-heard “medium</td>
</tr>
<tr>
<td>Outdoor</td>
<td>Flexibility; high repeat exposure; low cost; low message competition; good positional strategy</td>
<td>Little audience selectivity; Creative limitations</td>
</tr>
<tr>
<td>Internet</td>
<td>High selectivity; low cost; immediacy; interactive capabilities</td>
<td>Demographically skewed audience; relatively low impact; audience controls exposure</td>
</tr>
</tbody>
</table>


According to Kotler et al, (2005) advertisers need to make media related decisions in the light of reach, frequency, timing and media impact, and Baker (2006), stresses that advertising medium requires attention in terms of character of medium; atmosphere; coverage; cost; size and position of the medium. In terms of frequency of advertisements it is important for small firms to decide how often to advertise as it involves a number of objective and subjective elements. Therefore prudent entrepreneurs seek professional advice and recommendation in this regard (Longenecker et. al, 2010). According to Robert Kiyosaki and Sharon Lechter (2000), advertising works on a six-week cycle. Small businesses should not look out for results from promotional campaigns until the completion of six-week’s cycle. Kiyosaki (2000) stresses that small firms should not abandon promotional campaigns prematurely particularly during economic recessions as in these economic circumstances consumer turn to those businesses which stay more visible by being persistent in their promotion (cited in Longenecker et. al, 2010).
According to Cant and Heerdan (2005), personal selling can be defined as, “the process of person-to-person communication between a salesperson and a prospective customer in which the former learns about the latter’s needs, and seeks to satisfy those needs by offering the prospective customer the opportunity to buy something of value, such as a good or service”. Salesperson play a vital role in the process of personal selling that is why sometimes they are referred as the eyes and ears of organization as they cross and upsell to customers (Greend, 1998). In contrast to advertising (B2C) personal selling is normally used in B2B markets because the customer is some kind of manufacturer or producer itself (Wright, 2004). The table (2-6) below reveals that personal selling is most appropriate for industrial and speciality goods and advertising is more suitable for convenience goods (Baker, 2006).

Table 2-5: Character; atmosphere; Coverage; Cost; Size and Position of the Medium

<table>
<thead>
<tr>
<th>Factor</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Character</td>
<td>Geographical coverage (regional, national, local); Socioeconomic composition of audience; physical characteristics such as standard of reproduction, color, visual, oral; Frequency of publication; Power to reach special groups</td>
</tr>
<tr>
<td>(b) Atmosphere</td>
<td>Based on subjective evaluation of content and presentation; A broad distinction may be between acceptable &amp; intrusive media</td>
</tr>
<tr>
<td>(c) Coverage</td>
<td>Actual number of people exposed to the medium in the sense of being aware of its content</td>
</tr>
<tr>
<td>(d) Cost</td>
<td>Expressed in terms of Cost per thousand (CPT), means dividing the cost of publication by the audience in thousands</td>
</tr>
<tr>
<td>(e) Size</td>
<td>Companies desire to size or duration of an advertisement for effective coverage, but on a progressively diminishing scale</td>
</tr>
<tr>
<td>(f) Position</td>
<td>Certain slots achieve greater coverage than other positions. Timing has the same effect for broadcast messages on radio and television</td>
</tr>
</tbody>
</table>


2.10 Personal Selling

Table 2-6: Relative Importance of Marketing Communications

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal Selling</td>
<td>Very High</td>
<td>Very Low</td>
<td>Average</td>
<td>Very High</td>
</tr>
<tr>
<td>Advertising</td>
<td>Very Low</td>
<td>High</td>
<td>Average</td>
<td>Very High</td>
</tr>
<tr>
<td>Sales Promotion</td>
<td>Low</td>
<td>High</td>
<td>Average</td>
<td>Very High</td>
</tr>
<tr>
<td>Packaging</td>
<td>Low</td>
<td>Very High</td>
<td>Average</td>
<td>Very High</td>
</tr>
</tbody>
</table>

According to Kotler and Armstrong (2008), personal selling process is composed of seven steps such as (a) Prospecting and qualifying (b) approach, (c) presentation, (d) demonstration, (e) handling objections, (f) closing, and (g) follow up. The journey from prospecting to closing step depends on salespersons familiarity and command over product knowledge when it comes to making a pitch to prospects which might be generated from personal referrals, directories, yellow pages, and marketer-initiated contacts (Longenecker et. al, 2009).

The Figure (2-8) indicates that steps in personal selling process follow (AIDA) concept. When a prospect is chosen the salespersons try to secure attention. Afterwards interest and desire are aroused leading to action in the final two steps (Boone & Kurtz, 2001). Salespersons use cold calling techniques in tandem with the effective use of \((A = P = S)\) formula. In simple words Appointments creates Prospects which give company sales (Schiffman, 2003).

### 2.11 Sales Promotion

According to the Institute of Sales Promotion, sales promotions can be defined as “A range of tactical marketing techniques designed within a strategic marketing framework to add value to the product or service in order to achieve specific sales and marketing objectives” (Brassington & Pettitt, 2006).

Whereas Kotler et al. (2005), define sales promotion as short run incentive to induce buying of a product or service. Almost all consumer product companies confirm using some kind of sales promotions and it makes up to 75 % of their marketing spending (Schultz et al, 1998).

McAlister proposed a model in (1986) which categorize various types of consumers in terms of their inclination to purchase deals. In this model McAlister makes the basic difference between end users who purchase only when there is some offer on the brand and those who purchase regardless of whether or not the a sales promotion is in effect (Tony Yeshin, 2006). Sales promotion can be of different types depending on the nature of product, service and target audience. There are three main categories of sales promotion tools namely consumer oriented, trade oriented and business oriented (Kotler & Armstrong, 2008).

According to Kitchen and Pelsmacker (2004), consumer oriented sales promotions use pull strategy by encouraging consumers to pull the products from the manufacturers’ channel. These sales promotion tools which includes but not limited to samples, coupons, cash refunds, price packs, premiums, advertising specialties, patronage rewards, point-of-purchase (POP) displays, demonstrations, contests, and sweepstakes target the end-users (Armstrong et. al, 2009). Trade oriented sales promotion uses a push strategy by offering incentives (push money) to wholesalers and retailers to push the product through
the marketing channel (Kitchen & Pelsmacker, 2004). Boone and Kurtz (2008) further elaborated these tools and mentioned that these include but are not limited to trade allowances (buying allowance, off-invoice allowances, promotional allowances), point-of-purchase (POP) advertising, trade shows, scientific shows, dealer incentives, contests and training programs. Finally, the business oriented sales promotions tools are business oriented and used for generating business leads, increasing purchases, rewarding clients and motivating salespersons. For instance, conventions and sales contests (Kotler & Armstrong, 2008).

Tony Yeshin (2006) advocates that sales promotions are more beneficial for small firms as the costs of sales promotion can be trim tailored according to the needs of a specific business. These help a small business to compete for shelf and mind space in competition with heavy weight brands with huge media spending.

2.12 Public Relations

According to Foster (1995), the concept of public relations is often misunderstood by students, academics and even senior management. For instance, in 1994 almost 74 different headings (titles) were used in job advertisements seeking public relations professionals. A few of the commonly used titles are Corporate Affairs Manager, PR Executive, Communication manager and Media Liaison Officers and so on (Johnston & Zawawi, 2004). Some people also confuse public relations with propaganda which is treated with distrust by people does not occupy a place in the domain of recent public relations literature (Shirley Harrison, 2000).

According to Institute of Public Relations, “Public relations practice is the planned and sustained effort to establish and maintain goodwill and understanding between an organization and its publics” (IPR, 1991). The word “publics” is specifically used in Public relations jargon for certain group of people to which an organization is interested in communication (Shirley Harrison, 2000).

The model shown in Figure (2-9) reveals the various stages of consumer moods which confronts Public relations officers. The difficult task is to transform people opinion from hostility to prejudice, apathy and ignorance stages to interest, acceptance, sympathy leading to creation of empathy (Paul Baines et al., 2004).
Hunt and McKie (1998), there is quite a difference between marketing and public relations as marketing is bottom line oriented, and public relations (PR) is not. It is also pertinent to know some people confuse public relations with advertising. The difference between these lie in the control factor as the space, frequency and content are controlled by the firm in advertising and in public relations the space generated by public relations officer (PRO) is free of cost and the content can be both favourable as well as unfavourable (Johnston & Zawawi, 2004). In this regard Steven D. Strauss (2008) stresses that for small firms it is expensive to hire seasoned advertising agencies and freelance copy writers' therefore small businesses benefit from the services of PR stores. These are a kind of “marketing superstores” for small businesses who can assist in a host of marketing services. In many situations and departments the differences between marketing and public relations is not so obvious leading to duplication of work because of overlapping. However, Eric N. Berkowitz (2004), says that the importance of having coordination between marketing and PR departments.

2.13 Direct Marketing

According to Stone and Jacobs (2008), direct marketing is defined as, “The interactive use of advertising media to stimulate an (immediate) behaviour modification in such a way that this behaviour can be tracked, recorded, analysed and stored on a database for future retrieval and use”. Douglas et al, (2006) proclaims that this element is normally directed towards key customers, suppliers and staff for relationship building purposes. Boone and Kurtz (2009), suggests that direct marketing is one of fastest growing elements of promotion mix and can be used both for business-to-business (B2B) and business-to- consumer (B2C) marketing. Direct marketing is different from conventional advertising in two ways mainly; (a) it can be personalised for individual consumer needs (b) its effectiveness can easily be assessed and improved on a continuous basis (Straubhaar & et al, 2009). Direct marketing as shown in the Figure (2-10) includes applications such online marketing, face-to face or door-to-door selling, direct mail, catalog marketing, telemarketing, direct response marketing, kiosk marketing, digital technologies enabled marketing and so on (Baker, 2006).

According to Chet Meisner (2006), entrepreneurs pursuing direct marketing in small businesses follow the same approach as in big businesses, but the difference lies in terms of cost, media and strategies. It is interesting to discuss that even small start-ups can benefit from direct marketing practices by joining hands with a piggy-back partner to collecting contacts of resembling customers (Mullin, 2002). According to Edward Nash (2000), direct marketing has achieved unprecedented success in the domain of marketing and its success can be seen from the fact that now it has become the foundation for “database marketing,” “relationship marketing,” “one-on-one marketing,” “maxi marketing,” “integrated marketing,” and many other variations. According to Kotler & Armstrong as the figure (2-10) reveals that conventional forms of direct marketing encompass tools such as face-to-face selling, direct mail, online marketing, and digital technologies, kiosks, direct response, telemarketing, and catalog marketing. However, this is not an exhaustive list as other techniques such as solo promotions; infomercials (delivering information in an entertaining manner) as well as e-commerce can also be used by small businesses (Straybhaar et al, 2009).
According to Bob Stone and Ron Jacobs (2008), it is crucial for survival of small business to develop an integrated sales coverage model which should help in providing value in economic terms across market segments, channels as well as media. The model as shown in Figure (2-11) above is meant for enhancing sales turnover by using low-technology methods coupled with tools such as databases, contact management, customer relationship systems (CRM), sales force automation systems.

2.13.1 Three Laws of Media

2.13.2 Sarnoff’s Law

This law was postulated by David Sarnoff who is reckoned to be the pioneer of broadcasting business for he founded the National Broadcasting Company (NBC). According to Campbell Ewald (2009), Sarnoff’s law for any one-to-one network is worthwhile the specific number of participants in that network. So a network with 100 participants is worth 10 times more than a network with only ten members. Dave Evans (2008), elaborates this law in other words as during the process of broadcasting a single message is sent to infinite number of listeners therefore other things remaining, “A network with 100 people is therefore 10 times as valuable in terms of reach as a network with only 10 people.” However, the drawback of Sarnoff’s law is that it is applicable only for one-way media like television, radio where there is no interaction between the sender and receiver (Ewald, 2009).

2.13.3 Metcalf’s Law

This law was postulated by Robert Metcalf (1980), who founded the well known networking firm 3.com. According to Dave Evans (2008), in any network of two way communications, the value of such a network increases by the square of number \( n^2 \) of users in the network. This is because
people can communicate in two directions and there are more than one conversation taking place at a time. According to Ewald (2009), therefore, a network with 100 users is worth hundred times more than a network with 10 users. However Dave Ewald (2009) points out a drawback with this law is that it assumes interactions, but is only applicable to two-way communications such as email and telephone conversations.

2.13.4 Reed's Law

Postulated by David P. Reed this law is also known as “The Law of the Pack” which states that the value of a network increases more than the two preceding laws during the formation of groups, communities via the inter-connections among them (Evans, 2008). Reeds law in comparison of network of 10 person, the difference in the utility of a network of 100 people who would not talk to each other as they should under Metalfe’s law and within groups of persons is equal to 2 raised to the 90th (Evans, 2008). He states that Reeds law has considerably more coverage as it reinforces a new layer of groups such as in social network sites which creates sub groups and communities, is typical examples of this law. According to Ewald (2009), typical examples of Reed’s Law are social media and the communities formed there in. However a draw back of the absence of human elements in computer networks is that it presumes unlimited number of senders and receivers and complete interaction.

2.13.5 Summary

To sum up the above discussion in a few simple words the authors in this part of thesis have tried to elaborate the concepts of conventional marketing practices vis-à-vis social media marketing. In the first place the authors have described as to how the marketing mix model has become a strait jacket for new marketing theory and practice. Next the four Pillars of marketing have been described in detail leading to promotional mix strategies which describes how small firms can achieve an integrated marketing communication mix. Finally, three laws of media have been described in order to know the effectiveness of conventional and social media in terms of reach and frequency for target market coverage which corresponds to our RQ1 of this thesis.

2.14 Relationship Marketing

The marketing mix model (4Ps) has dominated marketing theory and practice for some good five decades. According to Grönroos (1997), nowadays this paradigm is losing its strategic value as it has become a “strait-jacket” for development of new marketing theory, leading to the rise of relationship marketing. Hunt (1994) defines relationship marketing as, “All marketing efforts directed at establishing, developing, and maintaining successful relational exchanges”. Palmer et al, (2005) proclaims that the rise of relationship marketing can be seen from three different perspectives. First and foremost, the Nordic School of thought, second, the Anglo Australian School and third, the industrial marketing and purchasing group.

The Nordic School of thought on Relationship marketing claim that the roots of relationship marketing stems from services marketing (Silva & Palmer, 2004) and this is why this school of thought extended the concepts of services marketing to cross-functional business relationships (Grönroos, 2000). Simply putting it, the Nordic school of thought proclaims that product differentiation is hard in mature markets therefore services can result in competitive advantage through the processes of interaction, dialogue and value (Baines et. al, 2009).

The Industrial Marketing and Purchasing Group (IMP) have developed a framework for business relationships which lead to further refinement of the idea of business networks (Håkansson &
Snehota, 2000). This paradigm assumes that both buyer and seller participate in a relationship which is seen as long term, close and complex (Baines et. al, 2009).

The Anglo-Australian School of relationship marketing thought suggests that value is created by interaction of quality and service activities and relationships are generated within markets (Christopher et al, 1991). Similar to the Scandinavian school of thought the relationship marketing emphasis is laid on internal marketing and the personnel involved in provinence of services (Baines et. al, 2009).

Most recently, with the arrival of social media technologies businesses think more in terms of technology, but technology is evolving so very fast that to chase it is very difficult, therefore this thinking has led to social media avoidance syndrome. As a matter of fact the essence of social media lies in concentrating on realtionships, not the technologies which enable it (Charlene& Li, 2008).

2.15 The 30 Rs of Relationship Marketing

Evert Gummesson, a Stockholm based professor, has proposed the 30 Rs concept of relationship marketing. The 30 Rs have been classified into four main categories with (R1-R3) Classic market relationships, depicting the supplier and customer dyad, supplier, customer and competitor’s trio as well as the distribution network commonly used in marketing theory and practise. The second category of relationship is known as Special market relationships (R4-R17) as show in the table (2-7) below which is mainly concerned with classical type of relationships such as customer loyalty programmes. The thrid category is Mega relationships (R18-R23) which is related to mega marketing, mega alliances such as NAFTA and social relationships. The final category of relationships is known as Nano relationships (R24-R30) which covers inter and intra-organizational relationships (Gummesson, 2008).

<table>
<thead>
<tr>
<th>A. Classic Market Relationships</th>
<th>C. Mega Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Supplier and customer</td>
<td>18. Personal and social networks</td>
</tr>
<tr>
<td>2. The customer - supplier - competitor - triangle</td>
<td>19. Mega marketing - the real &quot;customer&quot; is not always found in the marketplace</td>
</tr>
<tr>
<td>3. Network - distribution channels</td>
<td>20. Alliances change the market mechanism</td>
</tr>
<tr>
<td></td>
<td>21. The knowledge relationship</td>
</tr>
<tr>
<td></td>
<td>22. Mega alliances change the basic conditions for marketing</td>
</tr>
<tr>
<td></td>
<td>23. Mass media relationship</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>B. Special Market Relationships</th>
<th>D. Nano Relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>4. FTU and PTM marketers</td>
<td>24. Market mechanisms are brought inside the company</td>
</tr>
<tr>
<td>5. Customer and service provider</td>
<td>25. Internal customer relationships</td>
</tr>
<tr>
<td>6. Many-headed customers &amp; supplier</td>
<td>26. Quality providing a relationship between operations management and marketing</td>
</tr>
<tr>
<td>7. Customer’s customer</td>
<td>27. Internal marketing - relationships with the employee market</td>
</tr>
<tr>
<td>9. Dissatisfied customer</td>
<td>29. Relationship to external providers of marketing services</td>
</tr>
<tr>
<td>10. Supplier/customer as prisoner</td>
<td>30. Owner and financier relationship</td>
</tr>
<tr>
<td>11. Customer as &quot;member&quot;</td>
<td></td>
</tr>
<tr>
<td>12. Electronic relationship</td>
<td></td>
</tr>
<tr>
<td>13. Parasocia relations, with symbols and objects</td>
<td></td>
</tr>
<tr>
<td>14. Noncommercial relationship</td>
<td></td>
</tr>
<tr>
<td>15. The green relationship</td>
<td></td>
</tr>
<tr>
<td>16. The law-based relationship</td>
<td></td>
</tr>
<tr>
<td>17. The criminal network</td>
<td></td>
</tr>
</tbody>
</table>
2.16 Customer Relationship Lifecycle

According to Baines et al, (2009) the customer relationship lifecycle has four main stages as shown in the Figure (2-12) customer acquisition, development, retention and termination. These stages resemble the stages of product lifecycle stages where different strategies are used as per needs of the product and in this context as the relationship evolves.

![Figure 2-12 Customer Relationship Lifecycle](image)

The customer relationship lifecycle reveals those consumers who keep on returning to the same business are loyal customers. Loyal customers occupy six steps on the ladder of loyalty as shown in figure (2-13) starts as a prospects who is normally a potential customer, a purchaser is one rung higher and is someone who has bought once from you, a client is a customer who gives repeat business but neutral towards organization, a supporter is a passive fan of your organization, an advocate is a customer who does positive word of mouth to other customers and finally a partner is a customer who enjoys a partnering relationship with your company (Christopher et al, 2002).

According to Charlene and Bernoff Li (2008), offline consumers seldom change behaviour quickly so businesses can create relationships with them which lead to long lasting loyalty. On the other hand, online customers can change behaviour quickly as they have access to information via new technologies and use trial and error methods which makes it hard for firms to stay abreast with by using conventional methods of tracking and manipulating customers.

Consumers participate in the social web or groundswell to varying degrees therefore it is easier for advertisers to segment them, and develop longstanding relationships with them. According to www.constantconnect.com a social media service provider firm in the US suggests that from small firms perspective the objective of marketing is to achieve top of the mind awareness and recall and this can be done by using social media relationship building initiatives.
Forrester research has developed a Social Technographic Profile, (2006) as shown in the Figure (2-13) with six categories of participants namely inactives, spectators, joiners, collectors, critics and creators along with descriptions of the activities carried out in the domain of groundswell. Inactives, are dominant on social media landscape make 52% of netizens, spectators are those who read blogs and watch videos and make 33%, joiners make 19% and use social networking sites (SNS) such as Facebook, Collectors make 15% and use tags and RSS, Critics comments on blogs and make 19% and finally Creators who constitute 13% of technology-trained people and are involved in publishing web pages, blogs and uploading videos to sites like Youtube (Charlene & Li, 2009). The reason that majority of people are inactive on the social media landscape is that it takes for people to actually adopt new technologies. It is important here to know that groundswell has empowered consumers with feedback mechanisms such as angry customers can post reactive videos on Youtube and MySpace which may tarnish the image created by Public relations and marketing campaigns of a company (Charlene & Li, 2008).

Piercy, (1999) proposes that many businesses are caught up in the “relationship marketing myopia” as not every customer is interested in building relationships with a business. According to Godson (2009), there are mainly four types of consumers in terms of relationships such as relationship seekers, relationship exploiters, loyal buyers and transaction buyers who are not interested in any relationships and show no symptoms of loyalty. In order to attract and retain customers, businesses come up with loyalty programs such as frequent flyer rewards (FFP), and point schemes offered by retailers (Kotler, 2000). Baines et al, (2009) has categorised loyalty trends into four categories as the table (2-8) below reveals namely, ubiquity, coalition, imiganition, wow, and analysis.
2.17 The Starfish Model of Social Media

This model is developed by Robert and is known as the Social media Starfish Model. This model reflects that social media consists of varied activities and that social media success depends on how you combine traditional and social media mix combinations (Evans, 2008). Social media marketing can take many forms, as shown in the generic Starfish Model figure (2-14), but for this thesis purposes we will confine our discussions to the most important applications of social media such as blogs, Twitter, Social Network Sites (SNS) such as Facebook, LinkedIn, Media-Sharing-Sites such as Youtube and Flickr, Social Bookmarking and Voting Sites such as Digg and Delicious.

According to Charlene and Li (2009), since, technologies may change with the passage of time therefore the social media in principle concentrates more on relationships than technologies. In this way, we are trying to establish the best combination of conventional and social media promotion mix for small firms in terms of target market coverage and advertising spending. For this reason we have elaborated the three laws of social media. Together these laws give an idea of how consumer generated media (CGM) has become so popular in comparison with conventional marketing practices. These laws are sometimes referred to as network value-governance laws as they basically describe the utility of network from the perspective of those connected to a focal source, to each other and so on (Evans, 2008).
2.17.1 Blogs

According to Rob Stokes (2008), the word “blog” was first coined by Peter Merholz in (1999) and very soon in the year (2004), it was chosen as the word of the year by the editors of Merriam-Webster dictionary. The very first blog was created by Pyralabs in 1999 and was subsequently acquired by Google in 2004 (Paul Beelen, 2006). According to Dan Zarrella (2010), there are more than 346 million people who read blogs and more than 184 million people are bloggers themselves and according to Rob Stokes (2008) almost 1.4 blogs are created every second in the domain of blogosphere. Paul Beelen (2006) describes blogs as web pages which can be easily updated, published by a single person or group of people. He further states that normally blogs give reader the chance to write comments on the various posts resulting in dialogues between readers and the writers. Magnold and Faulds (2008) argue that these comments may take form of critique, praise or useful suggestions. Generally, blogs are created free of cost while some blog supporting sites charge fee for displaying blogs on their sites. Blogs can be accessed on a global basis. Technorati is the foremost blog search engine or a blog index as it monitors 112.8 million blogs and 250 million tagged items of social media (Singh, 2010). According to the report by Technorati for year 2008, almost 36% of bloggers come from the age rang of 25-34 years, 27% are aged 35-44 years, 13% are 18-24 years, and 8% are aged more than 55 years (Singh, 2010). These demographics reveal the fact that the new generation of consumers is more active in the blogosphere.

According to www.constantconnect.com, a social media service provider firm in the US, the advantages of blogs include easy mangement of articles and company related content, can serve as archives for company newsletters and help increase the search results for a business. On the other hand associated disadvantages are more time consuming, as well as advanced knowledge of HTML is needed to really master the art of blogging to a business advantage (ibid). For small firms it is advisable to create and regularly update their own blog adding regular posts and new design and it should act as a focal point of the small firm’s social marketing efforts (Zarrella, 2010).
2.17.2 Social Networking Sites (SNS)

According to John Browning (2010), social networking sites (SNS) have quickly inspired the manner in which people communicate and connect with each other. These social networking sites (SNS) by design or by default facilitate relationship building with the help of software as system (SaaS) technologies such as Facebook, MySpace, and LinkedIn (Li & Bernoff, 2008). These networks are free of cost for their users but rely on money generated by selling user demographic characteristics and other data to businesses (Stokes, 2008).

2.17.3 Facebook

Facebook has more than 400 million registered users and it was somewhere about December (2008) and February (2009) that it surpassed MySpace as the world’s most famous social network site (Zarrella, 2009). According to “The News” most recently on March 17, 2010 Facebook overtook Google in number of visitors in the United States. Facebook was launched in 2004 and is relatively complex than Twitter and it is here where participants develop enduring relationships with one other (Pearlman & Abram, 2010). Social networking sites (SNS) increased usage has compelled consumers to share more personal information online which has created many grapevines and privacy concerns (Browning, 2010). An interesting case in point happened when Facebook launched Beacon service, a few years ago, which shared online purchase activities of its users with the list of a user’s Facebook friends. This was quickly taken back as consumers did not want Facebook to jeopardise their privacy (Stokes, 2008). Facebook can be used by business concerns, band, or a public figure as they can create their own Facebook page which looks the same as a person profile for attracting and informing their customers. According to www.constantconnect.com a social media service provider firm in the US, from the perspective of small firms Facebook offers benefits in terms of large customer base where majority of your business clients are already registered. It is free of cost and you can maintain a personal and professional profiles separately. However, there are some limitations associated with advertising on Facebook such as little authority to personalize your fan page and above all it is a closed environment with only registered users can become your fans and above all there are no email alerts to inform you when an activity related to your business takes place. The presence on Facebook can create a fan base leading to growth for businesses no matter small or large except for China where access to Twitter and Facebook is restricted (Pearlman & Abram, 2010).

2.17.4 LinkedIn

Founded in 2002 and launched in 2007, LinkedIn is basically meant for users to connect with one another for business or professional purposes such as finding jobs and exploiting business opportunities (Pearlman & Abram, 2010). Like Facebook, on LinkedIn marketing activity revolve around groups and pages, though the terminology is different but their applications are somewhat the same (Zarrella, 2010). We can say that LinkedIn is an online contact database for professionals with more than 25 million registered users across 150 industries worldwide on a scale of three connections levels. The basic connection is where the persons directly known by users can be viewed and contacted instantly. Second level connections are users that users you know and the final degree of connections are those which they know (Safko & Brake, 2009). According to www.constantconnect.com a social media service provider firm in the US, from perspective of small firms LinkedIn offers the opportunity to market your firm in a cluttered arena with simple and easy to understand profiles coupled with professional assistance from the site. On the other hand a
disadvantage is that mostly job seekers are active than employed ones and users see it as a professional network so marketing is sometimes neglected or seen with doubt.

2.17.5 Twitter

“Twitter is the gateway drug to social media.”-- Jim Storer, Sr, Director, Social Media Strategy, Mzinga.

According to Bernie Borges (2009), Twitter is combination of microblogging and social network. This is why it is also referred to as micro blogging (Evans, 2008). Twitter gives opportunity to users to involve in real time sharing. A tweet is usually no more than 140 characters, which followers of the user can see (Pearlman & Abram, 2010). According to Dan Zarrella (2009 in the tweetosphere or twiterrville there are more than 346 million active twitterers and as per Nielsen Online, Twitter experienced an unbelievable 1,382 % growth between February 2008 and 2009 and still it increasing at an increasing rate (Singh, 2010). Twitter can be used both by small and large companies and even employees within an organization can use Twitter for personal purposes (Borges, 2009).

According to constantconnect.com a social media service provider firm in the US, from the perspective of small firms Twitter is comparatively more open than Facebook. Twitter feeds are public which gives greater exposure on search results. However, Twitter supports only text messages and pictures and company videos should be shared through other links, there are a lot of spammers and finally users are very vocal and might hurt your business cause if they complain (ibid).

Recent examples of tweets usage occurred in the (2008) US presidential elections where the nominee of Democratic Party Barrack Hossein Obama used Twitter as a publicity tool and most recently during election campaigns in Iran for updating the world about latest news (Safko & Brake, 2009).

2.17.6 Youtube

Youtube was founded in (2005) and with the increasing popularity of third generation (3G) cellular phones, video sharing websites such as Youtube have become convenient tools for individuals to embark on social media. According to Yen, (2008) almost 60% of online video viewing takes place on Youtube and the number of viewers can be as many as 79 million during an evening. According to Rob Stokes (2008) about 65 thousand videos are uploaded on Youtube in every single day. Therefore Safko and Brake advocate that video sharing sites have become the most convenient and cost effective method of starting a social media campaign for businesses.

Youtube offers free of cost registration and in fact anyone can create a Youtube channel where people can subscribe you and thus follow your business as and when you update the content of your business channel (Bernie Borges, 2009). A small business has four account options when it comes to creating its own Youtube channel such as Director (producing own videos), Musician (music videos), Comedian (comedy videos) and guru accounts are meant for anyone having expertise in a given field. Normally the most suitable account for small businesses to create a market niche is guru (Bernie & Borges, 2009). As an example of guru strategy Blendtec maintains a site on Youtube (willitblend.com) which has so far attracted 8,074,267 views as on 7 April, 2010 for a single video where a guru blends an iPhone to ashes within seconds showing the nature of materials used. This shows the power of social media and the impact it can have on a brand image.

2.17.7 Flickr

According to Bud E. Smith (2009) in the 1980s and 1990s the Internet was limited only to text such as emails, online service forums newsgroups were read on text readable computer only. There is an old saying that “A picture is worth a thousand words” and the same is true in case of Flickr, a photo-sharing site owned by Yahoo!, where consumers, professionals and business owners upload their pictures for sharing within online groups and communities (Stokes, 2008). The pictures are normally
in JPEG of JEF format and the file size is kept small on purpose. Flickr is useful for photo sharing however there are other alternatives available which can be used (Bud E. Smith, 2009).

2.17.8 Social Bookmarking

According to Rob Stokes (2008), bookmarking means storing a website for convenient access in future with the help of an internet browser. Social bookmarking sites like www.delicious.com, www.stumbleupon.com, www.reddit.com and www.digg.com, give user opportunity to save web pages online and share them through the process of tagging. These websites rank web pages on the basis of number of visitors they attract. For a small business it is good idea to get listed on these sites as they are free of cost. This can help increase the visitors traffic to your website (Warner, 2010).

2.17.9 Summary

In order to sum up the above discussion in few simple words, the authors in this part have tried to form a foundation for the RQ2. First a description of how relationship marketing has evolved from the perspectives of the renowned three schools of thought on relationship marketing is discussed. Second, to describe the various kinds of relationships the 30Rs approach, which is an extensive list of relationships and comprises of four major categories is used. Afterwards the customer relationship cycle is discussed. Finally an effort has been made to show how social media technologies facilitate relationships through the social technographic profile vis-à-vis customer loyalty ladder. At the end a few selected social media vehicles such as blogs, social networking sites (SNS) such as Facebook and LinkedIn, Twitter, Youtube, Flicker and Social Bookmarking sites have been discussed from perspective of small business so form the foundation for the subsequent part of thesis.

2.18 The Transition to Social Media

In retrospect, we know that radio, television and national publications ushered the rise of mass marketing and later we witnessed the rise of direct marketing strategies; and most recently we are experiencing a transition from conventional marketing to social media (Weber, 2007). According to Dave Evans (2008) social media cannot be classified as true marketing channel rather it is an augmentation of conventional marketing practices. Whereas Weber (2007) argues that social web is more of a new mind set towards marketing practices requiring a new set of tools and skill set. Due to the increasing popularity of social media in (2006), Time Magazine named “You” as the Time person of the year for “the growth and influence of user generated content on the Internet” (Stokes, 2008).

Most recently Forrester and the Association of National Advertisers (ANA) in the United States carried out a joint survey which reveals the transition to social media by depicting how advertisers plan on advertising spending in the year (2010). As shown in the graph (2-1), most marketers intend to increase marketing budgets to Social media by a whopping 77%, Web advertising 73%, and Search engine marketing 59%. Alternately, marketers plan to increase spending on conventional marketing only by 13% in magazines, 9% increase on radio advertising, and a dismal 7% raise in newspaper advertising. These are indeed very striking facts and it is beyond any doubt that social media marketing is mega-trend known as groundswell and it high time for advertisers, marketers, and businesses no matter Small or large to embrace the social media reality by using it in tandem with conventional marketing practices (Weber, 2007).
2.19 Diffusion of Social Media Marketing

According to Schiffman et al. (2009) diffusion is a macro process encompassing the spread of a new innovation from its creator to the general masses. On the other hand adoption is a micro process which is concerned with the steps through which a customer passes when accepting or rejecting a new innovation. For this reason, Everett M. Rogers has developed a six step profile of consumer innovators stretching from innovators till laggards. Innovators are the pioneers of adopting a new technology and laggards are the last ones. These steps comprise of six steps as shown in the Figure (2-15) namely innovators 2.5%, early adopters 13.5%, early majority 34%, late majority 34%, and at the end laggards which constitute 16% of the population (Thomas S. Robertson, 1967). Schiffman et al. (2009), stresses that time is the backbone of diffusion process as it determines the rate of adoption of new product(s) or service(s). According to Berranger et al. (2001) micro firms are often seen as very flexible therefore adoption of new internet based technologies is easy. However, these claims neglect the fact that micro firms are cash strapped, lack expertise, and have very little knowledge of technology; all these typify nature of a micro business (ibid). On the other hand Charlene and Li (2008), the participation and diffusion of social media technologies depend how specific tools enable people to connect in new way with kiths and kins, conveneince in registration, peer pressure, the altruistic impulse, the purient impulse, creative impulse, validation impulse, and the affinity impulse and so on.

In this regard, we are undecided to assign social media marketing a position on the diffusion curve as it is still in infancy stages. When it comes to the embracing of social media by small firms our task even becomes even harder. In this regard a consumer profile tool has been developed by the joint efforts of Forrester research team and the authors of *groundswell marketing book* which gives social media adoption statistics for thirteen countries namely, USA, Netherlands, Canada, France Germany, Spain, Italy, China, Japan, South Korea, the continentel europe and Sweden.
The joint research contains facts about different countries mentioned above, but we are using the figures for Sweden only. The results of the consumer profile tool for Sweden as shown in graph (2-2) below reveals that young people in the range of 18-24 years are more inclined towards adopting groundswell and are categorized as Creators 33%, Critics 44%, Collectors 18%, Joiners 74%, Spectators 87% and Inactives 4%. These results are encouraging to see. Since majority of the small business owners are nascent entrepreneurs who are most younger and enthusiastic towards embracing change.

The same consumer profile tool when used for netizens in Sweden aged in the range of 35-44 years reveals that the social media adoption rates shows a deteriorating trend that Creators make 14%, Critics 23%, Collectors 7%, Joiners 40%, Spectators 68%, and Inactives 22%.

The same deteriorating trend more worsened as shown in the graph (2-3) as exhibited by netizens in Sweden who are aged 55 and above and hits the extreme low results with Creators 4%, Critics 8%, Collectors 3%, Joiners 11%, Spectators 32% and Inactives at 62% of the population.
However, when compared with the rest of European Union countries, these adoption rates for Sweden are comparatively higher. These fact and figures demonstrate that Sweden has the potential to utilise the social media marketing opportunities in general and small businesses such as micro firms in particular.

### 2.19.1 Summary

In order to briefly describe the above discussion in a few simple words the authors in this part tried to establish a foundation for RQ3 by showing how the conventional marketing is experiencing a transition towards social media. In this section the authors explain how new technologies diffuses into markets and how they are adopted. Finally, the consumer social technographic tool is applied to various range of ages in Sweden and these results are compared with the rest of European Union to find out whether or not Sweden is ripe and ready to steal a lead in social media marketing in the domain of global economy.

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**Source:** Adopted from *Forrester Consumer Technographic data, (2009)*


3 Methodology

In this chapter the authors intend to elaborate the chosen research approach, the choice for primary data collection tools, as well as data analysis and validity and reliability of the methods. A road map for this thesis is given at the end to help reader easily understand the whole data collection process.

According to Anselm Strauss and Juliet Corbin (1998), methodology in the field of social sciences is a means of accumulating knowledge regarding the real world. This thesis is based on “grounded theory” which is attained by a series of qualitative interviews for data collection and analysis. According to Anselm Strauss and Corbin (1998) grounded theory is extracted from data which is gathered in a systematic manner in the process of research. Alan Bryman and Emma Bell (2007) stresses that data collection and research design should be driven by research questions. Therefore an effort has been made to specifically state and articulate our research questions. The authors have used the Neotype Model by Walter et al. (2008) for analysing the empirical data with reference to the literature review and have deduced three sections which correspond to the three research questions formulated earlier as stressed by Strauss and Juliet Corbin (1998).

3.1 The Research Approach

According to Creswell (2009) a research approach is aimed to show readers what the authors have done to deeply explore the problem at hand and what techniques they have incorporated to solve the problem and reach at new knowledge via data collected through various means. According to Creswell, “research methods… involve the form of data collection, analysis, and interpretation that researcher propose for their studies.” According to Arbnor and Bjerke (1997) there are three different approaches for knowledge presentation namely The Analytical approach, The Actors approach and The Systems approach.

3.1.1 Analytical approach

Analytical approach is the clear presentation of knowledge. It is also known as positivistic approach. The assumption regarding the reality has a “summative approach” meaning that parts join to make the whole (Bjerke & Arbnor, 1997). The advantage lies in when the researcher has gathered the parts; it becomes easy for him or her to reach the total (ibid).

![Figure 3-1: Analytical Approach, The Whole is the Sum of its Parts](image)

3.1.2 The Actors approach

According to Bjeke and Arbnor (1997), the actors approach uses the reality as a social construction. This approach is also called as understanding knowledge or Hermeneutics. According to this approach knowledge is dependent on the individual who possesses the knowledge. Moreover, “it differs from analytical approach in by stating that that the whole exists only as meaning structure, which is socially constructed”.

3.1.3 The Systems approach

The systems approach lies between positivistic and hermeneutics approaches. It assumes that the two different cases are compared on the basis of some common structure and the reality can be achieved objectively without using strict methods and procedures like done in the positivistic approach. The assumptions that underlie Systems Approach are different from that of analytical approach. According to this approach, “reality is arranged in such a way that the whole of the parts is different than the sum of the parts” (Bjerke & Arnbör, 1997).

![Diagram of Systems Approach]

Figure 3-2: The Systems Approach, “The Whole greater than Sum of its Parts-Synergy”


The authors have tried to base this thesis on systems approach as our observations are not inferred after subjecting them to strict formulas and tools of data collection and analysis.

3.1.4 Target Audience of the Research

The basic motive for carrying out research is to find answer to a problem or question in a systematic manner. According to Saunders, (2003) research is, “something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge.” It is therefore we conducted this thesis in a systematic order to explore the applicability of social media marketing in the context of small firms in Sweden. The results which will be inferred from this study should help small micro firms in Sweden to know whether or not social media marketing gives more benefits in comparison to conventional forms of marketing. If so, then the question is whether or not the social media marketing opportunity is ripe and ready for small firms or these micro businesses should adopt a wait and see approach till the time when the consumers can really be influenced through social media marketing?
3.2 Data Collection:

Obtaining information about the subject is crucial for any type of research. A good data is a pre-requisite for conducting a good research. Researchers prefer to have data that has the minimum amount of error in it; therefore, they pay special attention to obtaining data. There are two kinds of data namely primary and secondary data (Wren et al, 2002).

3.2.1 Primary data

According to Wren et al, (2002) it is not sufficient to confine yourself only to desk data also called secondary data when trying to answer some research questions. Primary data is firsthand data which is normally obtained through interviews, questionnaires and observations from important stakeholders (ibid). For this thesis we conducted a number of interviews in two stages. In the preliminary pre-test stage we conducted two face-to-face pilot interviews with Micro firms’ managers to explore and understand the social media marketing practices in Sweden. These interviews helped us in refining our research questions as well to ship-shape our later stages of the thesis. These two pretest interviews were conducted in the last week of February 2010. In the second stage of this thesis we conducted seven more interviews with micro business managers to attain the specific purpose of this thesis. Out of these seven one was cast away as it did not meet the specific standards we have set for this thesis in terms of number of employees and annual turnover. The dates, duration and location along with names of interviewees are as under.

Xiaoli Du, Nordicpearl Jönköping 14:22-15:30 P.M. 2010-04-14
Mr. Patel, X-One Klädbutik Jönköping 11:00-11:50 A.M. 2010-04-20
Lars, Kingfisher Cuisine & Bar Mariestad 10:10-10:55 A.M. 2010-04-23
Peter Lundell, Puls Gym Skövde 10:00-11:09 A.M. 2010-04-24
Mikael Hjalmers, Treguld Smeder Skövde 09:00-09:45 A.M. 2010-04-26
Kirsten Lothigius, Impelco Trading Skövde 14:00-14:45 P.M. 2010-04-29

3.2.2 Secondary data

Secondary data is also commonly known as desk data which already exists. According to Wren et al, (2002) sources of secondary data are newspapers, magazines, journal articles, Government agencies, directories, the World Wide Web and so on. Most of the secondary data was collected in February, 2010. For this thesis we utilized various sources available both at the university such as e-Julia and invaluable data from Forrester Research Inc. There are two different techniques for getting data which are discussed below.

Conventionally, there exists two famous approaches e.g. quantitative approach and qualitative approach. But computers, now, have given more approaches to mix the two strategies, resulting in a mixed approach. Therefore, a researcher has alternative approaches to inquire (Creswell, 2009). However, for the purposes of this thesis we use qualitative strategies to achieve the exploratory purpose of the study.

3.2.3 Quantitative Strategies

In quantitative methods the aim is to find the relationship between a dependent variable with an independent variable. According to Hopkins (2000) quantitative research designs are basically of two types: Descriptive and Experimental. In the former type, only the associations between variables are established whereas in the latter type researchers establish a cause-effect relationship between
variables. This approach to inquiry contains several analytical tools that use numbers, figures and statistics. Surveys give quantitative information about trends, opinions and attitudes of a sample population. An experimental approach seeks to find whether or not certain effect is produced by an impulse/variable or not (Creswell, 2009).

3.2.4 Qualitative Strategies

In qualitative strategies, an in depth approach is adopted for the subject in order to know more about the subject. Anselm Strauss and Juliet Corbin (1998) gave a concise definition to the qualitative approach by saying that, *it is a kind of research which aims to find facts without using quantification or other statistical means.* As we are contemplating a thorough understanding of social media marketing in vis-a-vis prevalent marketing therefore we have incorporated a qualitative approach because according to Micheal Quinn, “Innovators are told think outside the box, Qualitative scholars tell their students, “Study the box. Observe it. Inside, Outside. From inside to outside and outside to inside. Where is it? How did it get there? What’s around it? Who says it’s a box? What do they mean? Why does it matter? Or does it? What is not box? Ask the box questions. Question others about the box. What’s the perspective from inside? From the outside? Study diagrams of the box. Find documents related to the box. What does thinking have to do with the box anyway? Understand this box. Study another box and another. Understand box. Understand. Then you can think inside and outside the box. Perhaps, for a while until it change or outside becomes inside again. Then start over. Study the box.” (Patton, 2002)

Narration is the type of inquiry in which researchers ask questions about the lives of respondents. The results, then, are combined with the researchers’ personal life experiences and this is how a conclusion is drawn (Creswell, 2009).

According to Nigel F. Piercy (2009) researchers sometimes mistakenly assume that consumer normally think in well reasoned and logical manner. Therefore asking them questions directly might cause misleading conclusions. So, recently a new trend has emerged known as ethnography that mainly relates to on anthropology, and its use in marketing depends on the idea that enriched information and understanding can be attained when researchers immerse deeply in the consumer way of living instead of only asking questions (Piercy, 2009).

Interviews, also, form the qualitative strategies for inquiry. There are various types of interviews as proposed by various scientists; however, Merriam (1998) summarized these different types into the following categories:

a) Highly Structured/Standardized interviews

According to Merriam (1998), in this type of interviews, a researcher poses specific questions from the respondent and thus has more control over the interview. This type of interview is conducted in situation when the researcher wants to get specific answers.

b) Unstructured/Informal interviews

According to Merriam, (1998), in this type the researcher carry out some kind of conversation with the respondents. The conversation is with an objective and open ended questions help in bringing out new insights.

c) Semi structured interviews

This is a mix of the two approaches discussed above. Researcher uses semi-structured interviews in order to get their target information but at the same time also gives some room for more information in case he or she has no full information about the situation or intentionally leaves some room for more information to come out (Merriam, 1998).
According to Creswell (2009) quantitative and qualitative approaches are not the two extremes of approaches rather they are the continuum of the same process and are used to complement each other.

For this thesis we have carried out semi-structured interviews as our research instrument. An effort has been made to maintain gender equality in interviews. The time taken for each interview was approximately one hour. The sample of micro businesses has been chosen as per convenience of authors.

3.3 Literature Review

A literature review is meant to show similar studies on the subject and summarizing it to show to the reader what other people says on the subject matter. This includes books written on the topic, articles written by researchers in journals, magazines and newspapers. This can also be “a conceptual article or thought pieces that provide framework for thinking about topics” (Creswell, 2009). We did an extensive literature survey to come across all information about the topic. Although this undertaking is a new topic and there is very scant written material available, yet, we found some ground breaking books and articles about the topic. For literature search we utilized various databases available at our university’s library webpage. These include but not limited to Google Scholar, Google Books, and emerald full text articles, JSTOR, Elsevier and Ebesco. These are all available at our university’s library webpage. The authors extensively used various search related words like “social media marketing”, “relationship marketing”, “new media”, “marketing”, “Twitter”, “Facebook” and so on with different combinations in order to access literature on the subject matter in the World Wide Web.

3.4 Data Analysis

Greater care needs to be taken while collecting and analyzing data. Therefore Walker et. al (2008) has come up with qualitative analysis model which stresses the analysis process of data in six sequential steps as shown in the table (3-1) below. The Steps (1) & (2) involve eliciting crucial information from the interviewees by reading and reading the interviews (Walker et al, 2008). It is over here that unnecessary information is removed and data are refined to satisfactory extent. Then in the next step (3) summarize the central themes from interviews resulting in further refinement of the information. Step (4) is relatively harder as it involves making considerable meaning out of informations refined in steps (1, 2 & 3) respectively. In the second last step, which is step (5), standard and dispersed meanings are adapted by using McAlister’s (2001) principles. This step is more observations based whereas the earlier steps were interview intensive. In the final step (6) the researcher uses his/her own experience and observations to incorporate the meaning of obvious and hidden clues and information in the context of cultural, historical and political influences (Walker et. al, 2008).
Similar model for data analysis has been proposed by Miles and Huberman (1994) (which we have adopted for this undertaking) consisting of four steps as shown in the Figure (3-2). In the initial Step (1) known as data reduction co-authors would review and record the data collected via various means to achieve a neat and clean data to facilitate clarity (Miles & Huberman, 1994). Data reduction is the next step in which the authors would further streamline the data received from step 1. The third step is data display. As the name depicts it is concerned with arranging data which has been refined from impurities to the next final step (4) known as drawing conclusions. In this step conclusions are drawn from data in an objective manner which facilitates the reader in interpreting the output of the data analysis step as well as cross checking the conclusions drawn from the process (Miles & Huberman, 1994).

In an effort to convince the reader next we describe the validity and reliability of this thesis with reference to collection and analysis of data.

### 3.5 Validity

According to Kidder and Judd (1986) there are four main categories when it comes to assessing the value of a research, namely; external validity, internal validity, construct validity & reliability (Yin, 2003). External validity means to what extent the theory can be seen as covering another social set up and internal validity is a measure of excellence of developed theories in relation to real time phenomenon (Bryman & Bell, 2003). Internal validity means making an easygoing relationship, where specific circumstances are seen as drivers to other circumstances and construct validity is the process of, “establishing correct operational measures for the concepts being studied” (Yin, 2003). For our thesis purposes validity is seen as the application of our research findings in larger context. To achieve high score on validity for our research we have come up with the most suitable selection of subjects (respondents or interviewees) and then incorporated the data extracted from these subjects in a logical manner. In order to further increase validity of the data generated the respondents would be contacted repeatedly.

Finally, it is worth mentioning that although validity and reliability are somewhat different they are interdependent because validity presupposes reliability. This implies that there is a positive correlation between validity and reliability when it comes to research (Bryman & Bell, 2007).

### 3.6 Reliability

According to Hussey and Hussey (1997) reliability occurs in a research when several researchers can achieve similar results from an undertaking while using a similar methodology. Yin (2003) explains reliability in a research as, “demonstrating that the operations of the study- such as the data collection procedures- can be repeated, with the same results.” Reliability can be both internal and external, with external reliability seen as a measure in terms of balance of probability for having similar results and internal reliability means on how well the authors agree with one another as far as the quality of judgement is concerned (Bryman & Bell, 2003). For this purpose the interviews will be conducted in simple English language and recorded and an effort was made to keep a 50% ratio among respondents for interviews for involving both genders as representation of the sample. In this relation selected
interviewees respondents have be sent PowerPoint slides of the study beforehand for facilitating clarity and to remove ambiguity. The procedure was carried out for conducting preliminary two pre-test interviews.

3.6.1 Summary

In order to make it convenient for reader to facilitate readers understanding of the thesis the authors have decided to create a road map of our methodology. The road map is a sequential, step by step approach consisting of four steps which are further broken down into further sub steps as shown in Figure (3-4) represented by yellow, green and sky blue shaded shapes. After successful completion of our introductory chapter and literature review the next activity was concerned as to how we should go about collection of require data. The social media topic was brainchild of one of the co authors who brought forward the idea of Social Media Marketing in comparison with conventional marketing practices in Micro firms. However, in the initial stages of Phase (1) the researchers tried to achieve a deeper understanding of social media by answering questions like “What? Who? Where? When? and How?” of social media. Next, we met several marketing professionals including a retired professor from Jönköping University to achieve more ideas about the social media bandwagon. Afterwards we formulated the research questions which were in very raw form. In the next step we contacted two Swedish managers working in Micro firms to conduct unstructured face-to-face interviews regarding social media marketing and how it can affect the companies. The interviews proved very beneficial and we had collected good insights for our research purposes.

In the Stage (2) of our data collection process we further furnished our research questions and rewrote our introductory chapter (aka proposal) and sought invaluable insights from our supervisor. Later in this stage we decided upon the research design as to what should be included and what should be avoided.

In Stage (3) we decided on the specifications of our research design in terms of time horizon, selection of sample for interviews as well as secondary data sources such as Swedish ekonomofita. Initially, we contacted a couple of acquaintances who directed us to two more micro firms leading to a spill over effect. It is here in this stage that where we decide on using questionnaire and its content in terms of information sought, types of questions, how to formulate wording and sequence of questions. Finally in this step the questionnaire will be pretested before conducting the real time interviews and so on.

The stage (4) is the final stage whereby the authors plan to carry out data collection, preparations, interpretation and presentation. It should be born in mind that green shaded portions or steps signify data collection, sky blue portions or steps represent research planning stages, and yellow shaded portions represent analysis and interpretation processes of data for this thesis. In order to elevate the standard of data collection and increase the level of reliability and external validity the authors have decide that the interviewees must have some background of marketing experience or a bachelors degree in business administration.
Figure 3-4 Diagramatic representation of methodology chapter

Stage 1
Discovering "How-Do-You-Do" of Social Media Marketing
Pretest/Pilot Test Interviews
Brain Waving
Describing RQs

Stage 2
Refurnishing RQs
Preliminary Chapter
Research Design

Stage 3
Design specifications in terms of time horizon, select and type
Second hand data
Firms Selection for interviews

Stage 4
Analysis phase
Findings and Conclusions
4 Empirical Study and Analysis

A brief description of the interviewees of this study will be presented in this section to facilitate the understanding of analysis. The presentation of the interviewees will be followed by three parts. Where the empirical finding will be presented and analyzed. At the end of every part a brief summary is given to facilitate the reader.

4.1 The Respondents

The specific criteria for an interviewee is that he or she should be involved in the daily affairs of business and must have some background knowledge of business administration or experience equivalent to three years in the area of marketing. The post-test six interviews were conducted in the month of April. The specific description of micro businesses interviewed is as under.

4.1.1 NordicPearl Jönköping (Interviewee: Xiaoli, 2010-04-14)

“NordicPearl” is a web based shop founded in the year 2009 by a Chinese entrepreneur Xiaoli Nordenanker under the shadow of a Swedish based trading firm Oriental melody. Nordicpearl.se offers pure silk products and Chinese jewellery with its suppliers based in China. Nordicpearl has an unwavering focus and commitment to provide quality products at affordable prices. Nordicpearl is also engaged in e-commerce and accepts matercard, visacard and paypal accounts and sells to mainly in Scandinavian countries of Sweden, Denmark, Norway and Finland, EU countries such as Iceland, Germany, Holland, Belgium, France, Switzerland and the United Kingdom.

Nordicpearl is the brain child of Xiaoli Nordenanker who is a graduate from China and she has been involved in carrying out the affairs of business ever since its inception in 2009. The team of Nordicpearl is mainly consist of her Swedish husband and mother-in-law.

4.1.2 X-one Klädbutik Jönköping (Interviewee: Patel, 2010-04-20)

Botique Jasmine was founded some three decades ago and has two big retail stores in Rasllatt and Osterangen Jönköping respectively. The owner of this business is Mr. Iqbal who is a Swedish national. Their team consist of his two managers both of them are his sons in law, his wife. X-one Boutique mainly deals in garments for ladies and gents, personal grooming products, shoes, bags and other accessories for general use. Their suppliers are mainly from countries like France and the United kingdom. Their motive is to maintain a steady growth and provide top notch products and services to their customers. They are in the process of developing their own e-commerce enabled website and look forward to expand their business to other regions of Sweden. For this thesis purposes we have interviewed Mr. Patel who is managing one of the big stores and is also son in law to the owner. Mr. Patel by profession is a textile engineer and has more than seven years of business experience in Sweden and abroad.

4.1.3 Kingfisher Indian Cuisine & Bar, Mariestad (Interviewee: Lars, 2010-04-23)

Kingfisher Mariestad is an Indian cuisine and bar situated in Mariestad. The restaurant offers variety of Indian food and various drinks in its bar. Kingfisher offers quality food for its diverse customer base ranging from working class and families on daily basis to tourists from abroad in the summer season. Due to a niche market of Indian flavour to its customers, the restaurant concentrates on word of mouth and location advantage for its business. The restaurant seldom carries out promotional strategies. The restaurant has its customer base and it relies on their customers around the year with a rise in sale during the summer season when there are plenty of tourists in the city.
4.1.4  **Puls Gym, Skövde (Interviewee: Peter, 2010-04-23)**

Puls Gym is fitness training centre with a modern approach to training. Peter is the owner of the gym. He has no former marketing education but created a few websites in the past. Peter took over the gym from the original owner and since then the number of customers has been increasing thanks to the variety of marketing strategies used by him. Puls gym has its own website where all relevant information is provided on regular basis. Peter believes in exploiting social media marketing.

4.1.5  **Treguld Smeder Skövde (Interviewee: Mikael, 2010-04-26)**

Treguld smeder is the local goldsmith business. It is owned by Mikael Hjalmers. The company has a website, which is aimed at showing information about the company and thus not being used actively for marketing purposes by the owner of the business. The company has clearly defined target customers and it reaches to its customers through conventional means of marketing like advertisement in the local magazines, newspapers and such. The word of mouth by its extremely loyal customers is the life blood of the business according to the owner and that is why company does its best to retain its customers and for that purpose it even gives those augmented services to keep them highly satisfied.

4.1.6  **Impelco Trading Skövde (Interviewee: Kirsten, 2010-04-29)**

Impelco Trading is a small firm managed and run by the owner. The company works with printing names and other writing on clothing, pens, caps and other sales promotion novelties. The company is run solely by the owner, Kirsten. She does direct marketing by calling and emailing her potential customers. She thinks it is more appropriate for her because it is more personal with the customer and brings out more results. The company has web page which is solely for informative purposes and does not attract customers by its content.

As evident from the discussion in the literature review section that a small business is easy to describe but difficult to define. Therefore European Commission for SMEs, (2005) defines a micro firm as a business which have fewer than 10 employees and an annual turnover not in excess of (2) Million Euro. Since we have adopted this definition of European Commission therefore all the companies interviewed were checked against the criteria of micro firms. In total out of seven interviews six met the requirements. Whereas, one interview with AgriVind Skövde was discarded as their number of employees were more than 10. All the companies along with their important particulars are highlighted in the table (4-1) below.

**Table 4-1 Description of Respondents along with Location, Head Count and Annual Turnover**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Respondent</th>
<th>Head Count</th>
<th>Annual Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic Pearl Jönköping</td>
<td>Xiao Di</td>
<td>3-5</td>
<td>Less than 1 Million Euro</td>
</tr>
<tr>
<td>Kingfisher Cuisine, Mariestad</td>
<td>Lars</td>
<td>7-9</td>
<td>Less than 2 Million Euro</td>
</tr>
<tr>
<td>X-one Klådbutik Jönköping</td>
<td>Patel</td>
<td>5-6</td>
<td>2 Million SEK Approx</td>
</tr>
<tr>
<td>Puls Gym, Skövde</td>
<td>Peter Lundell</td>
<td>5-7</td>
<td>Less than 3 Million SEK</td>
</tr>
<tr>
<td>Treguld Smeder Skövde</td>
<td>Mikael Hjalmers</td>
<td>2-3</td>
<td>Less than 2 Million Euro</td>
</tr>
<tr>
<td>Impelco Trading Skövde</td>
<td>Kirsten Lothigius</td>
<td>2-4</td>
<td>1-2 Million SEK</td>
</tr>
<tr>
<td>AgriVind AB, Skövde</td>
<td>Kesebol Kasa</td>
<td>25-30</td>
<td>Undisclosed</td>
</tr>
</tbody>
</table>

Source: Authors own creation
4.2 Empirical data and Analysis

In this part the empirical findings regarding of social media marketing in comparison to conventional marketing practices in micro firms will be presented and taken to analysis. This part has been divided in three sections with each section corresponding to their respective three research questions of the thesis.

4.2.1 Conventional versus Social Media Marketing

In the first place the authors with the help of data display table 4-2 have come up with a snapshot of themes generated in a categorical manner to make it convenient for the reader as under.

**Table 4-2 Data Display and Themes generated for RQ1**

<table>
<thead>
<tr>
<th>Market orientation</th>
<th>Nordic Pearl</th>
<th>Kingfisher</th>
<th>X-One Klödbäkis</th>
<th>Puls Gym</th>
<th>Tregul Smofer</th>
<th>Impelco Trading</th>
<th>Theme Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers</td>
<td>Customer</td>
<td>Supplier</td>
<td>Customer</td>
<td>Supplier</td>
<td>Product</td>
<td>Product</td>
<td>Effective reasoning</td>
</tr>
<tr>
<td>Desirable, flexible</td>
<td>Desirable, clean environment</td>
<td>Quality, flexible, customer</td>
<td>Salutory, flexible timing</td>
<td>Luxuary, Exchange</td>
<td>Desirable, flexible payment</td>
<td>Conforms to theory</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Role &amp; Relevance of Marketing</th>
<th>MWO</th>
<th>MWO</th>
<th>MWO</th>
<th>MWO</th>
<th>MDO</th>
<th>Major relevance and minor role of Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market reach</td>
<td>Marketers, websites</td>
<td>Location of restaurant</td>
<td>Location and Wom</td>
<td>Print media</td>
<td>Networking</td>
<td>Random approach and Haphazard coverage</td>
</tr>
<tr>
<td>Price</td>
<td>Economy</td>
<td>Flexible menu</td>
<td>Economy</td>
<td>Flexible</td>
<td>Low</td>
<td>Flexible</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Promotion mix</th>
<th>Biog, sales promotions</th>
<th>WOM and discounts</th>
<th>WOM, Togetts, discounts</th>
<th>Web site, WOM &amp; Networking</th>
<th>WOM and print media</th>
<th>Paint media and WOM</th>
<th>WOM is instrumental for success as it serves as independent credibility filter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interaction is important and broadcast media is too much expensive for geographically concentrated customers</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TV &amp; Radio for micro businesses</th>
<th>Not at the moment</th>
<th>Not for perishable items</th>
<th>Not suitable for small businesses</th>
<th>Not suitable for us</th>
<th>Not suitable for our business</th>
<th>Interaction is important and broadcast media is too much expensive for geographically concentrated customers</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Social media usefulness</th>
<th>Still young media</th>
<th>Not so convincing</th>
<th>Yet to prove its utility</th>
<th>Good but not now</th>
<th>Bubble growth and weak content</th>
<th>Good additional media</th>
<th>Social media is still in rudimentary/infancy stages</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Satisfaction with existing marketing</th>
<th>Not at all</th>
<th>Not satisfied</th>
<th>We must do better</th>
<th>Satisfied</th>
<th>Positive</th>
<th>Improve ment needed</th>
<th>A mixed feeling but generally not satisfied with status quo</th>
</tr>
</thead>
</table>

Source: Authors own creation
As evident from the literature review we know that marketing is one of the challenging tasks confronting small businesses. The reason is that it plays a vital role in growth and survival of micro businesses. According to Mike (2002) a proper marketing orientation is requisite for any business and that orientation can be production, product, financial based and so on. Whereas, Kotler and Keller (2009), stresses that a holistic marketing orientation in which “everything matters” is needed to compete effectively in marketplace and mindspace. In this relation when the interviewees were asked as to how would they describe their market orientation? Their responses generated are presented as:

Xiaoli Du, Nordicpearl replied, “We are a supplier oriented micro business as majority of our products are coming from mainland China. At the same time we are trying to incorporate a marketing approach [frowning] but in reality today we are mostly following a sales based orientation.”

Lars, Kingfisher Cuisine & Bar stated, “Kingfisher has a customer oriented approach as we believe in providence of the best possible services to our customers under the one roof in a pleasant environment.”

Mr. Patel, X-One Klädbutik responded, “Our business is mostly dependent on our suppliers in France, England and Sweden. We have to sell what they design so in a way our business is more inclined towards sales.”

Peter Lundhell, Puls Gym replied, “Our training studio [laughing] as I call it nowadays is customer oriented and in this direction we make every effort to make it home like environment where they are welcome round the clock and year.

Mikael Hjalmers, Treguld Smeder responded, “We are product oriented business and the more we refine our offering variety the more we benefit.”

According to Kirsten Lothigius, Impelco Trading, “My firm is product oriented as we try to give the best quality in terms of finishing and longevity to our clients.”

A common theme generated from the above empirical evidence reveals that micro businesses in Sweden across different industries, as chosen in our sample, exhibit different marketing orientations. Product, Customer and Sales orientation are more prevalent as shown by our sample firms. This theme is in accordance with Mike (2002) who states that small businesses can follow diverse marketing orientations depending on the nature of their product or service. From the above discussion we deduce that micro firms follow effectual reasoning when it comes to choice of marketing orientations. Sarasvathy (2005) elaborates effectual reasoning as an approach where the decision makers do not have a specific route to follow for attainment of certain goals. They achieve the goals by starting randomly with some strategies and during the course of time the goal emerges through the imagination and experiences of the decision makers.

According to Shipairo et al, (2002) products can be categorized on the basis of consumer welfare (short term/ long term) and satisfaction (high/low) in four categories namely such desirable products, Salutary products, Pleasing products and deficient products (Kotler, 2003). According to Longenecker et al, (2010), companies also provide some augmented services or features along the core product to add value to the product. In this regard a question was asked to which responses were as under.

Xiaoli Du, Nordicpearl responded, “In terms of products we sell, some are desirable products [thinking pause] as they give customers a pleasant experience of the rich Chinese culture and some products such as jewellery fall under luxury products. In addition as a value- laden service we also provide free of cost delivery exceeds 300 Swedish Kronor.”
According to Lars, Kingfisher Cuisine & bar, “Obviously [shrug of shoulders], Desirable products as no one like to go for bad taste and environment. As an extra feature we offer ergonomically correct and comfortable seating, clean neat servicescape and above all, a speciality of the day.”

Mr.Patel, X-One Klädbutik says, ‘We try to sell quality products at an affordable price. We provide two weeks duration for customers to change items or return their money as there is a problem with sizes as we have Swedish sizes, European and English sizes of clothes. However, this is not applicable to garments put on sale as we are already selling them at cost price so as to lower our excessive inventory carrying costs and extract the tied up capital.”

Peter Lundell, Puls gym says, “Puls Gym offers salutary services as the benefits of our services might have low immediate appeal but benefits the user in the long run as very obvious. Our unique thing is flexible timing and round the clock service.”

Mikael Hjalmers, Treguld Smeder replied, “We deal not in jewellery or gold rather we operate in the luxury industry and our products can be termed both need and luxury. We offer exchange of even old jewellery but the exchange value is reduce to the value of gold used in jewellery as at the end of the day we break the jewellery into gold for making new designs.”

According to Kirsten Lothigius, Impelco Trading, “My products can be described as (pause) desirable from view point of my clients as they add value to their existing products or brands. As a value added service we accept a number of credit cards”

The theme generated from the above findings confirms theory in a way that in addition to the core product businesses also provide some extra augmented benefits such as warranties, guarantees, and repair and return services and so on (Kotler, 2000). The interviews reveal that micro businesses provide services such as such as accepting credit cards, repair and return, warranties and may include special augmented services such as presents and discounts occasionally. However, Lancaster and Withey (2006) stresses that augmented services are costly and the augmented are taken forgranted by customer and soon seen as expected benefits of the products. This is where the micro businessness need to be prudent while formulating their services and should keep in mind a long term perspective.

According to Steven D. Strauss (2008), small businesses are confronted with several problems including marketing as they realize that marketing is needed but they do not know how go about it, and the learning curve is for sure very expensive for small businesses. Therefore Simpson and Taylor (2002) have postulated a new model of marketing on the basis of role and relevance of marketing in small firms which classifies small businesses into four categories as Marketing led organizations (MLO), Marketing dominated organization (MDO), Marketing weak organization (MWO) and Marketing independent organization (MIO). The respondents replied in the following way when asked about as to how they where would they place their business among the four possible quadrants.

Xiaoli Du, Nordicpearl replied, “At the moment we are fairly [pause] weak in marketing as the only marketing weapon we have is our website and the numbers of visitors are few and the business created is nominal.”

Lars, Kingfisher Cuisine and bar responded, “I think for our restaurant and bar there is marketing is very relevant to compete but at the moment we are not entirely focusing on our marketing efforts.”

According to Mr.Patel, X-One Klädbutik, “Our marketing activities are mostly in-store so in a way we can be seen as fairly week in marketing.”
Peter Lundell, Puls Gym replied, “For us marketing has minor relevance and major role as we have guaranteed members who are members with us. However, we would like to be even better and use marketing for expanding.”

Mikael Hjalmer, Treguld Smeder responded, “In this business it is important to display our products through marketing so we are having guaranteed business.”

According to Kirsten Lothigius, Impelco Trading, “We can be put in the marketing quadrant as we are having guaranteed business from existing clients and expecting new clients at the same time in future.”

The central theme generated form the above discussion reveals that an overwhelming majority of micro firms are weak in marketing and can be placed in the marketing weak quadrant of “the role and relevance of marketing” model by Simpson and Taylor (2002). This phenomenon in Sweden was previously found by Erdtman and Wendt (2009) in their research and concluded that due to resource poverty “marketing for small businesses is more of a luxury than a necessity.”

For a small business it is advisable to know and define its target market customers. According to Philip Kotler (2000) basic marketing activities stem from the (STP) approach where markets are first segmented, then target is defined and the firm position itself accordingly. The respondents when asked as to how they define and reach their target customers. Their responses were as:

According to Xiaoli Du, Nordicpearl, “Our primary target market consists of people in the range of 18-55 years mostly belonging to Sweden. We normally reach them by setting up stalls in market fairs or festivals and for geographically scattered customers we normally use our website in three languages i.e. Swedish, English and Chinese. The online consumers are obviously [vad heter det?] techno-literate and offline consumers are normally old ladies in the range of fifty years and above.”

Lars, Kingfisher Cuisine and bar responded, “Mostly our customers are tourists who come for a change of taste. Generally our visitors are difficult to be traced.”

Mr. Patel, X-One Klädbutik explains his strategy, “We mostly advertise in Jonköping posten and Jönköping nu newspapers on a regular basis to reach out our target market. We also sometimes distribute our door to door advertisements through “svenska direktreklam” Jönköping. Our target market covers people from every walk of life regardless of their age in Jönköping County.”

Peter Lundell, Puls Gym has an interesting way of describing his target market as, “We have mostly local members in all age ranges. We even have a group of retired persons and in simple words it is for ordinary people. I think our location is best for reaching out customers.”

Mikael Hjalmer, Treguld Smeder stresses, “Yes, [loudly] our primary customers are females in mid forties and above. We normally reach them through print media.”

Kirsten Lothigius, Impelco Trading replied, “Our target market consists of market driven companies in Sweden. It can be a small business with one or two employees, a non for profit organization, a school or a sports club or any other.”

The common theme generated from the above findings confirm to theory as micro businesses have a good idea for defining and describing the target market audience. Small businesses use local magazines and newspapers and door to door advertisements for reaching out to their customer base. However, these strategies depend to a large extent on the nature of product and the seasonal demand such as Christmas and summer.
The price of a product(s) or service(s) plays an important role in small businesses. According to Boone and Kurtz (2007), price refers to the exchange value of a product or service. In this regard Kotler et al, (2002) proclaims that pricing strategies change with the passage of time as the product passes various stages introduction, growth, decline and abandonment. For instance, pricing for imitative and innovative products differs as imitative products try to position themselves with respect to competition and innovative products try to make more profits. The respondents when asked as to how they price their product(s) or service(s) they responded as

According to Xiaoli Du, Nordicalpearl, “In these economic times we try to keep our prices as low as possible so as to catch the [vad heter det?], niche of economically marginalised customers.”

Lars, Kingfisher Cuisine and bar responded, “We have a very flexible pricing strategy for our menu. Customers can play around the menu and chose the best combination for them. However, [raising eye brow smiley] we keep in mind the food costs and the quantity needed to be cooked and served and therefore price big orders separately.”

Mr.Patel, X-One Klädbutik says, ‘We sell reasonable products at an affordable price [pause] and this has been the reason of our success for the past thirty five year. However, if we have a unique model which no one else has in the market then we try to charge higher for it.”

Peter Lundell, Puls Gym replied, ‘We sell time and expect to be paid for it handsomely [laughing]. We have very affordable rate and to know more in detail visit our website. Sometimes we charge higher for personal training in which is trainer-intensive work and raise the amount of fee to those time spots”

Mikael Hjalmers, Treguld Smeder responded, “We do not sell gold as we only sell our expertise and therefore try to charge as low as market permits and make money on labor or skills.”

Kirsten Lothigius, Impelco Trading says, “Sometimes we have too much demand so we try to reduce it in some ways as I am the only key member of this business who know the whole tricks. So, we try to reduce the burden on my clients by giving them flexible offers. Generally, the price of a dozen of prints is same as 100 prints and this is how it works for me.”

A common theme generated from the above findings indicates that small firms mostly use economy pricing strategy for boosting their sales and profits. In this regard Longenecker et al, (2006) stresses that economy or under pricing is not the solution for small firms only as there are always rivals on the market who are more resourse intensive and can drive the small business out of business if they realize the threats. The responses generated from last three respondents indicate that small firms sometimes face excessive seasonal demand for which they charge variable prices so as to cope up with the fluctuations in demand. This goes in agreement with Björn Berke and Claes M.Hultman (2002) sometimes businesses need to discourage demand (demarketing) so as to retain quality and synchromarketing strategies to deal with seasonal fluctuations over time.

According to Longenecker et al, (2010), small businesses use promotional mix instruments in varying degrees and a small business would seldom use all the promotion mechanisms available. However, according to Boone and Kurtz (2007) small businesses try to have an integrated promotion mix by having a blend of advertising, personal selling; sales promotions, public relations and direct marketing to create personalized marketing messages for the target audience The interviewees were asked as to what constitute their promotion mix and how frequently they use it?

According to Xiaoli Du, Nordicalpearl, “We have a blog on our website where mostly I publish content on a regular basis mostly about Chinese products. Besides this we also are developing a database of online customers who
register with us then after some time we might send customised messages as per their profile preferences. Besides, this we also carry out sales promotions such as “Rea” prices for our certain products from time to time.”

In this regard we received a very intersting response from representative of Kingfisher as

“Our restaurant customers are mostly visiting us through word of mouth as Word-of-Mouth which is independent endorsement for us and acts as credibility filter for our prospective customers. Beside this we also do sales promotion via a booklet that which contains several coupons giving a 2 for 1 discount on our meals mostly for students.”

Mr.Patel Manager, X-One Klädbutik says, “We mostly rely on Word-of-Mouth created by our customers, sales promotions during Christmas time in winter and newspaper advertisments. In summer season we also sell out of size garments on local “togets” and “markanads” at very cheap prices which also serve as a good promotion mechanism for us.”

Peter Lundell, Puls Gym responded, “Our web site, Word of Mouth and personal networking are all what constitutes our marketing. Actually at this point of time we are not interested in growing too much.”

Mikael Hjalmers, Treguld Smeder response was as, “Advertisements in local magazines and newspapers two to three times in a year as well as word of mouth. Word-of-mouth is the backbone of our business.”

Kirsten Lothigius, Impelco Trading said, “Local magazines, newspapers and my clients referral is a great source of business.”

A theme generated from these responses reveals that micro busineses use traditional marketing media seldomly for promotion of their businesses. As a result they rely heavily on word-of-mouth and personal networking. The empirical evidence indicate that due to the haphazard nature of marketing strategies used by micro firms they are prone to failure in terms of achieving their sales target. To justify the above line of rasoning Robert Kiyosaki and Sharon Lechter (2000) stresses that promotions work on a six weeks cycle for results. Therefore it is advisable for micro businesses to plan their promotional campaigns at least for duration of six weeks to as to realize worthwhile benefits of their marketing efforts.

In terms of reach three well known laws have been postulated which addresses the reach issue of promotion. According to Dave Evans (2008), the Sarnoff’s law states that during the process of broadcasting a single message is sent to infinite number of listeners. The respondents when asked as to how suitable it is for their business to use Television and radio for their promotion purposes?

According to Xiaoli Du, Nordicpearl, “Television and Radio are too expensive for a small business like ours, though it can be useful for companies with really unique products who run direct-response advertisements on TV which is interactive in nature.”

Lars, Kingfisher Cuisine and bar says, “I think for restaurant and bar business broadcasting media is not as suitable as we deal in perishable dishes so in no way we can serve far flung areas. Some people talk of takeaway kind of arrangement which we are offering but still have perishability problem.”

Mr.Patel Manager, X-One Klädbutik replied as, “I think nowadays most of people watch youtube instead of television and listening radio is good for music not clothes as there is no visual impact.”

Peter Lundell, Puls Gym responded as, “I think television and radio are best suited for others, for our our services demonstration and look and feel and environment is important.”
Mikael Hjalmers, Treguld Smeder replied as, “They were good when we introduced the business or during launching days. Now I think it is better to use magazines and local newspapers.”

Kirsten Lothigius, Impelco says, “Television and radio are one way, so I prefer Word-of-mouth over them. As far as magazine and newspapers are concerned actually they can be retrieved later as well and on TV and radio it is just a moment which may pass without hitting your target.”

A common theme generated from the above empirical findings indicates that small firms are more inclined towards print media and word-of-mouth publicity. The reason is that small firms are often cash strapped and cannot afford expensive television advertisements. Further, the reach of broadcasting media goes beyond the requirements coupled with no interaction so the small firms whose customers are geographically concentrated would not be tempted to use it for marketing. This is conformance with Ewald (2009) who stresses that media such as television and radio allows no interaction between the sender and receiver.

Another important law is Reeds law which according to Dave Evans (2008) has considerably more coverage as it reinforces a new layer of groups such as in social network sites which creates sub groups and communities. The respondents when asked as to how suitable it is for their business to use social media for their business their responses were as

According to Xiaoli Du, Nordicpearl, “Yes, this is a good opportunity but social media is only in the rudimentary stages of development and not many are aware of the applications of social media.”

The response from Mr. Lars of Kingfisher restaurant and bar was quite interesting as we learned about TANSTAAAL, (There ain’t a thing as free lunch) and humorous at the same time

‘[Laughing], “There ain’t a thing as free lunch” because it requires active involvement on social media applications such as facebook. However, other things kept the same it is encouraging for small business as we also have a fan page on facebook.”

Mr. Patel, X-One Klädbutik replied as, “It is a good idea but to get involved in social media but it is yet to prove its utility in persuading customers to come and purchase. I think it is good for awareness purposes.”

Peter Lundell, Puls Gym responded as, “I think it is good for a training studio but I havent made up my mind to promote my business over it as yet as I am doing fine at the moment.”

Mikael Hjalmers, Treguld Smeder had another perspective and expressed herself in a very thought provoking manner as:

“I think in a different way, this is just a social media bubble phenomenon as you can reach infinite number of people but the truth of the matter is that this new media deals in weak content.”

Kirsten Lothigius, Impelco response was yet another eye opener as he said, “My personal opinion is that this consumer generated media is simply an additional kind of media for extra communications but not so suitable for developing long lasting relationships for our business.”

Some of the respondents were skeptical of citizen media as supported by Ewald (2009) which states that a draw back of this media is absence of human element. The empirical findings can also be further supported by recent blog entry at the Harvard Business Review website by Umain Haque on 23rd March (2010), “It’s largely home to weak, artificial connections, what I call thin relationships” and today, “social” media is trading in low-quality connections — linkages that are unlikely to yield meaningful, lasting relationships.” This is indeed the first of its kind of criticism that our empirical findings had generated
and supported by most recent theories. However, social media is still in its infancy stage of development and it is for time to decide how social media will emerge in days to come.

In order to find out the effectiveness of the existing marketing practices used by these micro business a question was put up as to how satisfied are they with their existing marketing practices. The responses generated are as follows:

According to Xiaoli Du, Nordicpearl.se, “Not at all satisfied, we need to do more to in terms of awareness creation and above all people should know that we also exist in the marketplace as a small dynamic firm.”

Lars, Kingfisher Cuisine and bar says, “I think the proverb, [“good wine needs no bush”] has become a cliche and we also need to do something about marketing ourselves properly as marketing in a new manner.”

Mr. Patel, X-One Klâdbutik replied as, “We are constantly trying to improve our marketing practices and we have launched loyalty cards and many other initiatives but yet our sales are declining day by day and this is not a good sign so we have to take some bold marketing initiatives to survive in the marketplace.”

Peter Lundell, Puls gym said, “Yup, I am fairly satisfied and happy with the status quo.”

Mikael Hjalmers, of Treguld Smede says, “I am kind of okay with the current scenario but I would like to regain my lost customers.”

According to Kirsten Lothigius, Impelco, “Highly satisfied, as in a way we are doing marketing for our clients and are being paid for it. However; there is always room for improvement.”

The theme generated from the empirical evidence reveal that small businesses were relatively satisfied with the prevailing status quo in terms of marketing. A few of them were having a sales based approach and see marketing as an expense. This indicate that there is room for improvement which calls for social media approach which costs low and reaches a large number of users.

So in this connection the authors tried to elicit from respondents the social media awareness level by asking questions regarding awareness of the terms Blogs, Facebook, LinkedIn, Twitter, Youtube, Flickr and Social bookmarking sites? Why do they use social media? And whether their employees use social media and how they can be best categorized? The answers to these questions have been plotted with the help of Figure (4-1) as shown below.
When the number of social media applications were plotted against the age range of respondents from 18-56 years for personal purposes. The theme generated from the empirical data reveals as shown in the Figure (4-1) that most of the micro firm managers were using social media applications for private purposes. The use in terms of numbers of social media tools reveal a deteriorating trend as the age of the respondents were increased from younger to older respondents. This infers that young respondents are more inclined towards using social media for personal purposes compared to older respondents and hence higher awareness level.

A similar theme was generated when the number of social media applications is plotted versus the age range of respondents 18-56 for business purposes. The theme generated from the empirical data of the respondents as shown in Figure (4-2) reveals that technology challenged elderly people are least inclined to use social media for business purposes. Whereas, young people who are technology trained have a greater tendency to use social media for business purposes and hence scores higher on the social media awareness level.
4.2.2 Summary

Summary of themes generated in social media versus conventional marketing practices from the analysis of all the six interviews is as follows:

- Micro businesses use effectual reasoning, when it comes to choosing marketing orientations for them instead of causal reasoning.

- Most of the micro businesses can be termed as marketing weak organizations (MWO) as they mostly have sales orientation coupled with major relevance and minor role of marketing. They see marketing more of a expense (luxury) than something which is essential.

- The promotion mix (both social media and traditional tools) is used infrequently and in haphazard manner which deprive them of attaining sales targets. Hence, micro firms should avoid undue haste and wait until at least six weeks to know the results of their advertising efforts.

- Cash strapped micro firms seldom utilise non interactive media such as television and radio due to higher expenditures and which has higher than needed coverage as their customer base is normally geographically concentrated.

- Micro businesses see social media just as an additional medium which though is free of cost but content and connections generated are low quality, hence weak relationships.

- Most of the micro business managers use social media for personal purposes instead of professional purposes. It was observed that social media awareness and usage tends to decline as age of the businessmen, or workers increases.

- Most of the micro firms are not satisfied with status quo in terms of marketing and look forward to embark on social media for betterment of their approaches towards marketing.
4.2.3 Relationship Marketing

The task of marketing is to attract new prospects and at the same time retain existing customers. This calls for adopting relationship approach with customers. According to Hunt (1994) relationship marketing is, “All marketing efforts directed at establishing, developing, and maintaining successful relational exchanges”. In addition to promotion mix elements Word-of-mouth is also an important instrument for maintaining good relationships. According to the Word of Mouth Marketing Association (2008), word of mouth is one of the most honest forms of marketing for attracting kith and kins of your customers. In this relation a questions relating to word-of-mouth was put up as to how likely is it for your customers to recommend, advocate your product(s) or service(s) to others? The responses were

According to Xiaoli Du, Nordicpearl, “We have good experience with our customer’s word-of-mouth and it is a good source of free of cost marketing for our small business. It won’t be wrong to say that our customers are sometimes passive but a few of them do recommend us to their friends, colleagues and relatives which is good sign for us” (Xiaoli Du, Owner of Nordicpearl Jönköping Sweden)

Lars, Kingfisher cuisine and bar says, “As mentioned earlier, our restaurant customers are mostly visiting us through word-of-mouth as word of mouth is independent endorsement for us and acts as credibility filter for our prospective customers.

According to Mr.Patel, X-One Klädbutik, “We see word of mouth as our strategic marketing weapon and the experience in this regard is overwhelming. At the same time I must identify that it is mostly our old aged customers who do word-of-mouth for us and bring their friends and relatives to shop from us.”

Peter Lundell, Puls gym says, “Yes, word of mouth has high trustworthiness and it has been fruitful for us.”

Mikael Hjalmers, Treguld Smeder replied as, “It is highly likely that our customers recommend our products. Sometimes it is a kind of chain reaction when we do well on a particular design we know that this is going to work.”

According to Kirsten Lothigius, Impelco Trading, “It is highly likely for my customers to recommend my services to others.”

A common theme generated from the empirical findings reveals the fact that positive word-of-mouth is instrumental for success of micro firms in Sweden. The primary reason is that it is generated by the publics, for the publics and therefore carries high credibility and trustworthiness as it done independent of the businesseses promoted. On contrast marketing messages are seen with doubt as every day a normal human being is exposed to thousands of marketing messages. This idea has also been supported by Bonnie D. Belleau et al, (2007) who stresses that majority of customers belong to generation “Y” or “Millennials” who are skeptical of advertising, anticorporate as well as individualistic. This is why word-of-mouth is reckoned to be a key denominator for the success and growth of micro businesses who are cash strapped and cannot afford the luxuries of mainstream media marketing practices.

In the domain of relationship marketing Evert Gummesson, a Stockholm based professor has proposed the 30 Rs concept with four main categories such as Classic market relationships, Special market relationships, Mega relationships and Nano relationships respectively (Gummesson, 2008). In this relation the respondents were asked to describe which one of the above four categories describe their relationship with customers. The respondents were provided a list of 30 Rs beforehand and their responses were as
According to Xiaoli Du, Nordicpearl, “I would say that our business falls in the mega relationships category as we rely heavily on personal and social networks which are R18 on the list. In simple words our business relationships are driven by friends and friends-of-friends.”

Lars, Kingfisher Cuisine and bar says, “Kingfisher has special customer relationships in a way that we believe in the service encounter and also we carry out loyalty programs for our frequent customers.”

According to Mr. Patel, X-One Klädbutik, “We believe in long term relationships with our customers as the population of the country in itself is so very little that we simply cannot afford to lose a customer. Again I would say it is the elderly people who are interested in keeping relationships with our businesses and we do care about them.”

Peter Lundell, Puls gym, responded as, “Simply, we have a family kind of relationships with our customers and I think on this list it can be placed under special customer relationships as we are providing real time services.”

Mikael Hjalmers, Treguld Smeder says, “We have strong, natural and long lasting relationships with our customers whom are hard to confine in a given set of relationships, but you can say classical relationships.”

Kirsten Lothigius, Impelco Trading responded as, “Special customer relationships as I see in the list and sometimes partnering relationships with our proven clients.”

The theme generated from the empirical findings reveals that micro businesses are interested in keeping relationships with customers to form a win/win deal by creating value for all the parties concerned in the relationship. However, it important to know that not all the customers’ are interested in relationship building and that relationship are more important for micro businesses dealing in service industries.

The customer relationship lifecycle reveals those consumers who keep on returning to the same business are loyal customers. According to Baines et al, (2009), the customer relationship lifecycle consist of four main stages customer acquisition, development, retention and termination. These stages resemble the stages of product lifecycle stages with different strategies used as per needs of the product and in this context as the relationship evolves. In this relation the respondents were asked as to which stage of customer relationship lifecycle is most important for their business they responded as follows

According to Xiaoli Du, Nordicpearl, “For us since our business in the infancy stages so obviously customer acquisition is most important to us. Once a customer is acquired only then we can think of developing a relationship with him or her and plan on sustaining the relationships for repeated business.”

Lars, Kingfisher Cuisine and bar says, “I think all of them are important for us as without these stages it is hard to find customer life time value (CLTV) for our business.”

According to Mr. Patel, X-One Klädbutik, “With our three decades of presence in the garments business it is important to retain our existing customers while at the same time looking forward to make new ones as we get guaranteed business from our old customers and it also help us in our purchasing decisions.”

Peter Lundell, Puls gym, responded as, “Customer retention is important for us as a satisfied customer brings new good customers for us.”
Mikael Hjalmers, Treguld Smeder says, “Development and retention, we are trying to bring back our lost customers.”

Kirsten Lothigius, Impelco Trading responded as, “Mostly, I am interested in retaining my existing customer by providing them top notch quality and services as I am most of the time working single handedly.”

The theme generated from above empirical evidence reveals that micro businesses stand at different levels of the customer relationship lifecycle. Newly created ventures were found to be more interested in customer acquisition and development of relationships and older businesses were found to be more interested in customer retention as well as trying to find out new customers. Customer relationship is a key denominator of customer lifetime value (CLTV) in Sweden as the population of the country is only 9,059,651. According to Charad Sharad Boyle et al, (2008) customer life time value (CLTV) is an important metric for assessing the net value of a customer and helps in customer acquisition processes and choice of optimal service levels to make marketing decisions more effective and efficient.

As evident from the customer relationship cycle loyal customers give repeated business therefore Christopher et al, (2002) has developed a relationship loyalty ladder which has six rungs each corresponding to six levels of loyalty namely prospects, purchaser, supporter, advocate, and partners. In this regard when the respondents were asked as to where they see their relationships status on loyalty ladder the responses were as

Xiaoli Du, Nordicpearl replied, “Considering the limited number of customers we have it is right for us to see them as advocate rung of the customer loyalty ladder as they are the ones spreading positive word-of-mouth for our advantage. However, this relationship status might change our business grow.”

According to Lars, Kingfisher Cuisine and bar, “We have permanent customers [smiling] as you and I eat twice or three times a day and few are more like purchasers.”

Mr. Patel, X-One Klädbutik says, ‘Majority of our customers cannot be categorized as such however we have some key business partners who buy from us in bulk and sell in other small regions such as Nasjo, Habo, Vetlanda, Tidaholm.’

Peter Lundell, Puls gym says, “Our clients support and advocate our best services and we also see them as our partners as we make money from them.”

Mikael Hjalmer, Treguld Smeder replied, “The truth of the matter is that we have solid long lasting relationships with customers.”

According to Kirsten Lothigius, Impelco Trading, “They are mostly great supporters and advocates as reflected from their interactions with my continued business for the past so many years.”

The theme generated from the above discussion reveals that micro businesses have varied levels of customers when it comes to placing loyal customers on the loyalty ladder. It has been observed that the higher the level (rung) on loyalty the greater the chances of profitability for businesses. However, businesses are not merely interested in loyalty rather they want tangible benefits from their marketing efforts.

According to Charlene Li and Josh Bernoff (2008), in comparison with offline customers the online customers can change behaviour quickly as they have access to information via new technologies
and use trial and error methods which is difficult for conventional firms to cope with. In this regard a questions in terms relationships where would you place your business in the six categories of inactive, spectators, joiners, collectors, critics and publishers. The responses were as:

Xiaoli Du, Nordicpearl replied, “Considering the fact that we as a group use social media for personal and business purposes. It can be said that we are mostly publishers for our business purposes and in private life we are merely spectators just like many other people.”

According to Lars of Kingfisher Cuisine and bar, “We are thinking of publishing on our facebook fan page especially the news related to our Special dish of the Day.”

Mr. Patel, X-One Klädbutik says, “I would say we are inactives in this social media as people of my age (60 plus) do not have time to get involved in internet.”

Peter Lundell, Puls gym replied as, “Frankly speaking I am not so active but it does not mean I am not aware of them, but it is just that I have interest in some other things.”

According to Mikael Hjalmers, Treguld Smeder, “We are inactives, because I believe that social media is not worthwhile for us as it consumes my precious time.”

Whereas, Kirsten Lothigius of Impelco Trading said, “Frankly, I am not into this, I believe in the more traditional way and therefore you can say I and my business fall in the category of inactives.”

The theme generated from above discussion indicates that micro businesses are mostly inactives in the domain of social media marketing for relationship purposes. The reason is that micro businesses have limited personnel who are already over burdened by their tasks. Another reason is that social media is in the rudimentary stages of development therefore the customers are also largely absent so it is where micro business are lagging behind. However, young enthusiastic entrepreneurs have stolen a lead by writing their own business blogs and maintaining their facebook fan pages.

### Table 4-3 Data Display and Themes generated for RQ2

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Nordic Pearl</th>
<th>Kingfisher</th>
<th>X-One Klädbutik</th>
<th>Pub Gym</th>
<th>Treguld Smeder</th>
<th>Impelco Trading</th>
<th>Theme Generated</th>
</tr>
</thead>
<tbody>
<tr>
<td>Word-of-Mouth</td>
<td>Positive</td>
<td>WOM is endorsement for us</td>
<td>Strategic marketing weapon</td>
<td>Positive</td>
<td>It's a chain reaction</td>
<td>Positive</td>
<td>WOM is generated by the public and for the public.</td>
</tr>
<tr>
<td>30 Rs Categorization</td>
<td>Mega Relations</td>
<td>Special Relationships</td>
<td>Long-term relationships</td>
<td>Special relationships</td>
<td>Special relationships</td>
<td>Special relationships</td>
<td>All the stages are important as they contribute towards CLTV.</td>
</tr>
<tr>
<td>Customer relationship lifecycle</td>
<td>Acquisition</td>
<td>CLTV is important</td>
<td>Retention and acquisition</td>
<td>Retention</td>
<td>Retention Development</td>
<td>Retention</td>
<td>Customers show varied levels of loyalty and profitability.</td>
</tr>
<tr>
<td>Loyalty Ladder</td>
<td>Advocates</td>
<td>permanent</td>
<td>No idea</td>
<td>Supporters</td>
<td>Not related</td>
<td>Supporters</td>
<td>Most of micro businesses are dominant on social media landscape.</td>
</tr>
<tr>
<td>Micro business on Social Technographic ladder</td>
<td>Publishers to some degree</td>
<td>Spectators</td>
<td>Inactives</td>
<td>Inactives</td>
<td>Inactives</td>
<td>Inactives</td>
<td>Most of micro businesses are dominant on social media landscape.</td>
</tr>
</tbody>
</table>

Source: Authors own creation for this thesis
4.2.4 Summary

Summary of themes generated in terms of relationship marketing practices from the analysis of all the six interviews is as under.

- That positive word-of-mouth marketing is instrumental in the success of micro businesses in Sweden in terms of relationship building as it is generated by the people independently and for the people. The underlying reason is that majority of customers are millenials who are skeptical of advertising.

- That almost all micro business is interested in long term relationships with customers but not every customer likes to maintain business relationships. It was also learnt that relationships are more vital for micro businesses dealing in service industries.

- Micro businesses are interested in customer acquisition and retention by measuring the customer lifetime value (CLTV) in a raw manner for longevity of their profits. The underlying reason is that population Sweden is so small that every customer matters particularly for small businesses.

- These micro businesses are interested in only those loyal customers who are more profitable to them which mean that loyalty does not always mean tangible benefits.

- Micro business are mostly inactives in the domains of social media marketing practices as they are constrained in terms human of human resources required for effective social media practices.

- In spite of social media being in its infancy stages of development still there are examples of young enthusiastic entrepreneurs who are actively publishing their blogs as well as maintaining their facebook fan pages. These are ones who have stolen a lead from their counterparts by achieving a first mover advantage in the domain of social media marketing.

4.2.5 Social Media Adoption

According to Everett M. Rogers the diffusion of new technologies takes place in six sequential steps namely innovators who are the pioneers of adopting a new technology making 2.5 %, early adopters 13.5%, early majority 34%, late majority 34%, and at the end laggards which constitute 16% of the population (Thomas S. Robertson, 1967). In this relation when the respondents were asked as to where in terms of social media usage do they categorize majority of their customers? Their responses were as follows:

According to Xiaoli Du, Nordicpearl.se, “In my opinion majority of our customers fall in the laggard’s category as they are old people and a few can be termed as innovators and they are mostly young people.”

Lars, Kingfisher Cuisine and bar responded, “Normally young couples visiting us are first-line adopters.”

According to Mr.Patel, X-One Klädbutik, “You know in Sweden majority of people use internet so obviously the social media usage should be high but as far our customers are concerned I think they fall somewhere in the middle like late majority. But it is just an educated guess according to my own thinking”.

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Peter Lundell, Puls Gym says, “They are very much active on facebook as far as my knowledge is concerned therefore could be termed as innovators.”

Mikael Hjalmers, Treguld Smeder replied as, “They can be innovators or laggards but I am not sure about it.”

Kirsten Lothigius, Impelco Trading says, “My customer base is very diverse as they represent a diverse number of industries and as such I am not sure about them as well.”

The theme generated from the empirical findings reveals that customers of micro businesses are rather conservative when it comes to the use internet as well as social media application. The first line-adopters are mostly young people and engage themselves in internet based buying but on the other hand these people seldom engage with micro businesses in traditional ways.

According to Charlene and Bernoff Li (2008), the participation and diffusion of social media technologies to a great extent depends on how these tools facilitate users to connect in new way with their friends, convenience in registration, peer pressure, the altruistic impulse, the purient impulse, creative impulse, validation impulse, the affinity impulse and so on (Charlene & Li, 2008). In this relation the respondents were asked to elucidate the most important factors. Their responses are as under:

According to Xiaoli Du, Nordicpearl, “I think peer pressure is the most important of all of the above because if you are on facebook and your friends are not then definetly you would like to exert pressure on your friends to join in so as to keep a track of each other and to stay up to date with the latest developments.”

Lars, Kingfisher Cuisine and bar responded, “I think we all as human beings are interdependent and this interdependence compells everyone to connect with another and this is how the social media works in my thinking.”

In this regard we got an interesting response from Mr Patel which relates to online impressions in the domain of social media. “I think the online people can make more online impressions on each others as my children are active on social media and have been contacting old school and college friends.”

According to Peter Lundell, Puls gym, “I think their easy and free of cost membership as well as pressure from friends.”

Mikael Hjalmers, Treguld Smeder says, “It is free of cost and people feel good when stay abreast with the most recent thing.”

Kirsten Lothigius, Impelco Trading replied, “I think some people use it for the sake of personal purposes which can be entertainment, connecting with friends and family.”

The theme generated from the empirical findings indicates that people mostly in Sweden start using social media applications such as facebook because of peer pressure to stay connected with old and new friends. It can also be argued that social media enables online impressions which has an impact on the lives of other.

According to the Social Technographic ladder (2006), participants of social media can be grouped into six categories in which inactive, are dormant in the domain of social media and make 52%, spectators are those who read blogs and watch videos and make 33%, joiners make 19% and use social networking sites (SNS) such as Facebook, Collectors make 15% and use tags and RSS, Critics comments on blogs and make 19% and finally Creators who constitute 13% of technology-trained
people and are involved in publishing web pages, blogs and uploading videos. In this regard the respondents were asked as to how would they like describe their most active customers segment in social media. Their responses were as

According to Xiaoli Du, Nordicpearl, “I would say majority of our customers are inactives or merely spectators. The most active are supposed to the youngster who comes from technology generation as against paper generation customers of old age.”

Lars, Kingfisher Cuisine and bar says, “Mostly on average they are supposed be active as Sweden everyone is using internet.”

In view of Mr.Patel, X-One Klädbutik, “I think it is the young people who use more and unfortunately there are very few customers we have got as they are more brand conscious and buy from H&M, Jack and Jones etc.”

Peter Lundell, Puls gym says, “I think young people are most fitness conscious so we have them in great number and these are these people keep pace with technology therefore one can say that our customers are mostly publishers critics and creators.”

Mikael Hjalmers, Treguld Smeder says, “It is very difficult to answer and but I can say that many are simply using social media as joiners.”

According to Kirsten Lothigius, Impelco Trading, “My customers are normally not consumers as they make or sell finished products to someone else. Therefore I can say they are very inactive as they are very busy people normally.”

The theme generated from the above empirical findings reveals that most of the customers of micro businesses are merely spectators and joiners in the domain of social media. A few exceptions are there but majority of the customers are using social media not in so much detail. However, it does not mean they are completely silent as few of them can be termed as publishers and some are critics.

According to Larry Weber (2007), social web is more of a new mind set towards marketing practices requiring a new set of tools and skills sets. Therefore in this relation another question was asked to know if they are convinced that social media marketing should be an integral part of their promotion mix strategies. The responses were as follows:

Xiaoli Du, Nordicpearl responded, “Yes, definitely we look forward to stress more on the social media applications in future.”

Mr.Patel, X-One Klädbutik responded, “Why not, [in a happy tone] but I still believe that nothing is for free in this world. Soon these social media people will start charging for it making it difficult for small businesses.”

Lars, Kingfisher Cuisine and bar says, “Sure, in fact we are already marketing our business and I think in future we need to do more as social media is becoming a way of living.”

Peter Lundell, Puls gym says, “Generally for small businesses it is a good idea but I havent decided about it yet, as I have some other priorities in my mind.”
Mikael Hjalmers, Treguld Smeder says, “Not now, but after some time in the future (but it depends on our strategy to capture the market).”

Kirsten Lothigius, Impelco Trading says, “May be, in the year 2011 or somewhere in the future I will start using it but at the moment I am not into it.”

The theme generated from the above discussion indicate that micro businesses are optimistic about social media marketing and intend to use it for development of their marketing strategies. The underlying reason is that internet based social media is an opportunity where micro firms can compete on equal term with big businesses. However, a few of the respondents are skeptical about the utility of social media and call it mushroom growth or bubble growth of social media.

According to a joint survey by Association of National Advertisers in the US and Forrester research reveals that marketer plan to increase their spending in 2010. Most businesses plan to increase marketing expenditures to Social media by a whopping 77%, Web advertising 73%, and Search engine marketing 59%. Alternately, businesses plan to increase spending on conventional marketing only by 13% in magazines, 9% increase on radio advertising, and a dismal 7% raise in newspaper advertising. In this relation a question was asked as to how they plan to allocate their marketing budget to social media and conventional marketing practices. Their responses were as

According to Xiaoli Du, Nordicpearl, “We plan to use social media networks (SNS) and Youtube as well as social bookmarking sites which are ofcourse free of cost and side by side we will try to run some sales promotions and door to door reklam advertisements.”

Lars, Kingfisher Cuisine and bar says, “We are still in the process of synchronizing our marketing strategy and look forward to use a blend of traditional and social media marketing.”

According to Mr.Patel, X-One Klädbutik, “I would like my son to take care of social media and start a social media campaign for our business at the same time we will stick to newspaper advertisements.”

Peter Lundell of Owner of Puls gym, “I am planning to arrange some free visiting days this year so to educate people about the services we are providing.”

Mikael Hjalmers, Treguld Smeder says, “Magazines and newspaper advertisements mostly.”

Kirsten Lothigius, Impelco Trading says, “I will be most likely using my old proven way of marketing and may be in future I engage in some social media marketing practices.”

The theme generated from the above empirical findings leads us to conclude that micro businesses are more inclined to use conventional marketing practices such as newspapers, magazines and word-of-mouth. However, at the same time it is beyond any doubt that these businesses are keen to take advantage of the opportunities and see social media marketing as a great equalizer as it enable them to compete with huge businesses having big advertising budgets on a level playing field.
4.2.6 Summary

Summary of themes generated in terms adoption of social media marketing practices among from the analysis of all the six interviews is as follows:

- Internet based social media is seen as marketing opportunity in which micro firms can compete on a level playing with bigger businesses thus seen as a key equalizer for them.

- The first-line adopters of social media are mostly young people who are technology-literate.

- That social media enables online impressions and mostly people are engaged in social media applications because of peer pressure to stay connected.

- Social media usage in context of micro businesses is in the rudimentary stages of development for majority of customers as they are merely spectators and some of them are more active than others. Micro businesses seems to belive in social media and look forward to adopt it in the year 2010. However, there are few critics of social media who see social media as bubble growth.

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Diffusion of Social media in customers</th>
<th>Participation in Social Media</th>
<th>Most active customers on Social Technographic ladder</th>
<th>Social media as part of promotion mix for micro firms</th>
<th>How do micro businesses plan in terms of marketing expenditures for future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nordic Pearl</td>
<td>Leggards</td>
<td>Peer pressure</td>
<td>Young people, the rest are inactives</td>
<td>Yes</td>
<td>SNS, Youtube, Social Bookmaking and S/Promotions</td>
</tr>
<tr>
<td>Kingfisher</td>
<td>Young people are first line adopter</td>
<td>interdependence</td>
<td>No clear idea</td>
<td>Yes</td>
<td>A blend of social media and conventional marketing</td>
</tr>
<tr>
<td>X-One Klédbutik</td>
<td>No idea</td>
<td>Online impression</td>
<td>Young</td>
<td>In future</td>
<td>Both but we will stick with newspapers and reclaim</td>
</tr>
<tr>
<td>Puls Gym Snoder</td>
<td>Innovation as they are young people</td>
<td>Peer pressure</td>
<td>Young, publishers, critics etc The rest dormant</td>
<td>Not now</td>
<td>Traditional marketing practises</td>
</tr>
<tr>
<td>Impulse Trading</td>
<td>No idea but young are active</td>
<td>Friends and trends</td>
<td>Inactives as they are busy</td>
<td>May be in 2011</td>
<td>Magazinues and newspapers mostly</td>
</tr>
<tr>
<td>Theme Generated</td>
<td>First Line Adopters are young people</td>
<td>Peer pressure is the key driver social media participation</td>
<td>Most of the customers are on lower rung of social technographic ladder</td>
<td>Micro businesses are optimistic and see it as a level playing field</td>
<td>Traditional marketing still has strong effects but social media is also making inroads for future</td>
</tr>
</tbody>
</table>
5 Conclusion and Discussion

This is the final chapter of the thesis where we have concluded our findings from interviews to answer our research questions; hence we also are able to answer the purpose of the study. This section would end with implications for future research.

Micro businesses can be portrayed as using effectual reasoning instead of causal reasoning when deciding on the marketing orientation for them. Through effectual reasoning micro businesses come up with creative strategies through their own imagination, risk bearing and salesmanship skills. From our thesis and the study conducted by Erdtman and Wendt (2009) reveal that micro businesses are mostly marketing weak organizations (MWO) and consider marketing more of a luxury as they have sales orientation coupled with major relevance and minor role of marketing.

In relation to the purpose of our study which is to compare social media marketing with the conventional forms of marketing practices in micro businesses, the conclusions we drew are have been divided in three parts which correspond to three research questions as under.

RQ1: Which of the two types of marketing approach is more effective in terms of target market coverage and marketing expenditures?

Our study indicates that conventional approach to reach target segments is well suited for micro businesses in Sweden. Majority of these businesses’ customers are locally concentrated and they can be reached and contacted easily through advertisements in local magazines, phone calls, brochures and worth-of-mouth marketing. However, micro businesses in sample have shown a tendency to carry out their marketing activities infrequently and in a haphazard manner which reduces their chances of achieving their sales targets.

On the hand, majority of micro businesses customers are not catching up when it comes to using social media marketing. Their absence in the virtual world reveals that micro businesses are unable to reach their target segments through social media applications. The point of departure here is that conventional approach to marketing is more effective and appropriate approach to reach the target segments for the micro businesses in Sweden.

In terms of cost, social media marketing can be less costly than conventional forms of marketing because it costs far less to create a company page on Facebook, upload a video on Youtube or write a blog on free blogging sites. If the micro businesses have target segments present on these social networking sites and they are dispersed over larger geographical areas, then using social media marketing can be a very cost effective tool for cash-strapped micro businesses. In this regard we can say that social media applications will be more useful once the network externalities of social media are realized to the extent that majority of businesses and their customers are active in the social media platform. Another alternative is use a blend of social media (high volume, low expense) and conventional marketing (low volume, high expense) practices for better results.

The benefits that micro firms can have from social media practices, as we noted during our study, are as follows:

- If a micro business sets up its customer care service on the Internet, then, it would be far more efficient in responding to customer complaints than a telephonic call center for customers care. This would result in high turnover of satisfied customers and, thus, more
business for the company. Inwardly, the company can also lower its costs staff and other complementary resources.

- Normally, the customer care employee knows less firsthand than the actual problem a product or service may incur during its use. When a company has a social networking site for business and many customers are present, then, a problem can be solved during the customers interacting with one another on the page. This is not only time saving for the customer care officer but, also, the knowledge of the officer is also increased.

- When a company constantly interacts with their customers via social media then the company gets a view of its customers. It is beneficial and helpful in hiring future employees for the company. It saves a lot of effort and money to hire an efficient and like-minded individual for the company.

- During interaction with the customers on social networking sites, many problems are raised and many solutions are put forth by a diverse customer base. Therefore, a social networking site can be a good tool for generating new ideas and saving a lot on R & D at times.

On the other hand, conventional forms of marketing lack these benefits for the company and still costs more than this approach. We noted during our study that micro businesses are not absolutely happy with their marketing coverage and the expenditures involved therein, therefore, they are in need of some ways which are effective in both coverage and expenditure. We conclude that it would be better for them to use a blend of both conventional and new marketing methods in tandem with one another for satisfactory results from their marketing efforts.

**RQ2: Which marketing approach enables firms to maintain better relationships with customers?**

Businesses calculate the life time value of customers and extrapolate their future profits for their businesses. Higher revenues are guaranteed only when the customer keeps a business relationship with the business for whole of his or her life. Given the small population of Sweden micro businesses are keen to retain their customers for longevity of their profits as against a situation where a customer switches before his life time value ceases. This study indicates that micro businesses are keeping good customer relationship with its customers via word-of-mouth marketing which is considered as instrumental for success of majority of micro business as it serves as a credibility filter and is carried out independently by the customers. At the same time, this finding does not indicate any clear picture as to which form of marketing is doing better. Because our empirical analysis indicates that majority of micro business are dormant in the domain of social media marketing. In spite of social media being in its infancy still there are few dynamic entrepreneurs who have stolen a lead from their counterparts in an effort to maintain better real time relationships with their customers via blogs and face book fan pages. These businesses though represent negligible strata of the sample but it is beyond any doubt that they have been successful in achieving a first mover advantage which will indeed bear fruits in the long run.

**RQ3: Whether or not it is the right time for micro firms in Sweden to adopt social media practices?**

Internet based social media is seen as a great marketing opportunity in which micro businesses can compete on a level playing field with their larger counterparts therefore can act a great equalizer in future. For every strategy and approach there is a specific time frame and it is prudent to know the timing of the strategy in relation to its environment. For example, Apple’s iPhone would have never been successful if the young had not so much disposable income, boom of the Internet and Internet
applications and most importantly, the ‘on-the-move’ trend of the people. In this thesis it is learned that frontline adopters are mostly young customers who use it for connecting with their kith and kins as well recreation. The thesis indicates that mostly people start using social media as a result of peer pressure and online impressions for attracting other users to this new network of networks.

This study also reveals that social media is in rudimentary stages of its development in Sweden as customers though they are present on the social media landscape, but have not yet, thought of it as a mainstream marketing channel. Therefore, micro firms in Sweden need to adopt a wait and see approach before the social media gets through these early stages. The reason is that we found in our empirical studies that neither the customers nor the businesses are present on the platform to interact with each other. It always takes some time for the people to adopt a technology therefore in the same vein it will take some time for the most of people start using social media applications for purposes other than communicating with one another and sharing pictures and videos.

5.1 Implications for managers and academia

The study was conducted to benefit both academia and the managers of micro firms. Though a clear line cannot be made as to who may have been addressed exactly yet the study has implications for both the managers and academia. The study was an exploratory one and tried to identify which one of the two marketing approaches is used by micro firms. It was found that the owners/managers of micro firms have an idea about their target customers and they have stuck to marketing tools that have been working for them. These firms are not seen on the social media arena that is why the micro firms’ owners/managers cannot distinguish, at present, as which of the two methods is more feasible for them. Though, these firms have not yet realized the benefits of social media yet we observed certain benefits for the micro firms attached to the use of social media or social networking sites like Facebook, Twitter, LinkedIn, Youtube etc. These benefits are mentioned down the paragraph.

- Micro firms can leverage the strength of big retailers through the efficient use of social networking sites by establishing personal level relationship with its customers. As micro firms are more locally based therefore an efficient use of social networking sites like Facebook will help micro firms to gather its customers around itself and keep them intact.
- Keeping strong personal level relationships become more important for micro firms when there is a threat of arrival of big retailers or companies in their locality.
- Micro firms that have serious problems with customer’s complaints handling, establishing a social networking site for the company is a good idea. If it is hard and expensive for the micro firms to efficiently handle customer complaints, then, a good idea is to establish a facebook or other social networking webpage. By doing so, the number of unattended customer calls will drop down and the number of kronor saved will rise, don’t mention the rise in satisfied customers.
- The customer’s problems need not be solved solely by the company. Customers present on the social networking pages like to help fellow customers. There are two benefits associated with customers helping other customers. One is, it shows the degree of loyalty of customers and second, the advice also helps increase the knowledge of the company in case the company customer service was not aware of the practical problem beforehand.
- Micro firms that need to constantly update its customers about its promotions needs to start using social networking sites as it is growing very popular among the people with a fast pace. Restaurants can effectively use these tools as the customers in the office need to have an idea
about where to get a good lunch and couples need to be updated for a wonderful evening. Modern gadgets like Apple have brought customers very close to the social networking sites and people update very quickly about what is happening around, therefore, micro firms need to follow their customers quickly otherwise they will become too ‘boring’ for their customers.

5.1.1 Implications for academia

In simple words our findings have contributed to the scant literature on social media in the context of micro businesses thus deepening the knowledge of how social media and conventional marketing practices are can go in tandem with each other. From a our viewpoint, the study stresses the importance of both media with special emphasis on the fact that social media is making inroads in the domain of marketing literature and therefore academicians and researchers should also dive deeper in this domain. This will help strengthen the current marketing practices as well as result in new marketing theories for effective use of the new media.
6 Future Recommendations

Firstly, we recommend an exhaustive study on the subject by studying different industries and regions in Sweden so as to arrive at more accurate findings and give micro firms a best guide whether or not to exploit social media for marketing purposes.

Second, some research should be conducted on the ROI of the social media adoption in the micro firms. Since, micro firms are cash-strapped therefore it is important to calculate the cost and benefit of spending on social media for micro firms.

Third, in case of micro firms with more than one employee, a study should be conducted as to who might manage the social networking site of the company? Either the owner better handles this or employees be trusted with this is a question worth asking.

Last but not the least, different attributes such as, relationship building and enhancing, HR, networking, product/service improvement, sales expansion etc. of the social media be studied in the perspective of micro firms with each one’s relative importance for the micro firms.
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8 Appendices

Questionnaire

Name of Micro Business Company

Address of the Business

No of employess in the Micro Firm

Web Page address

Gender of respondent (a) Male (b) Female (c) Prefer not to disclose

Which range best describes your age? (a) 18-24 (b) 25-34 (c) 35-54 (d) 55+

Q1. Would you like to introduce yourself in terms of your marketing education/experience and other educational background?

Q2. Which one of the following options best characterizes the nature of your business concern? Please explain?
   (a) Brick-and-mortar organization (b) HBIB (c) Born global (d) Any other

Q3a. Which one of the following best describes your product(s), service(s) offering? Explain?
   (a) Pleasing (b) Salutory (c) Deficienct (d) Desirable (e) Any Other

Q3b. A long-term business relationship is good for companies, what augmented/extra services do you offer for maintaining/sustaining customer relationships? Please mention?

Q4. What you think of your organization in terms of marketing approach? Whether it is a,
   (a) Marketing activities brings most of the business (b) Marketing dominated organization
   (c) Marketing weak organization (d) Marketing independent organization (e) Any other

Q5. Which of the following types of market orientation do you have towards marketing?
   (a) Product orientation (b) Production orientation (c) Sales orientation
   (d) Marketing orientation (e) Holistis marketing orientation (f) Any other

Q6. Is your target market clearly defined by your organization and how you reach them?

Q7. Do you reach your customers through web or you sell only in conventional manner? Why?
   (a) Yes (b) No (c) Both of them

Q8. In terms of pricing which of the following mostly resemble your strategies?
(a) Premium pricing (b) Economy pricing (c) Good value (d) Overcharging (e) Skimming (f) Penetration

Q9. Which of the following promotional strategies do you normally use? Give details?

(a) Sales promotion (b) Advertising (c) PR (d) Direct marketing (e) Personal Selling (f) Word of mouth marketing WOMM (g) Others

Q10. How frequently you promote via above mention methods? Explain?

(a) Once a Year (b) Twice a year (c) Quartely (d) Round the year (f) Randomly (g) No idea

Q11. Do you think Television and radio which are one-way media and there is no interaction between the sender and receiver more suitable for your business in terms of reach?

Q12. Do you think in terms of reach social media which enables complete interaction between members and have no human interactions is more appropriate for your business?

Q13. How would you categorize most of the feedback you get from customers?

(a) Satisfied with your product (b) Annoyed with your product (c) Suggestions to improve your product (d) Ideas for new products

Q14. How satisfied are you with existing marketing practices in terms of expenses and coverage?

(a) Highly Satisfied (b) Somewhat satisfied (c) Neutral (d) Somewhat unsatisfied (e) Highly unsatisfied

Q15. How likely is it for your customers to recommend, advocate your product(s) or service(s) to other customers, colleagues or friends?

(a) Highly unlikely (b) Very unlikely (c) Likely (d) Very likely (e) Highly likely

Q16. Are you aware of the terms such as Blogs, Facebook, LinkedIn, Twitter, and Youtube?

(a) All of above (b) Most of them (c) None of them

Q17. Have you ever used blogging as a publishing tool for your business or personal reasons?

(Yes) (No) If yes, then how frequently you update and publish your blog content?

Q18. If you already use social media for business purposes, then, how it affects your business?

(a) Positive (b) Negative (c) Neutral

Q19. Are you at the moment using of any of these tools?

(Yes) (No) If yes, then for what purpose do you use it?

(a) Connecting with friends (b) Colleagues (c) Entertainment (d) Business networks

Q20. Do you know that all these technologies can be used for marketing purposes?
(a) Yes  (b) No  (c) Somewhat  (d) No idea

Q21. Do any of your colleagues or employees use social media in their job or private life?
   (a) Yes  (b) No  (c) No idea

Q22. If yes, how you categorize your employees in terms of social media usage?
   (a) Inactives  (b) Spectators  (c) Joiners  (d) Collectors  (e) Critics  (e) Publishers

Q23. Which one of the below best describes types of relationships with your customers? Describe why the one you have chosen and why not the others? Note (ppt for the complete list of 30Rs is provided)
   (a) Classic market relationships  (b) special market relationships  (c) mega relationships  (d) nano relationships

Q24. Which steps of CRL do you think are most important for your company and why?
   (a) Acquisition  (b) Development  (c) Retention  (d) Decline

Q25. In this regard when the respondents were asked as to where they see their relationships status on loyalty ladder?

Q26. In terms of social media adoption where you place your business in the below categories?
   (a) Inactives  (b) Spectators  (c) Joiners  (d) Collectors  (e) Critics  (e) Publishers

Q27. Are you convinced that social media should also be a part of your overall marketing strategy?
   (a) Yes  (b) No  Please explain your choice?

Q28. Which method in your opinion leads to more customer awareness?
   (a) Using internet for promotional purposes  (b) conventional marketing practices like PR, Advertisements on TV, Radio and Newspapers  (c) or any other method

Q29. Which segment of your customers is most active on the social media technographic ladder?
   How will you assign weightage to them?

Q30. Which of the following do you intend to mostly utilize for marketing in the year 2010 and Why?  (a) Social media  (b) Web advertising  (c) WOMM  (d) Magazines  (e) Point of sale marketing  (f) Radio advertising  (g) Newspaper advertising  (h) Direct mail  (i) Others

THANK YOUR FOR YOUR TIME