



JÖNKÖPING INTERNATIONAL BUSINESS SCHOOL  
JÖNKÖPING UNIVERSITY

# **Strategic renewal through social media marketing**

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**An exploratory study of challenges and opportunities of  
companies in Swedish rural areas**

**Master's thesis within Business Administration**

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Thank you,

Gavrilakis Filippos

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Makropoulou Kalliopi

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## Master's Thesis in Strategic Entrepreneurship

<b>Title:</b>	Strategic renewal through social media marketing; An exploratory study of challenges and opportunities of companies in Swedish rural areas.
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<b>Date:</b>	May, 2013
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### **Abstract**

Background:	Social media have changed the way of communication and interaction between the organizations and the costumers. The huge merge of social media has led the companies to change their current marketing strategies into the use of social media marketing during the last years. An increasing number of companies adopt this kind of performance and there is a need to study this phenomenon more in depth and explore it through the perspective of strategic renewal.
Purpose:	The purpose of this thesis is to analyze and explore to the phenomenon of strategic renewal through social media marketing. The authors will explore into the challenges and opportunities of strategic renewal through social media marketing in companies located in Swedish rural areas.
Method:	Social media marketing is considered a new phenomenon. The studies held, do not examine social media marketing through a strategic renewal perspective and how rural area companies located in rural areas in Sweden face the challenges and opportunities occurred. Therefore, an abductive approach and case study method were chosen for this research. 7 companies were chosen as the interviewed companies. Within this research primary data were collected through semi- structured interviews with the investigated companies.
Conclusion:	The authors have found that, the interviewed companies pursue strategic renewal through social media marketing, but they do not consider this strategy as the main one but as a complementary one. As a result, certain challenges are emerged, and the investigated companies should face and integrate them to the opportunities generated from this kind of strategic renewal. This will lead to a better performance of the companies since pursuing strategic renewal through social media marketing can help in every factor of the company making them competitive and able to stand out.

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# Definitions

**Rural regions:** Municipalities that are not included in the metropolitan areas and urban areas are classified as rural areas/countryside, given they have a population density of at least 5 people per square kilometer (Westuld, Larsson & Olsson, 2007).

**Social networks:** The concept of “social networks” in this master thesis is used referring to online communities such as Facebook, Twitter, Flickr etc. where users can communicate with each other, share different contents etc.

**Social media:** “a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content” (Kaplan & Haenlein, 2010, p. 61). Web-based and mobile technologies allow dialogue between individuals, communities and organizations.

**Web- blogging:** a discussion system where the users post messages in World Wide Web and discuss on it (Kaplan & Haenlein, 2010).

**Web 2.0:** A new way in which end-users and software developers exploit the World Wide Web. Web 2.0 is a platform where content and applications are no longer created by single individuals but they are constantly modified by all users in information sharing and collaborative way (Kaplan & Haenlein, 2010).

**Strategic entrepreneurship:** involves simultaneous opportunity -seeking and advantage seeking behaviors (Ireland, Hitt, and Sirmon, 2003).

**Strategic renewal:** A form of corporate entrepreneurship where companies redefine the ways to compete with the competitors and / or redefine the markets (Covin & Miles, 1999). Strategic renewal influences company’s long-term perspective and is the foundation for future development (Agarwal & Hhelfat, 2009).

**Leveraging:** To exploit existing corporate competencies in new product or market arenas, and learning. To acquire new knowledge and skills that may be useful in existing product or market arenas (Morris, Covin & Kuratko, 2008)

**Rejuvenation:** Enactment of a major, internally focused innovation aimed at improving strategy implementation (Morris et al., 2008).

**Restructuring:** Design of a new or redesign of an existing business model (Morris et al., 2008).

**Reanimating:** Creation of new or reconfiguration of existing product categories or market space (Morris et al., 2008).

**Venturing:** Introduction of a new product into a preexisting product category or introduction of an existing product into a new (to the firm) but preexisting market (Morris et al., 2008).

# 1. Introduction

*In this part of the thesis, the main information about the field of study is given. The background, research problem, purpose and research questions are explained.*

## 1.1 Background

In such a context of crisis, the creation and growth of small and medium sized entrepreneurial companies has been presented as a solution to strengthen the gross domestic product and to reduce the rate of unemployment. Indeed, we often forget that small and medium sized companies have been and always will be the motor of a country's economy. Many companies regularly fail during their initial start-up, and some even several years after entering the market (Ladzani & Vuuren, 2002). Researches have shown, that some of these companies failed despite the presence of opportunities, adequate resources and innovative business ideas. They point out that, one of the reasons is tied to the model driving their businesses and to their inability to develop new products in the proper manner (right in time and matching customers' needs); most of the companies lack in their marketing strategies.

Answering to this problem, an effective way of improving or sustaining the performance of a company is through corporate entrepreneurship (CE). CE is a term used to describe the entrepreneurial behavior inside established mid- sized and large organizations (Morris, Kuratko & Covin, 2008). In addition to this, corporate entrepreneurship is also defined as the process where an individual or a group of individuals, in association with an established company, creates a new organization or instigates renewal or innovation within the current organization (Sharma and Chrisman, 1999). This leads to strategic renewal, which can be vital for the survival of the companies; it is about implementing new business strategy within the organization (Morris et al., 2008).

After social media showed their presence in the late 90's connoting what was about to follow later on (Dave, 2010), companies started to realize the importance of social media and their impact. Social media was a tool that companies used to advertise and promote themselves; convey their existence and build a strong relationship (Saravanakumar & Suganthalakshmi, 2012). Firms, nowadays, are looking for innovative and cost effective ways of advertising and promoting their products; this is the reason why social networking sites seem to be their new survival tool (Kazim, Kirtis, Filiz & Karaham, 2011). That led to social media marketing; a new strategic tool through which companies pursue strategic renewal. Promotion is just one part, albeit a critical one, of an overall social marketing strategy (Thackeray, Neiger, & Hanson, 2007). Marketers use various tools to promote their products, including advertising, direct marketing, Internet or interactive marketing, sales promotion, personal selling, and publicity or public relations (Belch & Belch, 2007). Big brands make use of social media marketing to convey their strong existence and friendly customer relationship (Saravanakumar et al., 2012). In retrospect, it becomes clear that social media marketing has transformed to a necessary strategic tool.

During the last seven years, there is an opposite tendency in people leaving from cities and heading to rural areas. This led more and more companies to perform from rural areas rather than urban

(Statistics Sweden, 2011). A rural area is in general, a geographic area that is located outside the cities and towns. Whatever is not urban is considered rural (Federal Ministry of Food, Agriculture and Consumer Protection, 2009). Rural areas have gained lots of significance during the last years. They are to be more closely linked in the public awareness with modernity, progress and a willingness to engage in innovation (Federal Ministry of Food, Agriculture and Consumer Protection, 2009). That is why companies start and settle in rural areas; competitive companies lead to competitive jobs. Additionally, companies need a stabilizing social environment (Federal Ministry of Food, Agriculture and Consumer Protection, 2010). The comprehensive infrastructure, the efficient provision of vital services, education, social institution and the good cultural offering, makes them attractive in the long-term, both for companies and employees, and gives them a future-centric orientation (Federal Ministry of Food, Agriculture and Consumer Protection, 2009).

It becomes clear now, that companies that choose to perform from rural areas have all the competencies in order to be as competitive as companies performing from urban areas. The use of social media marketing is now a fact, and it is a very strong tool from the companies' perspective. As a result, the authors after recognizing all those facts want to explore into the challenges and opportunities of strategic renewal through social media marketing in companies located in rural areas in Sweden.

## **1.2 Problem Discussion**

There are many interpretations when speaking about strategic renewal. Voldebra, Boden- Fuller and van den Bosch (2001) define strategic renewal as a change of a company's path dependence, while others stress, that strategic renewal is a way to compete other established companies in the existing markets (Covin & Miles, 1999). Strategic renewal is a process of change (Agarwal & Helfat, 2009) and companies need to develop strategic renewal because there are many forces towards change today, like the constant and new competition, globalization, continuous change of technology, etc. (Voldebra et al., 2001). There are different approaches of strategic renewal, and rejuvenation is one of these ways, where there is internally focused innovation aimed at improving strategy implementation within a company (Morris et al., 2008).

Researches study this strategy through the perspective of the manufacturer and explore into the brand rejuvenation strategy (Mangold & Faulds, 2009), while other, examine rejuvenation strategy through the means of sales in order to achieve growth in established or mature companies (Babu, 2009). Literature also, shows the possibility of founding entrepreneurial teams within the firm (Teal & Hofer, 2003), and the importance of social development of social media competences in order to build and establish the relationships with the followers (Driscoll, Carson & Gilmore, 2000). In addition, studies examine social media marketing in order to develop business models and create value for the company (Wirtz, Schilke & Ullrich, 2010). Social media marketing is a business strategy in which companies are starting to capitalize on (Mangold & Faulds, 2009; Driscoll, Carson & Gilmore, 2000), and after taking all these into consideration, the authors found that there is a gap in the literature about how companies pursue strategic renewal through social media marketing.

Literature on strategic renewal (rejuvenation) through social media marketing does not consider the importance of rural areas when choosing a strategic renewal strategy. As it is stated in the introduction, rural areas have gained lots of importance during the last years, and companies choose to perform from such areas instead of the big cities (Federal Ministry of Food, Agriculture and Consumer Protection, 2010). Existing literature does not distinguish companies located in rural areas and companies located in urban areas. The same literature embraces rural area's ability for competitiveness (Dinis, 2006).

The authors, while taking into consideration the capability of competitiveness in rural areas and the companies' decisions to perform from such areas, resulted in using companies located in such areas, as an aspect on the field of study of this thesis. Moreover, literature lacks in exploring into strategic renewal through social media marketing in rural area companies. As a result, and taking all the former discussion into consideration, there is a need to research on strategic renewal through social media marketing in companies located in rural areas in Sweden.

Within this thesis, the authors will explore into the challenges and opportunities of social media marketing that companies in rural area companies in Sweden face when in pursue of strategic renewal. The use of social media marketing is investigated as a form of strategic renewal and more specifically as a rejuvenation strategy.

The authors will also present how rural area companies in Sweden use social media marketing as a kind of strategic renewal. The authors will also demonstrate the challenges and opportunities generated from the use of social media marketing when incorporated in companies in such areas. The authors aim to contribute to strategic renewal (rejuvenation strategy) through social media marketing in two ways Firstly, this thesis will contribute to the literature of strategic renewal through social media marketing in companies located in rural areas in Sweden. Secondly, the authors believe that their findings in the gap of the connection between strategic renewal and social media marketing in companies which are located in rural areas in Sweden will have implications for the managerial field of study.

### **1.3 Purpose**

Within this thesis, the authors want to explore into the strategic renewal phenomenon by the means of social media marketing. More specifically, the challenges and opportunities of strategic renewal through social media marketing will be investigated. Furthermore, this exploration will be referring to companies which are located in rural areas in Sweden. As a result, this thesis focuses on organizations which are settled in rural areas in Sweden and implement strategic renewal through social media marketing use.

Through this master thesis the authors will deliver to the reader with knowledge on strategic renewal through social media marketing. Both challenges and opportunities of such a strategy are explored and presented. The authors research on this field focusing on companies which are settled in rural areas in Sweden in order to explore into the challenges and opportunities of social media marketing use when companies in rural areas pursue strategic renewal.

### **1.3.1 Research question**

After considering the background and the problem discussion of this current thesis, the authors concluded in a research question which will be instrumental for the investigation.

Research Question:

How companies located in rural areas in Sweden face the challenges and opportunities of strategic renewal through social media marketing?

## **1.4 Limitations and delimitations**

Taking into consideration the limited time and resources, certain delimitations have to be drawn. This thesis is exploring the challenges and opportunities that Swedish rural areas' companies face, when using social media marketing as a means of strategic renewal, and is based on semi-structured interviews with companies located in such areas. This thesis' focus is addressed from the manager's angle; therefore the authors did not study the influence of social media marketing in the different departments of the companies studied.

The authors are focusing on a study which is based on companies that are located in accessible rural areas in Sweden, and do not focus on remote rural areas which are located over 45 minutes far from the center of urban areas. The companies chosen should also fulfill the industry criteria the authors have set. As a result, all the companies chosen should be from the manufacturing industry. The authors verified the investigated companies' web pages in order to result on which companies fulfill the criteria. Lastly, all companies should use social media marketing as a strategy.

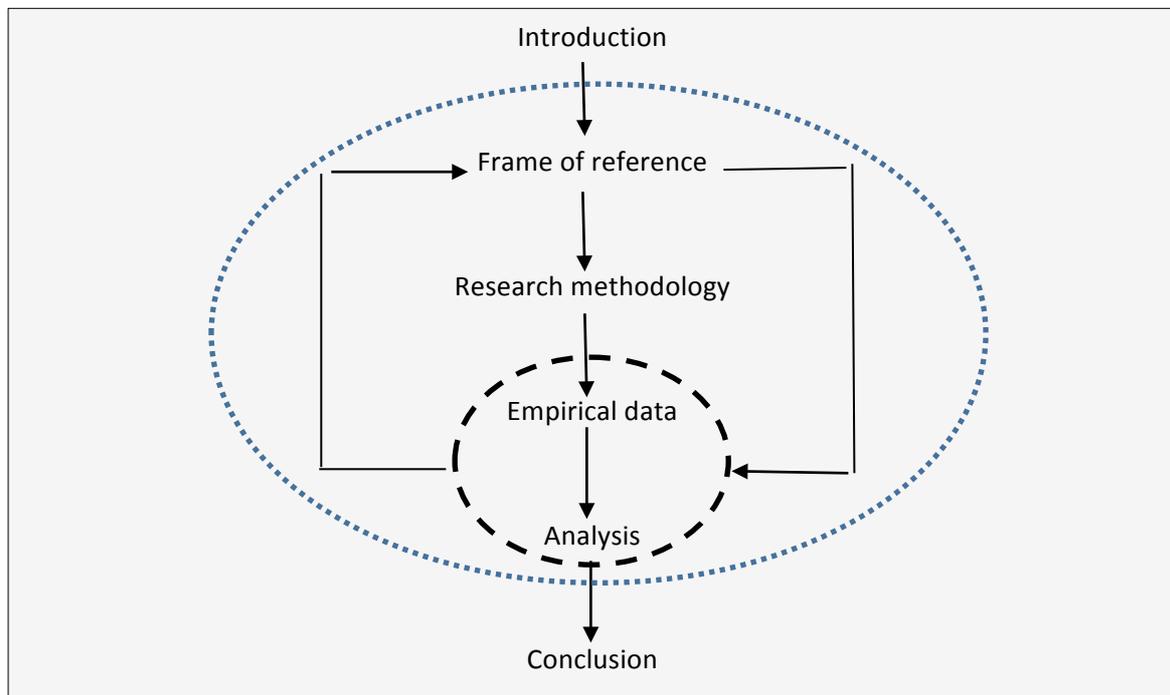
Companies which belong to the manufacturing field and use social media marketing while settled in rural areas, are limited. As a result, the number of the companies fulfilling the criteria and being willing to be interviewed was small. In total, 7 companies were examined and interviewed by the authors for the purposes of this thesis. Thus, generalizations that could be generated from the result should be excluded.

Specific limitations slowing the research were confronted while writing this thesis. Firstly, due to the limited time given, it was difficult to find companies which were willing and able to participate in the thesis. The companies chosen are both business-to-business (B2B) and business-to-customer (B2C) companies. Since the thesis focuses on rural areas in Sweden, the companies are located only in rural areas with a population that does not exceed the 3000 inhabitants (Gallego; OECD, 2010). No secondary data were used for this thesis to be accomplished.

The research is limited in the terms of number of social media tools. Not all the existing Web 2.0 platforms are explored as marketing tools, since this thesis explores only the strategic renewal through the specific social media tools that the investigated companies use as a marketing tool.

## 1.5 Thesis structure

In this section the authors will give information about the structure of the thesis.



*Figure 1 – thesis structure*

During the introductory part of the thesis, the authors discuss about the background, the problem and the purpose of this thesis. The reader in this way will be introduced to the field of study. The second part of the thesis is the frame of references, in which the authors have explored in the relevant to the topic literature. Different theories of several authors are presented, as a result of a deep exploration into the literature, in order to provide a deeper knowledge about rural areas, social media marketing and strategic renewal.

During the third part, the authors are presenting the methodology that was used for this thesis in order to be completed. The authors used qualitative research and abductive approach with primary data. In this part of the thesis, the interviewed companies are presented, giving a brief summary of each company.

The next part of the thesis, consists of the data collected from the interviews with the case companies' representatives. In the analysis part, and due to the fact that this is a thesis based on the abductive approach, the authors try to connect the collected data with the literature. As a result a "feedback circle" is created where the literature and the interview findings are continuously compared for the analysis part of the thesis and the development of the model. Lastly, the conclusions with the answer of the research question and discussion are presented in the sixth part.

## 2. Frame of references

*In the following chapters the reader will find the information about the previous research on rural areas, strategic renewal and social media marketing as a strategic renewal tool. Moreover the challenges and the opportunities faced from social media marketing in pursue of strategic renewal will be demonstrated. These are the core in order for the reader to understand the main concepts which are used in the upcoming parts of this thesis.*

### 1. Rural areas

There are many definitions that can explain the term of what is defined as a rural area. For some, rural areas are something that is outside the city; a place which is far away, and where the traces of “civilization” are not as high as in urban areas. Others adopt the definition that rural areas are municipalities that are not included in the metropolitan and urban areas, and they have a population density of at least 5 people per square kilometer (Westlund, Larsson & Olsson, 2007).

Statistics Sweden (2005), stress that of the total population in Sweden, which is 9 million people, around 84 per cent of the population lived in urban areas in the year 2000. These areas correspond to 1.3 per cent of the total land area. About 86 per cent of the employed, work in urban areas. The other 14 per cent is settled in rural areas (Statistics Sweden, 2005). There is no single, universally preferred definition of rural, nor is there a single rural definition that can serve all policy purposes. Methods for defining rural are based on geographic units that are sometimes combined with population (Coburn, MacKinney, McBride, Mueller, Slifkin & Wakefield, 2007).

#### 1.1 Rural areas in Sweden

Eliasson & Westlund (2012) used geocoded data to make a division of Sweden in urban and rural areas across administrative boundaries, based on population density of km<sup>2</sup> squares. They found that the ratio of self-employment entry was about 60% more frequent in rural areas compared with urban areas. However, when firms in the primary sector and firms with unknown sector were omitted, self-employment entry was still a little higher in rural areas, but the differences between urban and rural areas were now almost negligible (Westuld et al., 2007).

Based on the Nordic Centre for Spatial Development (2010) states that the Nordic countries each define the category or “rurality” in different ways. Population density below a certain threshold and distance or accessibility to urban centers are the two most commonly used criteria in order to determine its nature and extent (Nordic Centre for Spatial Development, 2010). The Rural development Program for Sweden 2007- 2013 the definition of rural areas is based on the accessibility for those areas. Regarding rural areas it is stated that rural areas as considered as those stated below.

- Accessible rural areas within 5 – 45 minutes travel time from urban areas with more than 3000 inhabitants.
- Remote rural areas more than 45 minutes travel time away from urban areas with more than 3000 inhabitants and islands without fixed connections to the mainland.

Based on the resource-munificence and regional competitiveness theories assert that urban areas have higher performance and produce more innovations than the peripheral (rural) regions do (Covin & Slevin, 1998). Latest research though stresses that regional and rural development policies in Europe increasingly emphasize entrepreneurship to mobilize the endogenous economic potential of rural territories (Baumgartner, Schulz & Seidl, 2012). In addition when it comes to entrepreneurial performance or the companies settled in rural areas, Labrianidis (2006) states that it has been observed that new business foundations in rural areas generally have a positive influence on employment.

The Rural Development Program for Sweden for the period of 2007-2013 has been a key instrument for implementing rural development policy measures. The program included measures to achieve ecologically, economically and socially sustainable development in rural Sweden (Government Communication, 2006).

Thus, modern rural development approaches no longer pursue only sectorial goals but increasingly aim to strengthen endogenous local and regional economic potential to boost the competitiveness and the economic growth of rural territories (Baumgartner et al., 2012)

Urban municipalities' total startup rate is 27% higher than the national average. Rural municipalities have a startup rate higher than average only in one branch group manufacturing. In three branch groups rural municipalities lay 6-8% below the average, but when it comes to the most knowledge intense branch group, financial and business services, rural municipalities lay 27% under average (Westuld et al., 2007).

Table 1 Relative startup frequencies 2000-08 (Average=100) in total and divided in the six branch groups, in urban and rural municipalities.

<b>Companies</b>	<b>Urban</b>	<b>Rural</b>
<b>Total</b>	127	87
<b>Manufacturing</b>	91	103
<b>Construction</b>	113	92
<b>Trade, hotels and restaurants</b>	110	94
<b>Transportation and communications</b>	121	93
<b>Financial and business services</b>	156	73
<b>Education, health and other public and personal service</b>	129	88

## **2. Social media marketing in use**

*In this chapter social media marketing, the kinds of social media marketing tools and the use of social media marketing in companies are described.*

### **2.1 Social media marketing incorporated**

After the introduction and adoption of social media into our everyday life, marketers realized that a great tool has emerged for them in order to manage and promote their businesses. Social media are applications that enable the user to connect with other users, generate content, and share information in ongoing conversations via the web (Korschun & Shuili, 2012). Social media are based on conversation between people with common interest (Evans, 2008). Mayfield (2008) argues that social media is a group of online media characterized by participation, openness, conversation, community and connectedness.

Social media marketing is defined as the process that empowers businesses to promote their products and services via online social channels and to communicate with much larger community, which may not have been available via traditional advertising channels (Weinberg, 2009). Furthermore, social media marketing involves listening to the communities, establishing relationships with them and it's a new component of search engine marketing, which is related more with the word-of mouth marketing (Weinberg, 2009). In addition, Gunelius (2011) claims that "social media marketing is any form of direct and indirect marketing", which is used by businesses to raise awareness and recognition, make a recall and ask for action "using the tools of the social web, such as blogging, microblogging, social networking, social bookmarking and content sharing". Direct marketing is defined as any interactive one-to-one communication between marketer and customer, such as mail, catalogs and more (Chuangxin, Chunnian, Jiajing & Ning, 2003). While, indirect marketing is not primarily intended to an immediate purchase (Gunelius, 2011). It is a form of marketing more generic, without segmentation and personal communication, such as advertisement through television and newspapers.

### **2.2 Social media marketing tools used**

Social media are based on web 2.0 and allow the exchange of user generated content (Kaplan & Haenlein, 2010). "Web 2.0 is comprised of computer network-based platforms, upon which social media applications/tools run or function" (Weinberg & Pehlivan, 2011, p. 276). The web 2.0 technology gave the opportunity to websites to set many different functionalities, such as to add animation and video streams (flash player), to update the web content without interfering with the behavior of the whole page (AJAX) (Kaplan et al., 2010). The user-generated content gave the opportunity to users to put their own content onto websites such as videos, text, music, and more (Kaplan et al., 2010). During the recent years, businesses have started to use social media marketing in order to reach the existing and potential customers. The blogs, micro blogging sites, social networking sites and content-sharing sites are the kinds of social media that companies most

use for marketing purposes. The query that lies now though, concerns the social media marketing tools used by the companies.

### **2.2.1 Blogs**

Blogs are websites that include updated entries, which appear in chronological order and offer a comment feature where visitors are able to criticize the text writing their opinion (Gunelius, 2011). In order to achieve this chronological order, blogging software includes real simple syndication (RSS), which allows the content to be accessed within the previous publications (Weinberg, 2009). Blogs are attractive from companies because they are easy to use, cost-effective and they give the opportunity for online market research instead of the traditional way of making market research. Foremost, they provide some anonymity, which make research participants to answer more freely, giving to the company more valuable feedback (Balagué & Valck, 2013).

In addition, companies can use blogs in order to improve marketing communications by building several different categories of blogs. Having a unique blog for each big focused group, every company is able to manage and communicate effectively (Singh, Veron & Cullinane, 2008). Marketers could use visual elements to capture the visitor's attention or to use interviews of experts on a specific topic in order to encourage engagement credibility (Weinberg, 2009). In general a corporate blog could be a great tool for marketing, sales, customer service or to build customer relationship (Gunelius, 2011).

### **2.2.2 Micro-blogging**

In 2009 micro-blogging was introduced as a progress of blogs. Micro-blogging has become a powerful marketing tool, since enables fast, brief conversations and engagement (Weinberg & Pehlivan, 2011). Micro-blogging is a form of blogging that limits the size of each post commonly into 140 characters (Zarrella, 2010). This limitation, the protocols and the behavior that these social sites have, make them unique as a medium (Zarrella, 2010). Twitter, which is the leader of social micro-blogging sites, offers a quick and easy way to get into social media and promote the company's content (Zarrella, 2010). Twitter is an application where the user follows other users, while at the same time there is the ability to see the updated posts in the home page of the site. Except from posting personal posts, the user is able to comment on a post, promote it (retweet) to other users or just ignore it. Twitter is an open-source application, which gives the opportunity to developers to use the development codes of the site and create their own "third-party applications" (Gunelius, 2011). As a result, companies are able to achieve higher levels of customer engagement through these third-party applications.

From the company's perspective, marketers through micro-blogging are able to monitor and respond to their customers, deliver messages directly to their customers, promote their products and build relationship with a global audience (Gunelius, 2011). Finally, marketers could use micro-blogging sites to generate sales, customer service, get instant feedback for their actions or to use them as an official communications channel (Weinberg, 2009).

### **2.2.3 Social network**

Social networking sites are the online applications that give the opportunity to the users to create personal profile, invite friends, communicate with them, share files and customize their own “web page” in general (Kaplan et al., 2010). Social networks are some of the most popular sites on the Internet, where Facebook and LinkedIn have the leading roles among them. Facebook has “connected” more than 1 billion people (Wikipedia, 2012) around the globe, while LinkedIn has become the best option for finding potential clients, subject experts and colleagues (Weinberg, 2009). Nowadays these sites are networks of friends for social or professional interactions (Trusov, Bucklin, & Pauwels, 2009). As a result, there is a plethora of reasons that led companies to run social media marketing campaigns. Building a fan page in social networking sites, every company can increase its popularity (Vries, Gensler & Leeflang, 2012).

On these brand pages, brand fans can interact with each one of the brand’s posts by liking or commenting on them (Vries et al., 2012). In addition, both sites provide paid advertising options where marketers can target groups putting specific keywords (Weinberg, 2009). Thus, marketers are able to select their audience choosing demographic information and behavioral profiles of the desired target (Weinberg, 2009). While as an administrator of a social networking page, someone can retrieve some specific analytics that are helpful to estimate the company’s actions until now and to draw the following. Furthermore, Facebook offers the ability to companies to create their own third-party applications, giving the possibility to companies to give “more food” for interaction to their customers (Weinberg, 2009).

### **2.2.4 Content communities**

Content communities are another type of social media, where the user is able to find, share, or watch many different types of content such as photos, videos, books and slides (Kaplan et al., 2010). Content sharing media are also significant part of the social media marketing of the company. These web sites provide tools to make and share easy your content with a wide audience free of charge (Gunelius, 2011). Companies can create their own branded video show pages on these social sites in order to build their brand through one more medium, achieve word-of mouth marketing and make direct and indirect selling (Gunelius, 2011).

Moreover the content, which companies upload on content sharing sites, can be embedded from bloggers to their own blogs or websites giving another potential for a word-of mouth marketing (Weinberg, 2009). If companies create interesting and useful videos for the audience, they could get a huge traffic either in their website or in social media sites (Gunelius, 2011). Although the content sharing sites keep the characteristics and way of acting of other social media, it’s not necessary for users to register as members (Zarrella, 2010). As a result most of the users are not members, but they use to watch and comment the content they like (Zarrella, 2010). The most popular content community is YouTube, where 72 hours of video are uploaded on it every minute (YouTube.com, 2013), while other similar communities are the Flickr (photo sharing) and SlideShare (slide sharing).

### **3. Strategic renewal through the means of social media marketing**

*In this chapter the reader is introduced to corporate entrepreneurship as the stepping stone for the implementation of strategic renewal. Definitions of strategic renewal are given, while the mechanisms of strategic renewal are explained.*

#### **3.1 Corporate entrepreneurship as the stepping stone to strategic renewal**

Dess and Lumpkin (2005) indicate five features which describe corporate entrepreneurship implementation; flexibility, speed, aggressiveness, adaptability and innovativeness. A company which is flexible, can adapt much faster to the changing environment than a company which is not. It becomes clear that innovativeness and aggressiveness can put the company in the path of a strong competitive advantage.

Covin and Miles (1999) state that companies use corporate entrepreneurship because they want to improve their competitive positioning, their markets, and industries as opportunities for value-creating innovation. Businesses, especially the large ones, will not survive in this period of rapid change and innovation unless they acquire entrepreneurial competence (Drucker, 1985).

In order to develop this entrepreneurial competence, organizations need to use two levers. At the beginning, organizations need to evaluate and reconsider their structure and the way they operate. In continuation, the second level is more spiritual and cultural based; ventures are highly interested in entrepreneurial spirit for its capacities to foster creative thinking, imagination, innovativeness, adaptability and the will to accept risks (Moris et al., 2008).

#### **3.2 Defining strategic renewal**

Many large organizations have felt strong pressures for change, the source of these pressures has been new technology, which has resulted in increasing globalization of markets, deregulation of industries, and a shift of firms from the public to the private sector; they also come from the rise of new organizational forms such as strategic renewal (Baden-Fuller & Volberda, 1997). As Bate (1994) stated, organizations are always changing, but the natural pace of change may be too slow. Competition threatens survival (Kim & Mauborgne, 2004), and companies need to find always new ways to survive.

Researchers on strategic change and renewal suggest that adaptation to broad environmental changes such as the cultural trends and changing customers' preferences requires companies to reconfigure the way they combine resources and capabilities into their products and services. What is very common for the organizations is to lose focus and start thinking about the implementation of a strategic renewal process. Within this process, the customers (or the customer groups) are the first to be analyzed, because they are those who determine the product line even in technology driven companies (Whitney, 1996).

Mezias, Grinyer and Guth (2001) conceive strategic renewal as a set of activities that a company undertakes to alter its resource pattern and strategic course, in order to improve its overall economic performance. This is called by Ravasi and Lojacono (2005) perspective renewal as corporate transformation, in order to underline the pervasive effects that such process has on the strategy, structure, systems and culture of a company. Mezias, Grinyer and Guth (2001) also observed how increasing environmental hostility or a deteriorating competitive position may induce managers to initiate a renewal process, searching for a more favorable combination of resources and capabilities, and to foster proactive behavior across the organization.

Lovas and Ghoshal (2000) embrace a different perspective -focused on product innovation and business development- which describes strategic renewal as the effect of a relentless search for new combinations of available technologies, underpinned by the creation and exploitation of product and market knowledge. They observe how strategic change emerges from internal experimentation occurring in product and business development teams. This conception renewal is stated as continuous innovation, emphasizing its two essential features: (i) being driven by technology and product innovation, and (ii) being carried out on a permanent basis (Morris et al., 2008). Strategic renewal is also about the company's focus on the entrepreneurial initiative. This of course leads to the acceptance that, not all the companies which adopt new strategies are also in pursue of strategic renewal (Morris et al., 2008). New strategies constitute strategic renewal when they represent fundamental repositioning efforts by the firm within its competitive space (Morris et al., 2008). Covin and Miles (1999) stated that strategic renewal is about implementing new business strategy within the organization and that "strategic renewal is a type of entrepreneurship in which the firm seeks to redefine with its markets or industry competitors by fundamentally altering how it competes" (Morris et al., 2008, p.89).

### **3.3 Mechanisms for strategic renewal**

Many companies have an overall orientation that guides or drives how entrepreneurial activity is manifested in innovation processes. Two of the dominant approaches are called the technology-push and market-pull innovation processes (Morris, et al., 2008). Brem and Voigt (2007) state that with the technology-push approach; employees within the firm (usually technically qualified engineers or scientists) see a technical possibility and strive to capitalize on it. They see a new way in which a technology might be applied. The tendency with this approach is to be caught up in the technical possibilities, while assuming the marketplace need. Even where a customer need has been clearly identified, many of the substantive issues surrounding whether customers would actually buy the innovation and how competitors are going to react are ignored.

Technology-push approaches also suffer from what is called the perfection syndrome. Technical people not only see the technological possibilities in an innovation, but they frequently want to pursue those possibilities as far as they can (Morris, et al., 2008). Conversely, Namgyook, Uisungd and Jeonghwan (2012) stated that market-pull approaches to innovation, starts with the customer and is typically driven by marketing people. Market research plays a critical role. Customers are often the source of the new product idea, or at least their input is instrumental in the design and development of the product.

According to Baden-Fuller and Voldebra (1997), they identify four mechanisms for renewal (figure 4). These are labeled venturing, restructuring, reanimation and rejuvenating. Morris et al. (2008) have also discussed the different ways of strategic renewal and they name different mechanisms fulfilling Baden-Fuller's and Voldebra's theory (sustained regeneration, domain redefinition, organizational rejuvenation, and business model reconstruction).

### **3.3.1 Venturing**

It all started in 1986 when Van den Ven drew attention to the structural problem of managing part whole relationships. Fuller and Voldebra (1997) state that flexible units should be organized separately and should have substantial. Venturing is about reordering the existing competencies and routines that is the issue, and not revitalizing a core competence (Fuller & Voldebra, 1997).

*We hypothesize that venturing is the slowest but most controllable of the processes of renewal.*

### **3.3.2 Restructuring**

Explaining the mechanisms by which change takes hold across the whole organization has long been the concern of many researchers. They have typically described a multilevel approach to management, with top managers having an important role in the process (Barnard and Selznick). Other authors explored how corporate management is the primary initiator of managerial action, while front line managers are the implementers of the top down decisions. As Morris, Kuratko and Covin (2008) stated, reconstruction finds the firm applying entrepreneurial thinking to the design or redesign of its core business model(s) in order to improve operational efficiencies or otherwise differentiate itself from industry competitors in ways valued by the market (Morris et al., 2008).

*We speculate that restructuring is a quicker but riskier way of managing a change process than that it will be relatively more efficacious in reordering core competencies.*

### **3.3.3 Reanimating**

Many researchers agree that an effective and powerful process of change is through originating, developing, and promoting strategic initiatives from the lower levels. Researchers as Quinn, Barlett and Ghoshal suggested that renewal could emerge from autonomous behavior of individuals or small groups at lower levels of the organization. Fuller and Voldebra (1997) suggest that within the reactive bottom up emergent perspective, the role of the top management is seen as retroactive legitimization or as judge and arbiter (Fuller & Voldebra, 1997).

### **3.3.4 Rejuvenating**

Morris et al. (2008) state that organizational rejuvenation is the entrepreneurial phenomenon whereby the firm "seeks to sustain or improve its competitive standing by altering its internal processes, structures, and/or capabilities" (Morris et al., 2008, p.91). With organizational rejuvenation, the focus of the innovation effort is a core attribute or set of attributes associated with the firm's internal operations. Additionally, the objective of these efforts is to create a superior organizational vehicle through which the firm's strategy can be implemented (Covin & Miles, 1999). When pursued successfully, organizational rejuvenation helps a firm to achieve a competitive advantage without changing its strategy, product offerings, or served markets. Sometimes organizational rejuvenation will entail a fundamental redesign of the entire organization, such as might result from major business process reengineering projects that reconfigure the firm's internal value chain (Morris et al., 2008).

## **4. Pursuing strategic renewal through social media marketing**

After the wide spread of social media usage by users, there is a plethora of reasons that led companies to run social media marketing campaigns. Building a fan page in social networking sites, every company can increase its popularity, since the linkage between company's website and company's social media page is direct (Vries et al., 2012).

In addition, the ability of customer segmentation through social media marketing is another incentive for companies, which can lead them to strategic renewal. Segmentation theory defines that customers have heterogeneity in their needs and their preferences, something that embarrass marketers to identify the values of their market. Companies, using different variables are able to identify and categorize the relatively homogeneous needs of their customers (Blocker, & Flint, 2007). Social networks have become great tool for monitoring and the Customer Relationship Management (CRM) (Heidemann, Klier, & Probst, 2012). Having clear customer segmentation, firms are able to target profitable customers, identify customer's desires, allocate successfully their resources and position against their competitors (Blocker et al., 2007).

Recent studies have found that customers could show more faith to their friend's comments instead of traditional advertising about a brand product (Heidemann et al., 2012). Customers prefer to exchange opinions, ideas and information about the company and its products in order to be sure for what they buy (Doohwang, & Hyuk, & Jung, 2012). Firms could benefit from this kind of electronic word of mouth and as a result marketers have to encourage it through their social media campaigns. The different types of electronic word of mouth could be online by discussing in forums, online by discussing in review sites, through blogs and social networking sites, or through the brand's websites (Cheung, & Thadani, 2012)

The actual costs of a social media marketing campaign for businesses compared to the traditional mass media make social media marketing cost-effective for firms. The aim of traditional media is to reach as many people as they can (Hanna, & Rohn, & Crittenden, 2011). But through social media marketing companies can achieve word of mouth marketing, customer engagement, customer segmentation, collect some customer analytics, among others. As the time passes firms

pay more attention on social media marketing campaigns, as it seems more effective for the today's needs and cheaper than mass media (Kirtis, & Karahan, 2011).

#### **4.1 Social media marketing as a kind of strategic renewal**

Social media marketing falls into the last form of corporate entrepreneurship, organizational rejuvenation, because it is a new strategy to reach the customer and sell products / services. Social media marketing is a new business strategy that helps in reaching and communicating with the customers, selling products and services and getting feedback (Phan, Thomas & Heine, 2011). Social media marketing changes the whole marketing strategy within an organization because usually the companies create and deliver the messages to the customers but the feedback is very limited (Kirtis & Karahan. 2011).

On the other side, social media marketing not only enable customers to communicate with each other and exchange opinions about products and services, but it also enables the customers to give feedback about products and services bought immediately (Phan et al., 2011). Through this the companies can use this interaction as a great opportunity to increase their performance after getting the customers' feedback. Besides, companies sometimes need to adjust the structure of the company with the aim of increasing the performance through this strategy (refers to internal innovation – organizational rejuvenation) (Morris et al., 2008).

What becomes clear is that social media marketing is a way of strategic renewal. Pinchot (1985), states that intrapreneurship amounts to developing entrepreneurial practices and behaviors within large corporations (Pinchot, 1985). According to Fayolle (2007), intrapreneurs are “the dreamers who do...those who take hands on responsibility for creating innovation of any kind within an organization. Entrepreneurs may be the founders and the inventors but they are always the dreamers who figure out how to turn an idea into a profitable reality” (Fayolle, 2007, p. 103). Fayolle (2007) suggest to use an entrepreneurial framework for enterprises and organizations, which states that, most of the companies and institutions seek to develop, rekindle or maintain some entrepreneurial characteristics such as initiative-taking, risk-taking opportunity orientation, reactivity and/or flexibility (Fayolle, 2007). Thus, to achieve this goal, companies do not hesitate to engage in heavy procedures of change and transformation that prove difficult and resource-consuming.

#### **4.2 Challenges of strategic renewal by the means of social media marketing**

As it is now clear, social media marketing tools can cause many positive effects to the company. The decisions that lead the companies include social media marketing in their strategy are among others the relationship building with their customers, their brand building, or the advertising and promotion of their products (Gunelius, 2011). On the contrary, there are also some challenges that companies might face within this use of social media marketing. These are related with getting

valuable feedback from their customers, product innovation and doing successful promotional campaigns (Mustonen, 2009).

Social media marketing is used to be a completely unexplored area and a buzzword, both for companies and for those interested in researching this specific field. Many companies were not sure whether they could improve or not their business by using social media marketing, neither for the external nor for the internal purposes (Ståhl, 2009). Existing companies were aware of this. In Sweden social media marketing was not that popular, but at least 130 companies, probably more, used Twitter as a strategy tool (Leijonhufvud, 2009). Mangold and Faulds (2009) state that consumers feel more engaged with products and organizations when they are able to submit feedback. This feedback comes in the form of criticism, accolades and helpful suggestions. Taken as a whole, this feedback contributes to a sense of community in which honest, open communications are encouraged and customer engagement is enhanced (Mangold, & Faulds, 2009).

The most common use of social media marketing by companies is for advertising and promotional purposes. Most of the companies, since they have not hired social media specialists, they do not know exactly how to implement social media marketing campaigns (Mustonen, 2009). As a result an unclear and unwisely planned social media marketing might lead to negative feedback or even more to loss of sales (Mustonen, 2009).

Another trend of companies is to use social media marketing in order to get and evaluate customer's feedback (Mustonen, 2009). Thus, they can improve their products and services and also make changes in their marketing strategy (Mustonen, 2009). In order to influence their customer for more valuable feedback, companies face the challenge of overcoming the user's passivity (Romero, Galuba, Asur & Huberman, 2011). The passivity of customers is a manipulation obstacle, which is often hard to overcome (Romero et al., 2011). Therefore, it is acknowledged that interacting with its customers, the company has to hire the right person with the right skills (Heidemann et al., 2012). Otherwise, company's attempt on implementing social media marketing strategy could sink straightforward and sometimes with negative results (Heidemann et al., 2012).

Furthermore, many companies want to benefit from social media marketing and use it as a key tool for their product innovation, where the existing products will be improved or changed according to the customer's preferences (Mustonen, 2009). Companies have recognized that customers should co-operate with designers for achieving higher intensity (Mustonen, 2009). As a result the challenge of companies is to conceptualize customers as active participants in the design process in order to eliminate the gap between customers and companies (Rompae, Dellersnijder, Meerssche, Mondt & Godon, 2005).

In addition, marketers have to be focused on the overall strategy of the company instead of considering social media marketing as a completely different strategy (Hanna, Rohm & Crittenden, 2011). Firms have to understand that traditional media and social media serve different purpose. Traditional media use to reach the customer, while social media use to engage the customer (Hanna et al., 2011). As a result the challenge for companies is to ask some critical questions in order to follow the overall strategy of the company. These questions should be related to the targets of the company, the content that the company wants to promote and how the company could promote this content (Hanna et al., 2011).

### **4.3 Opportunities of strategic renewal through social media marketing**

After the presentation of what social media marketing is and its different kinds, it's time to present the reasons that any company should implement a social media marketing strategy. Implementing a social media marketing strategy companies can be benefited in five general areas of their marketing attempt. They could build relationships with their involved group of people, build and position their brand, increase their publicity, promote their products or services and conduct market research in order to have better understanding of their internal and external environment (Gunelius, 2011).

#### **4.3.1 Social media marketing as tool to build relationships**

Building relationship with the involved group of people is concerned with the interaction between engaged customers, online influencers, peers and more (Gunelius, 2011). Meyerson (2010) claims that networking with connections which are just names in the firm's database, is useless. Hall (2011) refers to the ripple effect of implementing social media marketing strategy, where companies with the ability of creating and forwarding worthy content, can create some social waves beneficial for them. Social media marketing help firms to engage a much larger number of customers without significant compromises compared to the anticipated interaction (Mohanbir, Gianmario & Prandelli, 2005). If companies really leave a good impression on those who they interact, it's almost certain that they will recommend them to their peers (Weinberg, 2009). The interaction-conversation between customers or between customers and businesses can grow the value of the network, since people can talk in both directions, with more than one conversation occurring at the same time (Evans, 2008).

Further, in social media marketing the customer interactions are happening with a much higher frequency compared to the traditional media (Mohanbir et al., 2005). Through the social engagement conversations occurred between involved groups can be moved beyond the act of consumption and toward the act of collaboration that is helpful for both sides (Evans & McKee, 2010). While through social media marketing, companies can create a higher level of visibility of their on-going internal operations. This could result beneficial for companies, increasing the efficiency of activities performed in the complex business-to-business environment (Varadarajan & Yadav, 2009).

#### **4.3.2 Building brand awareness**

Implementing social media marketing, companies have the great potential to transform people from being consumers to pro-sumers (Gunelius, 2011). This potential can result to the raise of brand awareness, the boost of brand recognition and to the raise of brand loyalty (Gunelius, 2011). Weinberg (2009) claims, "Social media marketing can have a profound effect on brand awareness"

(Gunelius, 2011, p26), which can be achieved through the customer's engagement. In addition, the interaction occurred in business-to-business relationship enable companies to create a unique brand identity and also to differentiate themselves from their competitors (Michaelidou, Siamagka & Christodoulides, 2011).

Another social media marketing advantage for companies is the potential of word of mouth between involved group of people and their third-party peers, which can increase the brand awareness of companies. An imperative for today's companies is to build brand communities rely on customer-to-customer relationship and promote customer's word of mouth behaviors (Doohwang, Hyuk & Jung, 2012). Existing or potential customers have the opportunity to post their opinions, comment on other posts or make a conversation that can lead to brand awareness or even on a purchase decision (Cheung & Thadani, 2012).

Further, instead of traditional media, which had the ability to just suggest products and services to the customers, social media marketing has the ability to promote trustworthy content, which can lead to the brand loyalty and afterwards to a purchase decision (Evans, 2008). Having a successful social media marketing campaign, viewers will want to share the campaign's web page with their friends; bloggers will share it onto their blogs and so on (Weinberg, 2009).

### **4.3.3 Brand publicity through social media marketing**

The management of the brand publicity is another potential for businesses. Businesses through their social brand pages are able to share information or modify negative perceptions (Gunelius, 2011). Micro-blogs and social media networking sites are an easy and quick way for companies to stay top-of-mind with their customers providing them with significant depth of information (Weinberg et al., 2011). Through micro-blogging companies can guide the online buzz about their business and deliver messages and information straight to their followers (Gunelius, 2011).

In addition, corporate web sites, which are completely integrated with the social media channels of the companies, can provide a big variety of information related to the company's specific products, product use, distribution options among others (Perry & Bodkin, 2002). On the other hand, companies have to be ready for that defense and argue with frustrated customers, since the later ones can interact and leave comments directly down of the company's message (Heidemann et al., 2012). Since microblogs are a real stream, can be used by marketers to identify and resolve problems before negative impressions spread on the Web on other media channels (Evans, 2008).

### **4.3.4 Advertising and promotion**

Companies can use social media marketing in order to achieve their short-term goals through promotions, providing exclusive discounts and other opportunities to their audience in order to make them feel special (Gunelius, 2011). As it is stated above, social media users (which means most of the potential customers), before their purchases they will likely turn to the Internet and

read some reviews from their peers (Weinberg, 2009). Taking advantage of user-generated reviews, companies can increase the volume of their sales in products or services (Weinberg, 2009).

Moreover, companies can take the advantage of the social media's viral features like friend invites or notifications to get the best from interactive promotions (Hall, 2011). Companies can use coupons for "engaged customers" in order to thank them for their loyalty or use trivia tests and quizzes to entertain them and keep them tuned (Hall, 2011). Social media platforms provide the ability to companies of getting immediate response of their promotional campaigns compared to traditional media, where companies had to wait weeks for customers to see their advertisements (Gunelius, 2011). Publishing a corporate video or promotional advertisement on Youtube, which is the third most visited site on the Web; companies can add value to their social media marketing campaigns, which none of the traditional media can provide (Zarella, 2010).

### **4.3.5 Market research improvement**

Social media marketing is also a great tool for market research. In this ever-increasing competitive environment that companies operate, learning about the needs and preferences of the customers, creating demographic profiles of the customers or learning about competition, has crucial meaning for their growth (Gunelius, 2011). Through market research marketers can learn about current opportunities, classify emotions of their audience and develop the company's next-generation products and services (Evans, 2008). The basis of social business is the social feedback cycle, which is the way in which web publishing and social technology has connected people around businesses (Evans et al., 2010). This connectivity refers to business to customer, business-to-business, or customer-to-customer relationship (Evans et al., 2010).

Finally, the ability of performance evaluation and measurement is another incentive for marketers. Social media platforms provide metrics for social media marketers in two categories (Zarella, 2010). The on-site metrics measure the direct activity on a corporate site, while the off-site metrics measure the indirect activity that happens on other sites where the company and its customers interact (Zarella, 2010).

### **3. Research methodology**

*In this section the reader will find information about the research design. Firstly, the choice of research approach and method is discussed and explained. Secondly, the companies are presented, data collection and analysis are described. Lastly, the quality criteria of this thesis are explained.*

#### **3.1 Research approach**

The authors in order to transact this thesis chose the abductive approach. Saunders, Lewis and Tornhill (2007) stated that there are two best approaches when a study is conducted; the inductive and the deductive approach. The inductive approach suggests that the data are collected first, and after the analysis is done, a theory can be built out of the result obtained. The deductive approach presupposes that the research design is based on a frame of references and it tests propositions that come from these theories. Better stated, the inductive approach is related with the generation of theory, while the deductive approach is supposed to be common for testing theories (Bryman & Bell, 2007).

Additionally, Bryman and Bell (2007) stress the differences between the two approaches should not be seen in clear terms, because a study can have features of both approaches and even more these can be combined in a research. This imprints to what Alvesson and Sköldbberg (2009) name as the abductive approach. In the abductive approach, the analysis of the empirical facts may be combined with – or preceded by- studies of previous literature (Alvesson & Sköldbberg, 2009). Therefore, “the research process alternates between theory and empirical facts whereby both are successively reinterpreted in the light of each other” (Alvesson & Sköldbberg, 2009, p.4).

This current thesis is interested in companies located in rural areas in Sweden, which pursue strategic renewal through social media marketing. This study is also making use of the pre-existing theories in designing and analyzing this research. Consequently, the authors aim in this thesis to explore the challenges and opportunities of social media marketing, to observe the specific way of strategic renewal and if possible to provide some explanatory theories. At the same time, the authors intend to see how the responses taken will relate with the existing literature, and actually how is this sample of subjects responding to the predictions these theories make. Therefore, as it can be inferred, an abductive approach is a more suitable solution in the case.

#### **3.2 Research method- case study**

Choosing the right method is very important in order to ensure that data is sufficiently rich and contextual to address the question and support the required analysis (Richards, 2005). The authors intend to use qualitative research method in the process of gathering information relevant for the thesis topic. A research method refers to the procedures and techniques that contribute in the collection and analysis of data (Saunders et al., 2009). The primary goal of the research is to

explore the challenges and opportunities of strategic renewal through social media marketing that companies face when in pursue of strategic renewal.

A case study method is applicable when it gives a description of social phenomenon (Yin, 2009). There are three possibilities in this case; history, case study and experiment. The case study method is the most appropriate because it adds relevant sources of evidence (Yin, 2009). In this research, the source of evidence is semi- structured interviews. As a result the case study method will give the authors the chance to have more data in order to explore the field of study more in depth. Therefore, it is impossible to make generalizations from a single case study, so the better result comes from a multi-case study research method (Yin, 2009).

The authors chose to have a case study method and conduct semi- structured interviews due to the fact that, strategic renewal through social media marketing in rural area companies in Sweden, is not yet well explored. As a result, by conducting semi structured interviews the authors will get more in depth of this social phenomenon and the introduction of this kind of strategic renewal in companies located in this kind of areas. The authors want to deliver a thesis in which the perspectives of each investigated company will be presented in order to reach the goal of this master's thesis. After the data are collected from the interviews conducted, the authors will integrate the previous literature with the interviews in order to see how reality fits to the previous literature and this will be instrumental for the development of their model in how companies in rural areas in Sweden perceive strategic renewal through social media marketing and how they face the challenges and opportunities generated.

### **3.3 Method of data selection**

This master thesis is based upon primary data; no secondary data were used at this thesis in order to be fulfilled. The authors used only primary data because through this way the reader is led to a better understanding of the research topic. Through primary data, the authors have conducted semi- structured interviews in order to explore to the companies' view on the challenges and opportunities from incorporating a new business strategy as social media marketing.

#### **3.3.1 Primary data**

The collection of the primary data for this thesis is based on the conduction of semi-structured interviews. With semi- structured interviews, the interviewer follows the template of the interview, leaving space for further questions, if generated, to the correspondent. This is the best solution in order to collect qualitative data (Williamson, 2002). The interviews have a standard list of questions, but at the same time, allow the interviewer to follow up on answers provided by a participant and gain more relevant information on a particular issue.

The data collected will concern the challenges and opportunities generated from social media marketing as a kind of strategic renewal in rural area companies in Sweden and how companies

face these challenges and opportunities. The authors conducted interviews in order to gain that data with companies settled in rural areas in Sweden, which fulfill the criteria of using social media marketing and belonging in the manufacturing industry.

Company	Position	Communication
1.Gremo AB	CEO	Skype call
2.Lammhult Model AB	Marketing Coordinator	Skype call
3.Autoadapt AB	Social media marketing	Skype call
4.Kinnarps AB	Film & social media Coordinator	Skype call
5.Axelent AB	Marketing coordinator	Skype call
6.Kinnarps AB	Online marketing manager	Skype call
7.Hultafors Group AB	Web project manager	Skype call
8.Dofab AB	CEO	Skype call

### 3.3.2 Case criteria selection

The criteria that should be fulfilled when choosing the case companies, were the use of social media marketing, their settlement in rural areas in Sweden, and that they should belong in the manufacturing industry. The authors of this thesis were in search of companies that use this specific marketing strategy and were willing to share their experience of this use.

The information when selecting the companies was the one available on the Internet. The authors have analyzed the companies, their use of social media marketing and their web- pages. After this lengthy research the authors recognized 7 companies from 7 different accessible rural areas in Sweden that were proper and willing for further investigation.

**Gremo AB (<http://www.gremo.se/>):** Gremo AB develops, manufactures and sells forest machines. Gremo AB is on the Swedish market for many years and has been the lead in the 8-10 tones load category. Gremo AB is located in Ätran a locality situated in Falkenberg Municipality, Halland County, Sweden, with 417 inhabitants in 2010. Their use of social media marketing includes Facebook, YouTube and corporate blog.

**Lammhult Model AB (<http://www.lammhults.se/>):** Lammhult develops and markets modern furniture for companies with high demands on quality and design. Lammhult is a growing company, well established on a number of markets. During the last five years the average growth of the company is 24%. It is exporting in many markets like Denmark, Germany, Japan, Norway,

UK, USA etc. Lammhult Model AB is located in Lammhult, a locality situated in Växjö Municipality, Kronoberg County, Sweden with 1,459 inhabitants in 2010. The use of social media marketing includes Facebook, LinkedIn and corporate blog.

**Autoadapt AB (<http://www.autoadapt.com/>):** Autoadapt AB leads the way in developing and manufacturing car adaptation equipment. Equipping vehicles with such unique solutions requires high safety standards. In this field, Autoadapt has been a pioneering force for over twenty years. Autoadapt AB is represented in 60 countries from its own corporate dealers. Autoadapt AB is located in Stenkullen, Västra Götalands Län, Sweden, with 2000 inhabitants. The use of social media marketing includes Facebook, Twitter and Google+.

**Kinnarps (<http://www.kinnarps.com/sv/se/>):** Kinnarps is one of Europe's largest providers of workspace interior solutions. Sales operations are conducted in about 40 countries nowadays. The company is located in Kinnarp, a locality situated in Falköping Municipality, Västra Götaland County, Sweden. It had 917 inhabitants in 2010. The use of social media marketing includes Facebook, Twitter, YouTube and LinkedIn.

**Axelent AB (<http://www.axelent.com/>):** Axelent AB develops, manufactures and sells machine guarding, warehouse partitioning, anti-collapse and property protection. Axelent AB is a young, market-leading family company within its sector. Axelent's head office is located in Sweden; the company has also its own subsidiaries/associated companies in 11 countries. Axelent AB has 74 employees and approximately MSEK 240 of sales. Axelent AB is located in Hillerstorp, a locality situated in Gnosjö Municipality, Jönköping County, Sweden with 1,766 inhabitants in 2010. The use of social media marketing includes Facebook, LinkedIn and corporate blog.

**Hultafors Group AB (<http://www.hultaforsgroup.com/>):** Hultafors started its operations as a folding rule manufacturer in 1883, and in the early 2000's this tool manufacturer expended with a number of acquisitions. In 2005 and 2006 the Swedish ladder manufacturer (Wibe Ladders) and the Swedish work wear company Snickers Work wear were acquired by Hultafors. So in 2006 Hultafors group is created as an umbrella of acquired companies. Hultafors group is located in Hultafors, a locality situated in Bollebygd Municipality, Västra Götaland County, Sweden with 227 inhabitants in 2010. The use of social media marketing includes Facebook, YouTube and LinkedIn.

**Dofab AB (<http://www.dofab.se/>):** Dofab AB is a window and door manufacturer in Skåne offering windows, doors, folding doors, sliding doors and the whole frontage lots. Dofab AB is located in Blentarp, a locality situated in Sjöbo Municipality, Skåne County, Sweden with 1,216 inhabitants in 2010. The use of social media marketing includes Facebook, LinkedIn and corporate blog.

### 3.4 Data analysis

For the data analysis the authors have conducted semi-constructed interviews with the investigated companies. After communicating with the companies the authors sent the semi-structured interviews to the representatives in order to be aware of the content of the interviews. Before the

beginning of every interview, the authors informed the correspondents that the interview would be recorded and asked if they wanted to keep their anonymity. The correspondents did not want to keep their anonymity and they agreed on having the interviews recorded. When the interviews started, the authors introduced themselves explaining again the purpose of the interview. After the end of the interviews, the authors wrote down detailed transcripts for the trustworthiness of the thesis. The next step was to contact with the interviewed company and send the transcripts to be checked by the correspondent. When the correspondent agreed with the content of the interviews the authors were qualified to use the data. This procedure was exactly the same for each one of the companies that participated in the interviews.

For the purposes of the creation of the empirical findings section, each author assessed individually each interview's transcript on distinguishing the challenges, the opportunities and how companies face these factors occurred. After the assessment, the authors met with each other and discussed each other's evaluations. After the discussion and comparison of the authors' perspectives the empirical part was starting to be formulated. The authors chose this kind of analysis because they believe that based on the different perspectives, the analysis of several data can be more objective. This resulted in an objective analysis of data with the purpose to have better results for the research.

### **3.5 Quality Criteria**

This master's thesis is conducted within a qualitative study. The data collected are through semi-structured interviews and literature in order to fulfill the purpose of the research and answer the research questions. Nevertheless, there are some limitations in the performed methods and the alternative ways to increase the trustworthiness of the study. In every scientific research it is very important the research process and its findings stand up the scrutiny. Saunders et al. (2007) stress that the main goal of the researchers should be to minimize the possibility for errors to occur. Although many critics are reluctant to accept the trustworthiness of qualitative research, frameworks for ensuring rigor in this form of work have been in existence for many years (Shenton, 2004). In order to overcome these limitations the authors applied transferability (in preference to external validity/ generalizability), dependability (in preference to reliability) and confirmability (in preference to objectivity) (Shenton, 2004).

#### **3.5.1 Transferability**

To allow transferability the researchers must provide sufficient detail of the context of the fieldwork for a reader to be able to decide whether the prevailing environment is similar to another situation with which is familiar and whether the findings can justifiably be applied to the other setting (Merriam, 1998). In this current thesis, the authors have conducted semi-structured interviews with the investigated companies. The template of the semi-structured interviews is provided in the appendices part of this thesis in order to allow possible future researches to use it as guidance. Furthermore, since this thesis focuses on rural areas in Sweden, the authors have distinguished rural areas in remote and accessible, and have specified that their focus is on

accessible rural areas and not on remote. Through this way the authors do not make generalizations and leave the space to future researchers to focus on remote rural areas. Lastly, since this thesis is conducted through an abductive approach, the findings that will be demonstrated in the analysis can also be used for further investigation from future researchers.

### **3.5.2 Dependability**

As Shenton (2004) states, the dependability criterion is a difficult in qualitative work, although researchers should at least strive to enable a future investigator to repeat the study. Thus, in order to address the dependability issue better, the processes that were conducted within the study should be reported in detail in order to enable a future researcher to repeat the work, if not necessarily to gain the same results (Shenton, 2004). Such in-depth coverage also allows the reader to assess the extent to which proper research practices have been followed. As Lincoln and Guba state (cited in Shenton, 2004), “this may be achieved through the use of “overlapping methods”, such as the focus group and individual interview”. Within this thesis, the authors are able to provide the future researcher with the interview transcripts of the interviews taken. This will happen in order to ensure the dependability of the study.

### **3.5.3 Confirmability**

To achieve confirmability within the thesis, “researchers must take steps to demonstrate that findings emerge from the data and not their own predispositions” (Shenton, 2004). In order to achieve confirmability the researcher must be described with objectivity. The steps must be taken to help ensure that the research’s findings are not from the preferences of the researcher but from the experiences and ideas of the informants (Shenton, 2004). Within this thesis, and after the collection of the primary data (the interviews conducted with the case companies examined), the authors wrote the whole interviews and sent them back to the companies’ representatives. The representatives saw the whole interview again, evaluated their answers and what they had told and allowed the authors to use the interviews for the empirical findings and analysis purpose.

## 4. Empirical Findings

*In this chapter, the empirical data that were collected during the interviews with the investigated companies are provided. Those will be divided by each segment and explained. Lastly, an overview of strategic renewal through the use of social media marketing is going to be presented.*

This section regarding the data collected from the interviews will be presented into three parts. During the first part, the reader will be introduced in the challenges which companies located in rural areas in Sweden, face from strategic renewal by the means of social media marketing. Within the second part, the authors present the opportunities and lastly, in the third part, the authors deliver the reader with an overview on strategic renewal through social media marketing in companies settled in rural areas of Sweden.

When the interviews were undertaken, the authors questioned all the investigated companies to delineate the motives, the challenges and the opportunities of settling and performing in rural areas. All investigated companies confirmed one another, and answered that the main reasons of their settlement in such areas was due to the fact that the owners lived in those areas or due to the resources needed to establish their company. Regarding the opportunities given, the majority of the case companies stated the location, that even if it is outside the city it is still less than 45 minutes far and as a challenge they named the lack of qualified and willing people to work in this kind of places.

### 4.1 Challenges of strategic renewal through social media marketing in companies located in rural areas in Sweden

In this part of the interview, the authors asked about the challenges of strategic renewal that companies settled in rural areas in Sweden face through the use of social media marketing. Surprisingly, there was not a big differentiation in the answers of the correspondents. Taking into consideration that social media marketing as a kind of strategic renewal is still new in such companies, the possible challenges can be opportunities and the possible opportunities can be challenges as well. This, in a sense that companies can use the challenges generated as opportunities to strengthen and empower the social media marketing strategy. Through the interviews, the authors tried to take clear answers about the division between the challenges and difficulties that companies face from strategic renewal through social media marketing.

#### 4.1.1 Internal challenges related to the recruitment of the company

When the authors asked the case companies' representatives to name the challenges they face, the majority replied, initially, referring to the internal environment of the company. Only 4 out of 7 companies answered that, "*the main difficulty is to find people to want to live out here. It's hard to find people to work here*" (interview No.1). Companies pursue strategic renewal through social media

marketing, but the challenges come on the surface; *“we are three girls working in the marketing department and we share the work”* (interview No.5).

Companies in rural areas face this challenge and at the same time see it as the opportunity to empower their department with skilled people who will work only on social media marketing and help in building a professional media channel. *“Like in any other task in a company, it is needed to have the right people with the right skills”* (interview No.6). As a result, some of the investigated companies have started to hire people only for this purpose. As it was stated by one of the investigated companies: *“we have hired a girl, just to work with the social media marketing. She works every day with it”* (interview No.1).

#### **4.1.2 The challenge of attracting new customers to the corporate media channels**

Another challenge that came out during the interview concerns the difficulty of the companies to attract new customers and new people to follow them; *“it is very hard to get new users start following us”* (interview No.3), and that is difficult *“to send personal messages and engage people”* (interview No.7). The investigated companies face such problems with different kind of ways; *“you have to analyze what your target audience thinks it will be relevant. What can we give to them in order to add value”* (interview No. 6). Additionally, one company’s representative stated that *“we are showing our followers what we do and also what we make and what we stand for. If these posts of the company on its social media can convince our follower, then it’s easier to follow us”* (interview No. 2).

#### **4.1.3 The importance of content**

A reason that can complicate the strategic renewal through social media marketing use, and a very important challenge for the companies, in rural areas in Sweden, to face, concerns the content of the posts that a company makes in order to promote its products or services. *“You have to be very careful on what you send out on the media because a huge amount of people is reached. If you stand out wrong information, then you might face problems”* (interview No.1). They stated that the solution is to *“use the right message and the right tone in social media marketing”* (interview No.6). On the other hand 2 out of 7 of the case companies stated that they have not faced this kind of challenge yet since they are in their first steps on this kind of strategic renewal.

#### **4.1.4 The exploitation of the customer’s valuable feedback**

Lastly, 2 out of 7 companies stated the importance of getting a feedback and how this feedback data collection can be a challenge; *“you get a lot of information and not all that information is good. So that is one of the main issues about social media marketing”* (interview No. 1). They face this challenge through analyzing and filtering the feedback received. On the other hand, the rest case companies

due to the fact that they are on their first steps on social media marketing, they claimed, *“data collection sounds so big at the moment. But if someone mention something about our products, I will bring this information to our R&D department for further evaluation”* (interview No. 3), and *“we analyze the feedback we get in our media channels but we are not so far on this yet”* (Interview No. 6). On the other hand, the rest of the companies think that it is too early for them to evaluate the feedback, since they have not developed a platform yet, in order to measure the feedbacks given; *“we do not have any platform for data now. It is not that much”* (interview no.7).

## **4.2 Opportunities of strategic renewal through social media marketing in rural area companies in Sweden**

Opportunities of strategic renewal for companies located in rural areas of Sweden differ. Most of the case companies mentioned that they can increase their brand awareness, build customer relationship and that they are able to research their market more effectively. While other companies stated that social media marketing is a cheap way to promote their products and monitor their competitors as well. When companies pursue strategic renewal through social media marketing strategy, this means that all companies should build a strategy and through this strategy certain things are to be achieved. *“I think you need a strategy and you need to have resources and competences. The worst thing is to start something and stop being active. We have a strategy especially to stand out. We have to be careful and we do not want anything bad to affect us”* (interview No. 4). Additionally, *“you always have to be up to date with social media marketing. You always have to find new places to be”* (Interview No. 5). The importance of being always active, showing the company’s presence is essential but unfortunately, not all the investigated companies generate a strategy on social media marketing, because as it was stated from the rest of the companies they are still too new in social media marketing.

Based on this statements, when the authors asked; *“from a strategic renewal perspective how social media have helped in the improvement of the company?”* all the investigated companies came up with many opportunities given from this kind of strategic renewal, while every company agreed that pursuing strategic renewal through social media marketing can help the company in many ways *“it builds a trust that it is an energetic and active company. We also strengthen our brand by showing nice photos from projects that we have accomplished”* (interview No.8)

### **4.2.1 Customer relationship building**

An opportunity of strategic renewal by the means of social media marketing is, that it can build stronger relationships between the brand and the customers. 4 out of 7 companies highlighted this fact, and they stressed that *“it is a great way to be closer to your customers and develop your relation with them. Social media marketing is great to communicate and discuss with your target group”* (interview No.4). Social media marketing helps the company to brandish a human feeling. More specifically it was stated that *“through social media marketing customers could consider the company as human being with feeling instead of just a company with some good products”* (interview No.2). Additionally, companies in rural

areas in Sweden, build relationships with their customers because this is a way of collaboration that can benefit both sides; *“we get information of the customer, which we want. The most important thing is to get in contact with the customer”* (interview No.1). Lastly, honesty is significant for company in order to build a good relationship with its customers as it was stated by one of the correspondents; *“people need to see that you are honest as a company and you need to be transparent”* (interview No.3).

#### **4.2.2 Brand awareness**

Social media marketing can help the company exceed in its horizons. All the interviewed companies agreed that *“social media marketing have done a lot for our brand; it has become better known, if you go back 10 years”* and *“people can use our machines on Internet and social networks so that help us to build up our brand* (interview No.1). Brand awareness is one of the outcomes when pursuing strategic renewal through social media marketing. As it was stated by one of the case companies; *“it is a nice way to build your brand. Build your brand and act how people want to see you acting”* (interview No. 4), and *“we can build our brand, more people see us and that it is easy for us to give out information about the company”* (interview No.5). Additionally, as an opportunity of strategic renewal, brand awareness *“leads to sales and loyalty”* (interview No.7). After the end of the interviews and when all the results were collected from the authors, it came as a conclusion that all investigated companies’ purpose, is first and foremost brand awareness, since it was the first opportunity that every company that was investigated, answered.

#### **4.2.3 Making business promotion through social media marketing**

Some of the companies mentioned that they could take the advantage of using social media marketing in order to improve the promotion of their product and service. Specifically it was stated that: *“We work a lot with small pictures. You can get a lot of information from a small picture and get the feeling that it’s a good machine and so on. I also talk about the short movies that we have. So we work with the whole picture of the environment and how good the machines are. So you can get the whole picture very easy”* (interview No.1). *“We use to make posts about what we are doing, if we go to any fair. We show pictures from different locations, where we have delivered our products”* (interview No. 2). Content communities, as it was revealed from the interviews, it is the best tool for the companies to show and promote their products, since they can upload videos and show the reality inside the company.

#### **4.2.4 Market research improvement**

Another opportunity that companies in rural areas can face by using social media marketing, is that they can improve the way they research their market and their target groups. The majority of the case companies has highlighted how easier and quicker they can research their market: *“the main thing is that you can very easily reach a new market and then you can do a research before entering it. So*

*with social media you can speed up the selling process*” (interview No.1). Additionally, *“this is very good with social media marketing. You can follow and see what is happening and figure new trends”* (interview No.6) and *“you can get a lot of good answers and a lot of good information about your product from your followers. If you ask the right question and if you get their respond to your question as well”* (interview No.3). The investigated companies stated that, by differentiating and separating their target groups, they could try to improve their products and services in order to be more personalized.

#### **4.2.5 Maintaining the competitive advantage**

Finally, companies located in rural areas have the opportunity to use social media marketing in order to monitor their competitors and maintain their competitive advantage. They mentioned that they could take the advantage of their competitor’s absence on social media, which gives them the opportunity to stay a step ahead. *“If we look at our competitors we are the only one, who use social media marketing. I think it was very important that we took the step first on social media marketing and now we have our competitors in our back. People know us from social media. And they think of us as the company, which thinks forward”* (interview No.5).

In contrast, in the occasion of companies’ competitors which also run social media marketing, they maintain their competitive advantage by monitoring what they are doing on their social media. As one of the representatives stated, *“we monitor their social media outlets as well and we use to keep an eye on them”* and *“that’s one way to get the head and be up-to date in front of your competitors”* (interview No. 3). In addition, another company mentioned, *“we have to do it much better than your competitors. We can gain many ideas from them, but we don’t want to be number two. We want to be the first. So you have to be up to date”* (interview No.4).

### **4.3 Overview of strategic renewal through social media marketing strategy in rural area companies in Sweden**

When the interviewed companies spoke about strategic renewal through social media marketing in their companies, we had plenty of answers, which as expected, are linked with the opportunities, stated above. More especially the interviewed companies have stated that they use the feedback they get in order to improve the processes, services or products; *“customers give us some feedback and information about the products; we can get information for our engineers, when they are developing a new product. They can use that information and hopefully to develop better products”* and, *“we listen our customers, what they want, what they need”* (interview No. 1). And also, *“we improve everything, product market processes, and a lot of things. The whole business you could say”* (Interview No. 5).

Companies settled in rural areas of Sweden by using social media marketing have the opportunity to use a cheap additional media in order to market their products. More specifically, some of the interviewed person stated, *“it is a very cheap way to marketing our products. You can reach the real world. It is very cheap and very easy to handle it. You can change your language and you can get out a new market”* (Interview No. 1). *“It is cheap, many people can see it all over the world, not just here”* (Interview No. 5). In the same way another interviewee cited, *“it is free and very easy to use it”* (interview No. 4).

Interviewed companies recognized that by pursuing strategic renewal through social media marketing they have become more known to the public and they have improved internally. *“Direct communication with the end users is the key one. You can talk and get into respond with them at the same time”* (interview No. 3). Lastly, the feedback is also an important factor, which helps to strategic renewal of the companies because companies are aware of everything at the right moment. That leads them to adjust and improve; *“you can get a lot of good answers and a lot of good information about your product from your followers. If you ask the right question and if you get their respond to your question as well”* (interview No. 3), and, *“we use our community blogs in order to try to get out our possibilities”* (interview No. 1).

Additionally, 3 out of 7 of the companies believe that by using social media marketing, they could grow and achieve strategic renewal. Especially an interviewee asserted, *“I think it is very important to be on the social media. It helped us to grow and to be seen... It is very easy to spread the word and give everybody the information they need. So social media marketing helps us, because the more people that knows us, the more people will buy from us”* (Interview No. 5). On the contrary, and something that was very interesting to learn, is that 4 out of 7 investigated companies believe that strategic renewal cannot pursued only through social media marketing because they consider it as an additional tool. As it was stated: *“We think that is a complement tool for us. It’s something extra”* (interview No.7). This shows that companies in rural areas in Sweden, since they are at their first steps on strategic renewal through social media marketing, consider this way of strategic renewal something that can boost the strategy despite the opportunities it can provide to a company.

## 5. Analysis

*This section will contain the analysis where the authors have integrated previous research with the findings from the interviews.*

Strategic renewal is a phenomenon that all companies hunger to pursue in order to improve their internal or the external environment. As the years pass, companies more and more start and adopt entrepreneurial processes and forget the old fashioned way of their introversion. Companies in rural areas in Sweden are linked with progress and willingness to innovate (Federal Ministry of Food, Agriculture and Consumer Protection, 2009), and they achieve strategic renewal in order to cope with the globalization and the ever-changing technology (Voldebra et al., 2001). Thus, companies settled in rural areas introduce social media marketing as a kind of strategic renewal in order to make their organizational rejuvenation (Moris et al., 2008), and keep up with the trend, since all the existing and potential customers are on social media channels. After the end of the interviews, the authors realized that indeed, companies that are located in rural areas in Sweden, pursue strategic renewal through social media marketing, and, not only they are able to reach their existing customers and promote their products, but also, they are able to use social media marketing as a communication channel in order to get feedback from their target groups.

The analysis section correlates the theoretical framework and the empirical data that were selected by the authors during the interviews with the companies. The analysis part is composed by going back to what was stressed in the frame of references section, and what was revealed during the interviews where the companies described what is really happening, and what they really are facing. The conclusion that has been delivered, is that companies located in rural areas in Sweden have, indeed, chosen to pursue strategic renewal through social media marketing but, as it is ordinary, certain challenges and opportunities are emerged and should be faced. Within the analysis part, the authors will discuss the apprehension received from the theory stated in the previous sections and the outcomes of the interviews conducted stated in the empirical part section. This, in a sense to make it easier for the reader to comprehend how companies in rural areas in Sweden, face the challenges and opportunities from strategic renewal by means of social media marketing. For that reason the authors have developed a model where it shows the challenges and the opportunities the companies face.

### **5.1 Challenges of strategic renewal through social media marketing in companies located in rural areas in Sweden**

The connection of the previous literature with the data gathered from the interviews are stated and analyzed with the aim of giving the reader the knowledge on the challenges of strategic renewal through social media marketing in companies located in rural areas in Sweden.

### **5.1.1 Internal challenges related to the recruitment of the companies**

Social media have been introduced the last decade to our lives, while the last five years the potential for business use has been emerged. Although all of the investigated companies have made their first step by introducing social media marketing as a kind of strategic renewal, not all the companies consider it comparatively. While some of the investigated companies have hired specific person for running social media marketing strategies (personal interview, 2013- 04- 23), other companies have not done the same; they choose to add extra responsibilities to their existing employees. This causes troubles, since by having people who are not aware of social media marketing strategy can lead the company to the opposite direction of reaching its goals. Companies need to have right people with the right skills in order to interact with the customers (Heidemann et al., 2012; personal interview, 2013- 05- 07).

Therefore, it is imperative for companies in rural areas in Sweden, to hire social media marketing professionals. Whether companies hire specialists to implement social media marketing depends on their aspirations, since most of the investigated companies that operate worldwide have mentioned that they have hired specific person for social media marketing. While companies with only domestic operations continue to share the work through the marketing department employees. Since companies located in such areas pursue strategic renewal by incorporating social media marketing, if they hired specialists they would be able to build professional media channels which would lead the company forward. Further, employees in the marketing department having fewer responsibilities could perform better to their first obligations in the marketing department without being confused for their tasks.

### **5.1.2 The challenge of attracting new customers to the corporate media channels**

Strategic renewal through social media marketing strategy requests a broad online audience. Companies, which can create interesting and useful content, could get a huge traffic on their social media channels (Gunelius, 2011), and create social waves beneficial for them (Hall, 2011). Companies in rural areas are struggling to find valuable content that will attract more people and will bring the coveted traffic to their media channels, but most of the companies located in rural areas, find it difficult to attract new customers on their social media channels (personal interview, 2013- 04- 29). While even more difficult for companies is to convince their customers to follow them actively (personal interview, 2013- 05- 09). Most of the investigated companies consider this as a challenging process, and some of them have started to analyze their audience in order to find what is valuable for them (personal interview, 2013- 07 -05). Taking into consideration all the above, it can be referred that for those companies that pursue strategic renewal through social media marketing, sharing valuable content with their customers is prerequisite in order to engage their customers. Therefore companies need to establish new procedures to their operations in order to analyze their customers and find the most suitable content for them. In an ever-

increasing audience this procedure requires time and experience, and companies have to be always ready to engage new customers.

### **5.1.3 The importance of content**

In addition, the possibility of posting inappropriate content, which can cause misunderstandings, is another challenge that companies settled in rural areas of Sweden are facing. This challenge was revealed during the interviews, since all the companies except from 2, stressed that through social media channels they can reach a huge amount of people, consequently they have to be very careful with what they share (personal interview, 2013- 04- 23). Since most of the companies operate also worldwide, they have to be careful with the content of the posts in order to avoid misunderstandings due to the differentiation of the cultures. Posting a picture in one country could be received with a different way in another country (personal interview, 2013- 04- 23). Companies have to use the right message and the right tone (personal interview, 2013- 05- 07), and have to first search the characteristics of their audience and then share their content. On Internet nothing can be covered, in contrast Internet has the potential to spread the word instantly. Therefore, companies could jeopardize the power of their brand instead of pursuing strategic renewal.

### **5.1.4 The exploitation of the customer's valuable feedback**

Lastly, another challenge that companies in rural areas can face, is their ability to filter the feedback they receive from their followers. In the literature has been mentioned that, companies need a system to classify and distinguish the valuable information in order to improve their products and services (Mustonen, 2009). This challenge at the moment has been confirmed from the minority of the investigated companies, which use social media marketing strategy for almost a decade. Since not all the amount of information gathered is beneficial for the companies, one of the correspondents stated that they have built a system through which they can evaluate their customers' feedback (personal interview, 2013- 04- 23). In contrast, the rest of the interviewed companies claimed that building a system for evaluation could be an excellent way to separate information, but still they consider it for the future. The infancy of strategic renewal by the means of social media marketing is more shown when one of the investigated companies stated that if they read a valuable information they personally contact with the R&D department of the company (personal interview, 2013- 04- 29).

Consequently, the authors conclude that customer's feedback is beneficial for companies that pursue strategic renewal through social media marketing, since they are able to exploit this feedback to improve their processes and their products. But, due to the immaturity of the most case companies, they face this challenge superficially, while their first aim is to build their brand and build relationship with their customers.

## **5.2 Opportunities of strategic renewal through social media marketing in companies located in rural areas.**

The integration of the previous literature with the real facts gathered through the interviews are gathered, stated and analyzed with the aim of giving the reader the knowledge on the opportunities of strategic renewal through social media marketing in companies located in rural areas in Sweden

### **5.2.1 Social media marketing as a tool to build relationships**

Networking with connections which are just names in the firm's database is useless (Meyerson, 2010), and companies have to develop ways that will create better bonds between them and the customers. Social media marketing is a great way for a company to be close to its customers and develop the relation with them. Through this way, a company can communicate and discuss with its target group (personal interview, 2013-05-02). Through this communication and discussion that companies have with their customers, they are able to leave a good impression on those who they interact (Weinberg, 2009), and additionally, being honest and showing the organization's transparency (personal interview, 2013-04-29), companies are led towards the act of collaboration with the customers (Evans & McKee, 2010; personal interview, 2013-04-23).

As the years pass, communication is changing in the society, and people are getting used to communicate through social media. What is imperative for companies, is to be there and answers the customers' questions. The authors have found that, honesty implements a company with great power since, when being honest as a company, customers start trusting the firm. And of course, the majority of people buy only what they trust. As a result, strategic renewal through social media marketing gives the company the opportunity of building strong and valuable relationship with its customers. After this bond building companies are led to customer loyalty, recommendations and sharing (Weinberg, 2009).

### **5.2.2 Brand awareness**

In the previous literature it was stated that, an imperative for companies is to build their brand and through channel communities and rely on customer to customer relationship and promote word of mouth behaviors (Doohwang et al., 2012). This statement comes in line with what all investigated companies answered during the interviews. Brand awareness is big opportunity of strategic renewal, through which a company tries to act as it is expected from their customers (personal interview, 2013- 05- 02) and of course through this more and more people can recognize the company and get the information they want (personal interview, 2013- 05- 03).

The authors, after integrating the previous literature and the personal interviews, have resulted that, a big opportunity that strategic renewal through social media marketing (and one of the reasons that a company should pursue strategic renewal) is the brand awareness. Social media marketing is an important tool to build brand awareness and trust in the company's brand. If a

company shows through social media marketing its passion for its products and services, this will lead to customer engagement. As many of the interviewed companies highlighted a company should let the customers know who the company is and what the company does.

### **5.2.3 Market research**

In this ever-increasing competitive environment, companies have to know the needs and the preferences of their customers, create demographic profiles and learn about their competitors (Gunelius, 2011). Learning the preferences of its customers, a company can improve or develop a new product or service that replies to the customers' needs. The majority of the interviewed companies comes in line with the previous literature, adding to this, it is easier and quicker to do a market research and then speed up the selling process (personal interview, 2013- 04- 23). Social media marketing is the social feedback cycle, which is the way in which web publishing and social technology has connected people around businesses (Evans et al., 2010) and in this way companies (as they stated), get a lot of good answers from their customers when they ask them, and also, they can see new trends that are emerged.

What results through this, is that the way in which companies communicate and show their business or product may not align with what customers need. Through strategic renewal companies are given the opportunity to observe and analyze how the customers speak about their product or service and through this make adjustments. When companies ask their customers about recommendations (as three of the investigated companies do), companies can understand how their product or service is perceived by the customers, and create customer-centric campaigns, leading to general improvement.

### **5.2.4 Promotion**

Companies can promote and advertise their products through web places (like YouTube) and add value to their social media marketing campaigns which none of the traditional media provide (Zarella, 2010). Companies located in rural areas in Sweden acknowledge this fact and make their efforts in order to show and promote their products and services. The authors though, after the results of the interviews, understood that promotion and advertisement of the investigated companies' products and services, is not the main purpose of incorporating a new business strategy as social media marketing within their incorporations. Only three of the interviewed companies use this strategy for this reason. What comes to our minds is that maybe, the investigated companies, since the period of this incorporation is small, have not yet focused on this opportunity strategic renewal can bring.

### **5.2.5 Competitive advantage**

Something that came out through the interviews is that the investigated companies identified an opportunity by incorporating social media marketing as a new strategy (strategic renewal). Companies in rural areas in Sweden want and pursue to be the best. And being the number one around your competitors' means being aware of what they promote, sell and improve. Almost all of the investigated companies take ideas of their competitors and see how they act. This is done because companies by observing their competitors they can improve themselves and stand out. This placement comes in line with the literature where it is stated that the companies can learn about competition, and how these competitors act and perform (Gunelius, 2010).

### **5.3 Overall view of strategic renewal through social media marketing in companies located in rural areas in Sweden**

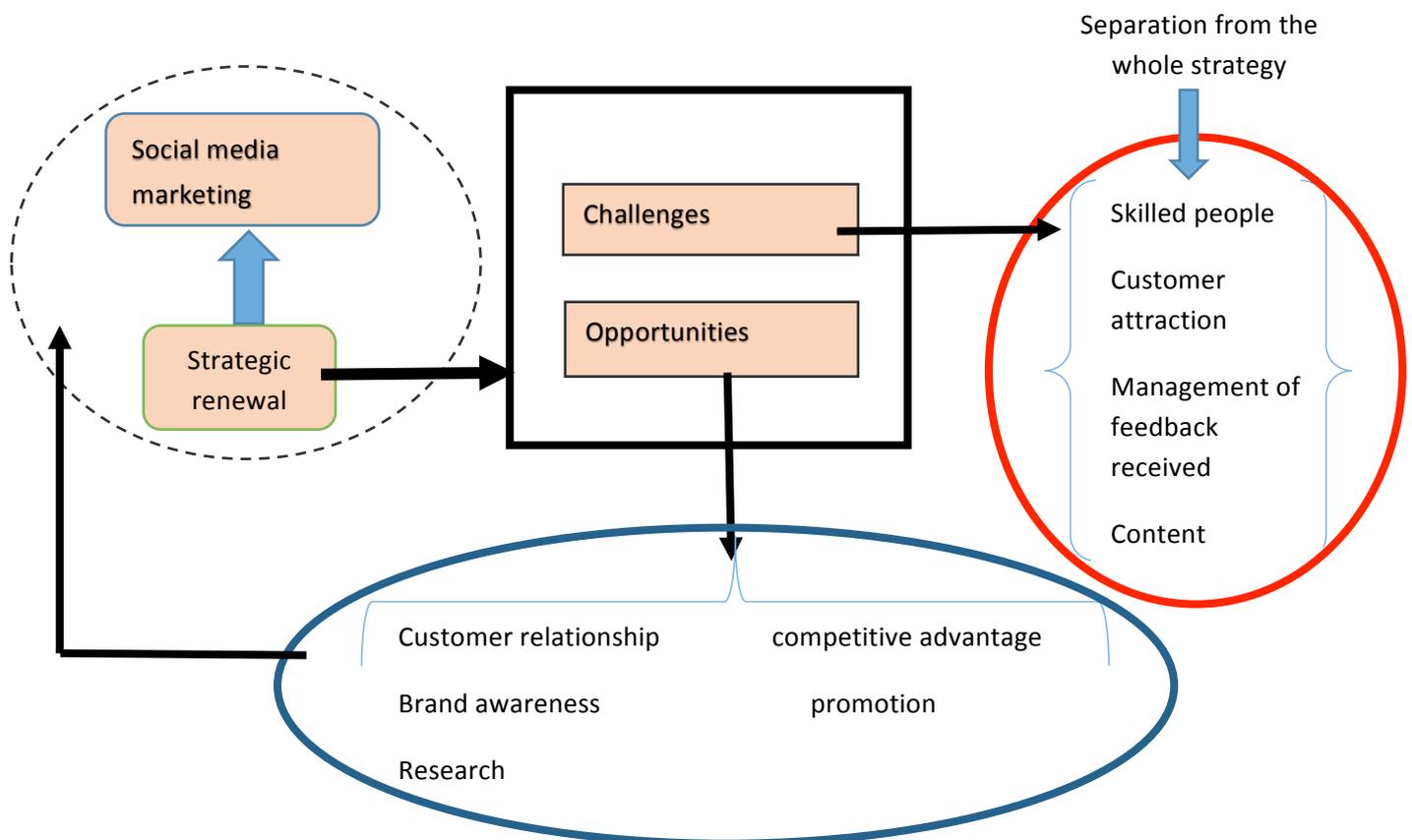
During the interviews, it was revealed that companies do not take so much for granted the importance of feedback since they have not yet created a platform in order to gather all the feedback and then distinguish them to useful and useless. The model below shows how companies located in rural areas in Sweden have perceived the opportunities and the challenges of strategic renewal through the means of social media marketing. At this model, it is clear that companies when in pursue of strategic renewal through incorporating social media marketing, they face challenges and some opportunities. Companies located in rural areas in Sweden face the problem of having skilled people to run this strategy, and this is due to their location. In addition, feedback, as it was stated above and the lack of gaining brand publicity are some factors of big importance for the success of the strategic renewal. As a result companies in rural areas in Sweden pursue strategic renewal through social media marketing and gain brand awareness, and the building of customer relationship as the most important. On the other hand they face, time restriction, since they do not have the people needed in order to work only for social media marketing strategy and they split the required tasks to the people in the marketing department. Moreover, they cannot control the feedback they get and they do not apply strategies for brand publicity.

The model following, is based on the structure of the theoretical framework, however, the authors have discovered through the empirical findings that companies in rural areas tend to use social media marketing as an additional tool for strategic renewal and not the main one. This, in addition to the fact that the difficulty in attracting new people through social media marketing and the possibility of building a wrong strategy around social media marketing can affect the company's name, the authors suggest this model. If companies located in rural areas in Sweden rejuvenate and use the internal competences and resources, they can embody social media marketing strategy and make it the main tool of strategic renewal within the organizations.

Companies in rural areas in Sweden pursue strategic renewal through social media marketing. This though, can cause some challenges such as the need of skilled people, the importance of new customer attraction, the managing the feedback received and the content of the shares of the companies. On the contrary though, it can also generate opportunities such as the customer

relationship building, the brand awareness, the improvement in the market research, the promotion of the products or services and the maintenance of the company's competitive advantage. When using the opportunities in order to leverage, the companies improve their products and relationships with the customers and at the same time they can stand out and show their presence. The unfortunate is that the investigated companies tend to leave the challenges outside of this whole strategy. They acknowledge the challenges but do not try to solve them despite their capability of this.

Companies in rural areas in Sweden are used to separate the challenges from the difficulties occurred and they worthy social media marketing as a complementary way of strategic renewal. In addition to what was stated above, they only focus on the opportunities given in order to reach their goals. Strategic renewal is about incorporating a new business strategy within the organization; and since the investigated companies have already done this step, they should realize the importance of generating new ways of attracting more and more customers for feedback. This leads to facing directly the challenges occurred, and comprise them to the opportunities generated. Since lack of time is an important factor, and considering the fact that there is a difficulty of having willing people to work in such areas, the authors are suggesting a solution. In order to improve and have the outcomes set through this kind of strategic renewal, the companies could train some of their existing employees in being social media marketing experts and create new positions in the organization where they can operate and improve the challenges that are faced. As a result, the challenges become a part of the opportunities following to the best operation and performance of the company.



Model of perceived strategic renewal through social media marketing of companies located in rural areas in Sweden

## 6. Conclusion

*In this part of the thesis the research question will be answered giving the reader an overall view of the previous literature, the findings from the interviews conducted and the analysis.*

Research Question:

How companies located in rural areas in Sweden face the challenges and opportunities of strategic renewal through social media marketing?

The initial purpose of this thesis was the exploration into strategic renewal by the means of social media marketing. More specifically, the authors explored into the challenges and the opportunities generated from strategic renewal through social media marketing, in rural area companies in Sweden. The authors have reached the result that indeed, strategic renewal through social media marketing in rural area companies in Sweden can be achieved, but there are also some challenges and opportunities that come aside and should be faced.

Accessible rural area companies in Sweden may be as innovative as companies in other areas, but the need of having skilled and willing people to work in such areas is more important than anywhere else. Strategic renewal takes the place of one of the most critical decisions a company can take in order to maintain its positioning in the marketplace. Social media marketing showed its existence as a kind of strategic renewal through which companies in such areas can reach their goals, and also become aware of the possible challenges and opportunities this kind of renewal can bring to the surface. One of the reasons of pursuing strategic renewal through social media marketing is due to the fact that it is easy and cheap, and of course organizations should take advantage of the fact that the biggest amount of customers is on social media channels. Soon enough though, social media marketing proved to be the best decision from companies for strategic renewal. The most important goal and where the companies in rural areas in Sweden focus, is the brand awareness and publicity of their organizations. The introduction of social media marketing as a kind of strategic renewal makes this effort easier, because through this strategy, companies can enter new markets and as a result, show their existence.

Strategic renewal by the means of social media marketing builds stronger and more honest relationship between the organization and its customers. The continuous interaction and attention on what people have to say about the brand and its services and products, have made the companies improve the way of their performance by introducing the people's thoughts into the processes and the ways they operate. As a result, customer loyalty is the acquirement of such a strategy. The importance of feedback is always crucial for the improvement of a company's products and services, and this is also known to companies located in rural areas in Sweden. Unfortunately, not all of the companies use social media marketing in order to improve their products and services due to the fact that they do not have yet the right platforms and measures to collect the feedback they get. Other companies use this feedback in order to try and adjust their amenities in the volume that fulfills the demand of the customers.

Achieving strategic renewal through social media marketing can also emerge challenges. Those challenges are generated due to the fact that rural area companies are yet in the very first steps on

social media marketing. Finding the right people to work on this strategy and finding new ways to attract new customers are two of the challenges that have been emerged through the interviews. Companies face that problem by being transparent, and showing what they really do, in order to gain the trustworthiness needed. Even if we take into consideration that strategic renewal is still in its infancy, companies do not capitalize on social media marketing despite its positive effects. Companies are only focused on the brand awareness and the improvement of customer relationship that this kind of strategic renewal brings.

Something that has been revealed through the conduction of the interviews is that, until now, companies face social media marketing as an additional tool of strategic renewal and not the main one. They pursue and achieve strategic renewal through social media marketing, but companies face this kind of strategy as something complementary and not the basic one despite its high importance. The reasons for such a position towards this kind of strategic renewal may be once again the need of the companies to have specialists to run this kind of strategy and the early stage on social media marketing that companies are right now.

Strategic renewal by the means of social media marketing can be achieved in companies located in rural areas in Sweden. But, as in every corporate decision, there are challenges that have to be faced and opportunities that a company must take advantage of. Rural area companies are competitive and they managed through strategic renewal to stand out and show their presence in the market place. What companies could do in order to empower and make this strategy the main way of strategic renewal is to rejuvenate and use their internal capabilities and resources and train the existing employees into becoming experts who will help and boost into making their company stand out.

## **7. Discussion**

*In this chapter the authors discuss their findings and the model generated and will give suggestions for further research*

The findings from this thesis can contribute in how the investigated companies face the challenges and the opportunities that are generated when they incorporate social media marketing from a strategic renewal perspective. The research findings give support to the previous researches and beliefs about social media marketing, but in addition to this they contribute with the companies views on the development process of social media within the organization. How companies located in rural areas in Sweden face the challenges and opportunities of strategic renewal by the means of social media marketing has not been the focus of the former literature. Lastly, this thesis contributes with practical knowledge about how companies face these challenges and opportunities and gives suggestions for improving the obstacles occurred. Within this thesis, the authors gained a discernment on how companies in rural areas in Sweden incorporate new business within their organization and how they face the challenges and opportunities that are generated.

From the data that were collected through the interviews and the previous literature, the authors have developed a model that shows how is strategic renewal in companies located in rural areas in Sweden is perceived and how they face the challenges and the opportunities. The model shows the differentiation that companies make between the challenges and the opportunities generated and suggests to integrate the challenges into the opportunities by rejuvenating and training existing employees into becoming experts with a target on making social media marketing the main strategic renewal tool. Moreover, this thesis contributes by going more in depth into the strategic renewal through social media marketing phenomenon by combining the previous literature and the companies' view.

### **7.1 Recommendations for further research**

Since this thesis explored into the challenges and difficulties of strategic renewal through social media marketing in companies located in rural areas in Sweden, the authors suggest that further research can be held. More specifically, the authors would suggest for further research to increase the number of investigated companies that can be interviewed with the purpose of having more objective results. Secondly, the authors would suggest that since they interviewed companies in accessible rural areas in Sweden, that it would be quite interesting to investigate companies that are located in remote rural areas in Sweden. Additionally, a comparative study of companies located in remote and accessible rural areas in Sweden, or even a comparative study of rural area companies in different countries would also deepen the gravity of this phenomenon. In this way, the model of this thesis would be further explored and developed.

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# Appendices

## Appendix 1

### Semi-structured interview template

#### **Interview for the Master Thesis**

#### **Strategic renewal through social media marketing - An exploratory study of challenges and opportunities of companies in Swedish rural areas**

The purpose of this Master Thesis is to analyze the challenges and opportunities of the companies which might be reached when using social media marketing in pursue of strategic renewal. We investigate what changes occur in the company during the implementation of this strategy, what are opportunities and challenges.

The information obtained through this interview will be used only for scientific purposes at Jönköping International Business School (JIBS), Jönköping, Sweden.

#### **Decisions for settling in rural areas**

1. Why you decide to establish the company in a rural area?
2. What are the challenges that a company can face in such areas?

#### **Decisions for using social media marketing**

1. Being located in a rural area, why did you decide to use social media marketing?
2. How did you start using social media marketing?
3. What are the main reasons?
4. What is the strategic plan of social media marketing? What is your approach in order to make your “presence” through social media trustworthy/appealing to your customers?
5. Based on what criteria do you choose which social media you will give more attention to when it comes to marketing?
6. Which kind of social media do you use currently in your company?
7. How do you use the data collected?
8. Being located in a rural area what challenges and opportunities do this media represent for your company?
9. How do you face (or plan to face) these challenges in a rural area?
10. From a strategic renewal perspective how social media have helped in the performance improvement of the company?
11. Would you ever consider using social media marketing in order to pursue rejuvenation (when using the information and the data collected from social media marketing in order to improve the company’s performance) in your company?
12. In which ways could social media marketing be considered as a tool for rejuvenation?

### **Challenges while using social media marketing in rural areas**

1. Which are the difficulties faced from the use of social media marketing?
2. How, in your opinion, do you think social media marketing can help the company maintain its competitive advantage being located in the rural area?
3. Have you ever changed or adjusted the structure of the company in order to use social media marketing?
4. How much has social media marketing improved traditional R&D? In which ways?
5. How does social media help you reach your marketing goals?
6. Is social media a marketing tool or a strategic renewal tool? Why?

Thank you for your time and your answers!

## Appendix 2

### Interviews conducted

<b>Company Representative</b>	<b>Company</b>	<b>Position</b>	<b>Date</b>	<b>Duration</b>
1. Martin Bredenfeldt	Gremo AB	CEO	23/4	40 min
2. Carolina Eriksson	Lammhult Model AB	Marketing coordinator	25/4	35 min
3. Markus Ulfberg	Autoadapt AB	Social media marketing	29/4	40 min
4. Daniel Mattiasson	Kinnarps AB	Film & Social media coordinator	2/5	40 min
5. Susanne Engvall	Axelent AB	Marketing department	3/5	35 min
6. Magnus Nilsson	Kinnarps AB	Online Marketing Manager	7/5	35 min
7. Jenny Lindberg	Hultafors Group AB	Web Project Manager	8/5	30 min
8. Karolin Jeppsson	Dofab AB	CEO	10/5	30 min