Social Media and the Impact on Marketing Communication

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Abstract

Since Internet usage has been increasing so much in the last 15 years, and particularly in the last 10 years, many companies have found new possibilities to promote their products. These new approaches are mainly used as a communication tool and are called social media. The purpose of this thesis has been to study how social media influence the marketing communication of companies. The methodology behind this research, in order to ensure a suitable and viable data collection, was personal interviews with two manufacturing companies, one social network platform and one marketing agency. The method was a qualitative research approach combining different case studies in the research strategy. The diverse interview partners were each given a specific interview guide synchronized to their field of business and afterwards these four cases were analyzed using the data collected from the personal interviews and the mentioned interview guides. The overall result of this thesis was that the communication via social media is still in the early stages of its development. Basically companies approve social media as an effective tool to exceed and support marketing communication. Furthermore social media monitoring is an important component, but is still in the early stages. Generally companies approve social media as an effective tool to exceed and support marketing communication. Social media still has huge growth potentials regarding the differentiation and specification of different platforms, because not all of them are suitable for every company.
Acknowledgement

The topic we chose was very interesting to work with, due to its contemporary nature and its connection with our daily life. During the research we gained a deeper understanding and knowledge about many marketing communication approaches and it has been an instructive and nice ending to our studies here at Luleå University of Technology.

This work results from very hard work and two stressful months of research, but also a lot of fun during interviews and while working together. It was difficult for us to find companies, which were suitable for our topic and therefore we had to search a long time for interview partners, but in the end we succeeded and we want to thank Audi, Ericsson, XING and Visual Acting. All of them have been open and have contributed to a high degree in creating this extensive thesis. Furthermore we want to thank our supervisor from Luleå University of Technology Lars Bäckström for his support, help and critical considerations.

Finally we want to thank our friends here in Luleå, who supported us through these stressful last months and of course we want to thank each other for managing the daily work and the good working atmosphere throughout.

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Stefan Rudloff & Benedikt Frey
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1. Introduction

This first chapter introduces the reader to the topic of the thesis. The background provides information, which gives the reader a closer insight into the history and the current situation of the topic discussed in the paper. This is followed by a general definition of the segments marketing communication and social media, which the thesis is focused on. Subsequently the problem discussion narrows down the topic and ends with the definition of the research questions, which are answered in the main part and illustrate the reason for this thesis.

1.1 Background

Within the last 15 years more and more people have been able to access the Internet as a medium to communicate shop and gather information about relevant topics (Fig 1 below).

Fig. 1: Miniwatts Marketing Group, 01.2008, (adapted from [www.internetworldstats.com](http://www.internetworldstats.com))
As soon as companies started to realize the change and saw the potentials of the Internet, they developed new approaches to present themselves and communicate with customers in the online segment. The companies started to create static websites in the beginning, which became more dynamic after the implementation of Web 2.0 in the early 21st century. With the implementation of Web 2.0 companies were not only able to present themselves, but also the establishment of two-way communication channels on the websites was technically possible. This enabled companies to react more efficiently to the needs and desires of customers. With the development of Web 2.0 the so-far-inactive consumer was now able to become an active and processing user. The factor of users now being capable to develop, change and comment on web material became generally known as user-generated content (UGC).¹ The nowadays-visible outcomes of these UGCs are blogs, YouTube, Facebook and other different platforms where users can communicate or share content with each other. To realize the importance of social media on the basis of Web 2.0 and UGC it is illustrative to display some facts about the impact of social media. Within the first eight months of 2008 the blog specialist search engine Technorati tracked a rise in the amount of blogs of almost 50 million. On the famous video-sharing website YouTube, 100 million videos were being watched each day in 2008 and the world’s number-one social network Facebook already had 123 million users.² Regarding these figures one can estimate how big the growth was in the last couple of years and still is. Users are organized into groups or vested interests in which they are blogging and share their information within all different kinds of social networks about certain topics. Resulting from these kinds of social media actions, there can be seen great advantages for companies, because of viral marketing and a vast range of the information spread, but also disadvantages due to unsatisfied customers, who use these channels to announce their dissatisfaction, which can ruin or weaken the corporate identity (CI) of companies or individuals.³

As soon as companies realized how excited users were about sharing their experiences with other participants in cyberspace, they started to rethink their marketing strategies and tried to figure out new tools to attract and reach their target markets. From this point on companies had to and did invest into online marketing and especially into the social media. As an outcome, companies established themselves in social media by creating

²What is social media? – Antony Mayfield 2008.
companies use marketing communication to keep in touch with consumers. There are also several different kinds of social media, which the companies have to be aware of. In order to get a better understanding of the different marketing communication tools used by companies and the diverse manifestations of social media, a definition of these two fields will be discussed in the following paragraphs.

1.1.1 Marketing Communication

Marketing communications has the aim to get into contact with the target audience and build up a communication channel between the company and the customer. Therefore the marketing communications utilizes the “marketing communications mix” shown in Figure 2. The marketing communications mix consists of five diverse fields of communication channel: advertising, personal selling, public relations, direct marketing and sales promotion. These different segments (Fig. 2 below) of marketing communication (MARCOM) build the platform of the business-customer communication. In order to get a better understanding of the composition and the focus of the single segments within the MARCOM mix, they will be discussed in the following paragraph.

Fig. 2: Marketing communications mix (adapted from Dave Dolak - www.davedolak.com)

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4 BLOG Marketing The Revolutionary New Way to Increase Sales Build Your Brand and Get Exceptional Results, Jeremy Wright, 2006.
1.1.1.1 Advertising

Advertising is the tool within the marketing communications mix with the largest reach. It includes all types of media like television, radio, print, online advertising and any kind of ad which is meant to stimulate visual or verbal senses of the target audience. Advertising has almost no geographical boundaries and therefore reaches the largest amount of customers while generating the lowest per-head costs in the MARCOM. But also other sources of advertising in public places like billboards, public transportation vehicles or even restrooms are used as advertising space. Even the most unlikely places are used as a space for placing ads in order to make the customers aware of the brand, company, or a certain product.5

1.1.1.2 Personal selling

Personal selling provides extraordinarily good support in order to inform customers about new products/services as well as a close connection between the company represented by the company representative and the customer. On the other hand, personal selling is the most expensive segment of the MARCOM mix and the most formidable form of marketing communication. Being able, as a company to sell personally to customers and improve the relationship between the company and the customers will generate a large benefit for the company regarding the customer relationship management. The reason for a business to perform is to satisfy the needs of customers and therefore each company has to evaluate the future needs and desires of its target customers. The best solution for evaluating the needs is via personal contact with the customers, because through performing like this, companies get the necessary information from the source, which actually creates the demand. Within personal selling there is one top priority, which should be the attitude for each company performing this kind of marketing communication. This attitude is “the customer comes first”. This means the company is adapting its products/services according to the demand created by the customer and does not try to create demand for the customer by selling them products the company thinks the market demands.6

1.1.1.3 Public relations

Public relations (PR) refer to how a company handles the flow of information regarding its stakeholders, employees and all other kinds of the public, which is somehow interested in

The importance of PR as a tool of the MARCOM mixes changes with the size of the company. Whereas PR is less important, but should still be taken into account, for small companies, it becomes an essential part of the marketing communication for bigger organizations. The main objective of PR is to create a positive image of the company to the public.

The company communicates PR via different channels, like sponsorship, interviews, charitable events, financial reports to shareholders, factory tours or lobbying just to mention a few. These events are supposed to get the company closer to the customer by providing additional information and revealing more information than the company actually has to.\(^7\)

1.1.1.4 Direct marketing

The difference between direct marketing and advertising is that the company reaches out for their target customers without any intermediary channels as they are used and required in advertising in order to get into contact with customers. The different components of promotional tools used in direct marketing can be split up into direct mailing, catalogues, inserts and coupons, online marketing as well as telemarketing. If performed correctly direct marketing is seen as one of the most effective marketing communication tools, because the company creates in the long run valuable relationships with its customers, who are always well informed about changes or additional products/services in the portfolio of the company.

The objective of direct marketing is to support the customer in a purchase decision by making them aware of new products or just to remind them about a demand, which is not yet distinct. On the other hand, there is also a negative side to direct marketing as a marketing communication tool. It is an unsolicited advertisement, which is nowadays often seen as annoying by the general public. The same holds for telemarketing and direct marketing via e-mail, which is seen as spam or an invasion of privacy and often has the contrary effect for the company. Therefore, companies should handle the direct marketing tools with caution in order not to upset their customers and weaken the relationship between the company and the customers.\(^8\)\(^9\)

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\(^7\) Public Relations: Konzepte und Theorien, Michael Kunczik, 4\(^{th}\) edition, 2002.
1.1.1.5 Sales promotion

Sales promotion is one of the more simple tools within the MARCOM mix and is an essential part of the marketing communication for all types of companies. The objective of sales promotion is to deliver an incentive for the customer to buy the product. This incentive is normally delivered by providing free goods, gifts, discounts, coupons or samples. Everything that adds additional value to the actually purchased products is seen by the customer as a benefit and therefore appreciated by the customer. Customers have shown that they are willing to pay a premium for real value and service, which can easily be influenced by sales promotion.

1.1.2 Marketing Communication Strategies

Communication strategies nowadays differ broadly from the ones in former times or offline times. It is important to understand the relationship between digital communication and traditional communication\(^{10}\) in the old media; for example, TV, radio, newspapers, magazines and billboard ads, the communication model was and is one-to-many compared to the one-to-one or many-to-many communication model in digital media, like blogs, social networks, wikis and every form of vital marketing campaign.

The “best” consideration nowadays for a company-to-customer communication is the one-to-one or the one-to-many model.\(^{11}\) These models speak of a monologue in the old media and a dialog in the new media, because of the interactivity of social-network and forum users. Resulting from this, the goal in traditional media was branding by convincing the customer of a strong brand. In contrast the digital media is about communication with the potential customer or user in a dialog to create interest by using a pull strategy. In addition it can be said that it is a supply-side thinking communication in the old media compared to a demand-side thinking in the digital media, where “customer pull becomes more important”\(^{12}\). Besides this, in old media communication, the customer is a target in comparison to the digital media communication where the customer is a partner, by answering surveys and product rankings.\(^{13}\)

A general definition of marketing communication can be stated as follows. It is a “process of sending promotional messages about products to target markets”\(^{14}\). Therefore the communication strategy is divided into different steps. For the purpose of this thesis it is

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10 Internet Marketing 4th edition, Dave Chaffey.
11 Hoffmann and Novak 1996.
12 Internet Marketing, Dave Chaffey, 4th edition.
13 Internet Marketing (Table 1.5), Dave Chaffey, 4th edition.
suitable to take a 5-step model (Fig. 3 below), which includes objectives, target group, channels, measures and outcomes. Additionally there can be adapted budget, bodies involved and evaluation. This model is very suited to showing the marketing communication strategy, because it describes the process a company has to go through before they implement a successful strategy.\textsuperscript{15}

1.1.3 Social Media

Social media sites and the hype around this type of media are enabled by the technical groundwork of Web 2.0, which provided the possibility for internet users to create their own content (also called User-Generated Content). A social media side can be defined as an interactive website providing information, while at the same time the content can be somehow influenced. This process can be fairly simple by asking for a person's opinion or a rating, or rather complex.

The complexity of this interaction between the website and the users is almost unlimited and provides a two-way communication channel for users. Social media pages can be

\textsuperscript{15} EU Interact – Communication Seminar (Prague) Part 1.
divided into several different types of networking website. The term social media combines wikis, social bookmarking, social networking, social news and social photo and video sharing. But each website, which allows a two-way communication between users, is also defined as a social media site. In order to generate a better overview of the different types of social network (Fig. 4 below) we will give a short definition of the social media occurrences.\textsuperscript{16} 17

![Key Social Platforms](http://blog.orgsync.com/category/social-media/)

\textsuperscript{16} Social Media Marketing: An Hour a Day, Dave Evans, 2008.
\textsuperscript{17} The Social Media Bible: Tactics, Tools, and Strategies for Business Success, Safko Brake, 2009.
1.1.3.1 Wikis

Wikis are websites, which provide a database or a public document, where people can add or change content found on the website. Wikipedia, the online encyclopaedia, which is probably the best-known wiki, provides users with definitions and explanations in a wide variety of languages on almost every topic. Each user can share new information on the wiki or change already-existing content on the page.  

1.1.3.2 Social bookmarking

Social bookmarking is used to tag web pages on the Internet. Users can search, organize and manage web resource bookmarks via social bookmarking providers like Mr. Wong or Digg and like this share information with other users. Bookmarks can be evaluated, commented on and the content can be described in order to simplify the identification of the content. The difference between file sharing and bookmarking is that there is actually no data transferred but the bookmark acts as a reference for the actual source. Bookmarks can be stored privately, within a certain group of people or shared publicly. Several display options for bookmarks help users find the bookmarks they are interested in. This can be according to categories, chronological order or a search engine.

1.1.3.3 Social networking

Social networks are platforms, which allow users to generate a personal web profile and connect it to other users. The best-known social network is Facebook, which provides a platform to build a network of friends or people with the same interests to build up relationships and keep in touch with other people via the web. Social networks are designed differently. There are wide networks like Facebook, which do not really set a focus on a certain user group, but there are also social networks, which are specialized on certain specific target groups like students, professional categories or athletes. Within the social networks the users share information, debate, share pictures and other media with friends and other users.

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18 Wiki – Zusammenarbeit im Netz, Andres Streiff.
1.1.3.4 Social news

Social news is a form of social bookmarking with the focus on sharing the latest news with other users. Therefore special social news portals such as Digg or YiGG.de were developed. These portals share the latest news with other users. There are all kinds of topics shared on news portals including technology, entertainment economics and much more.

1.1.3.5 Social photo and video sharing

On social photo- and video-sharing platforms (Fig. 5 below) users can upload their own videos and photos and share them with other users. Everyone or only a selected audience can see these videos/photos. Usually the websites also provide other functions to increase the communication on the webpage, by implementing comment functions or rating systems. Videos can be found by categories or by a search engine, which simplifies the process of finding the right source. The best-known video-sharing network is YouTube, which has about 100,000,000 videos viewed per day.\(^{21}\)\(^{22}\)

\(^{21}\) Social Media, Web 2.0 and Internet Stats – The Future Buzz.
\(^{22}\) The Social Media Bible: Tactics Tools and Strategies for Business Success, Safko Brake, 2009.
1.2 Research Problem

Since the rise of the Internet and its adaption by the public, the way companies promote their products as well as the communication channels between the companies and their customers have altered quite a lot. Marketing and the way organizations communicate their brands and products is nowadays becoming a more and more challenging task. Customers are overwhelmed by marketing commercials and promotional events. Over time the sensitivity of customers to get excited about or react to promotional events is fading and consumers are becoming more immune to the marketing efforts of the companies.

Originally companies set their promotional focus on traditional mass media advertising. This includes TV commercials, radio announcements, print advertisements in magazines or newspapers as well as billboard ads. While the Internet is advancing across the globe as a marketplace and an entertainment medium the effectiveness of traditional mass

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23 Permission Marketing: Nur erwünschte Dialoge kommen an, Torsten Schwarz.
media is declining. Over time people have shifted the time they spend on certain media. While print media has been declining over the past forty years and TV is experiencing smaller growth rates, the Internet is expanding rapidly to become one of the most important media for information sharing and as a marketplace for businesses and customers. The reason for the decline and slower development of media like print and TV is fairly easy to explain. People only have a limited amount of time and according to statistics Internet usage is advancing and therefore other media channels are of declining usage.\(^{24}\)

Another reason for the decline of advertency of advertisements in other media than the Internet is the occurrence of multitasking media usage. Multitasking media usage means that people are using multiple media at the same time. So, for example, someone is watching TV while surfing on the Internet at the same time. This fact explains the loss of effectiveness of the TV commercial, because the consumer is not paying his full attention to the advertisement and therefore the ad loses its effect to make the person aware of a need.

For sure there is still potential for traditional mass marketing and the effects of it are still there, but they are fading slowly and shifting towards other media. What also has to be taken into account is the segment of business companies are advertising for. Although the trend is heading more and more towards the Internet and interactive media, there is still a difference regarding how fast and in which degree companies have to or will shift their marketing efforts. In product categories like books, movies, music and other products, which are rich in information, it is more essential for marketers to shift advertising and brand presence online rather than in other segments, which still mainly use the traditional channels for communicating. But the Internet is not just the next step for companies to communicate with their customers and advertise products in a different medium. With the Internet and the development of Web 2.0 the Internet will cause a shift in the control of communication and advertising. The web switches the power of control from the companies to the customer.\(^{25}\)

Consumers find themselves in a strengthened position regarding the exposure of advertisements. In the web the customer decides what he wants to see, read or listen to so the companies have a hard time getting the attention of the customers and delivering their message.

\(^{24}\) Results of the Stanford Institute for the Quantitative Study of Society Study on Social Impact of Computer Use, Kathleen O'Toole, 2000.  
\(^{25}\) The Control Revolution: How the Internet is Putting Individuals in Charge and Changing the World We Know, Andrew Shapiro, 1999.
More and more companies have blogs and are connected with customers through web gadgets (e.g., Twitter) in order to keep them informed with the latest information about new products and news concerning the organization. These pages are designed to be a communication place for the company and the customer. Customers can leave comments in the blogs or share information differently via ratings, for example. But companies also have to be aware of the fact that this is not the only place where information about the company is shared. People also write about companies in their own blogs, too. And it is not only this blog which maybe deals with the company; there are a lot more. There is a whole blog network combining people interested in the types of products a company distributes or the company itself. In these portals, blogs and people in social networks share all kinds of information.

People who are satisfied share their experiences with the product or service, which is actually some kind of positive word of mouth via the web for the company, but there is also a drawback about this kind of information sharing for companies. Also people who are not satisfied want to share their information with others and form groups with other people with the same interests.

There is nothing worse than bad publicity, which is spread by the customers, for companies. These information-sharing systems have hardly any boundaries and information spreads like wildfire; especially if it negative information. There is not a lot companies can do about people’s perceptions of a company on the web or what type of information consumers share via blogs or social networks. In order to get some of the control back or be able to join the communication channels of the consumer companies need to be present where the consumers have their communication channels and this is actually within blogs and social networks. The discussion here is how companies should act in social networks and how marketing communication is connected to these portals and what type of role the company takes in the social network.

With regards to this discussion the research problem can be formulated as follows:

**How does Social Media influence the Marketing Communication of companies in the 21st century?**

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1.2.1 Research Questions

The following research questions will help to solve the main problem.

1.2.1.1 Research Question 1

First of all it is crucial to find out about the different social media and their features in order to be advantageous for companies to advertise via their platforms. This positioning in the markets is the main criterion for the companies to invest into social media or into this special provider. But there are also disadvantages.

RQ1: What are the advantages and the disadvantages for companies of using social media as a tool for marketing communication?

1.2.1.2 Research Question 2

Another important issue in finding an answer the main problem is the question about the long- and short-term objectives of the companies. The strategic approach of companies has been always essential, and nowadays it is important to know what long-term effects companies should expect when they invest in marketing communication tools within social media. But also how they transport their message to the target market respectively group is a crucial issue.

RQ2: What are the objectives of the companies using social media as a marketing communication tool?

1.2.1.3 Research Question 3

In order to reach and attract the right target group it is essential to find out about the target customers and their needs.

RQ3: What types of media are used by the companies in order to reach the right target group?
1.2.1.4 Research Question 4

Last but not least, it is crucial how companies define their suitable social media in order to reach their target group. Sales decisions by the customers, as a result of marketing efforts, are not the overall aim of companies. It is more important to create awareness of the brand, products and corporate identity (CI) to the target audience.

RQ4: How do companies evaluate social media communication channels they use?
2. Literature Review

In Chapter 1 an introduction to the topic and some basic approaches of this thesis were shown, as well as some information on the background. The second chapter deals with all the findings on this topic and the theories, which have been formulated towards it already. The focus will be on the 5-step model (Fig. 3) and the strategy of companies to use the right tools and communication channels. All these theories will be compared, as far as possible, with the “new”, digital media and its approaches in these fields of marketing communication. At the end of this chapter the described and highlighted literature will construct a broad theoretical background for this study in order to carry out a reliable research study.

2.1 Framework of Communication

According to Smith & Taylor (2004)28 Marketing Communications is used as a tool to transfer information from the company to the customer. But communication in this case is not meant as a one-way transfer of information. The fact that someone receives a message does not mean that the communication is effective. Effective communication has taken place, when the receiver actually understands the purpose of the message that was supposed to be delivered. The likely fact of rejection, misunderstanding or misinterpretation of the message will have the opposite effect of effective communication. Ineffective communication for a company means a loss in profit; funds spent without any positive result, from which the company might suffer.

According to Chris Fill (2005)29 the message organizations deliver to the customers and other interested audiences are based on two different levels, which are addressed to diverse perceptions on the receiver side. The message usually contains a mixture of intellectual and emotional value, and is supposed to affect the customer on several levels of cognition.

2.2 Reasons to communicate

Basically there are four different roles communication between existing or potential customers and companies is used for.

First of all, the reason to communicate for a company is to make the customers aware of the products offered. Without customers being aware of the products or services a

company offers it is not likely to sell large quantities of its products. Another reason for getting into communication with potential or existing customers is to convince them of the attractiveness of the products offered and make the customer enter a relationship with the company or exceed any already existing relation.

In contradiction to this Duncan and Moriarty had another approach regarding the attraction of customers to buy their products. They also agreed with the fact that all marketing mix elements send messages but stated that companies focused on building up relationships have to focus on communication not persuasion because communication is the platform on which relationships are built.\footnote{A Communication-based Marketing Model for Managing Relationships – Duncan & Moriarty 1998.}

Furthermore companies use communication tools to appeal to and reinforce already existing experiences of former customers. This is used to remind people of a potential need or a need, which is just not been pronounced yet. The reason for companies to undertake communication like this is the fact that it is more cost effective and profitable to retain already existing customers than acquire new customers. Moreover companies use communication tools to differentiate their products from those of competitors. This type of communication is common in markets with little space to separate from the other market participants (e.g., mineral water). The marketing communication is used in this case to build up a brand image and attributes, which create additional value for the product and therefore disassociate it from its competition.\footnote{Marketing Communication: Engagement, Strategies and Practice, Chris Fill, 4th edition, 2005.}

2.3 The communication model

2.3.1 How is a communication model designed?

For a better understanding of how a communication channel in general is designed the communication model (Fig. 6 below) traditionally developed by Shannon illustrates how the communication process takes place.
The model focuses on the transmission of a message from the sender to the receiver. The process of the transmission starts with the identification of an information source. The source provides the information that should be transferred. The transmitter transforms the message by encoding it into a form in which it can be sent to the receiver. The encoded message gets transferred via a communication medium to the receiver. While being transferred the information contained in the encoded message is exposed to noise sources, which potentially interfere with the effective transmission of the message. The message can be incomplete or information, which is not supposed to be transmitted, is added to the encoded message.

Primarily three different types of problems can occur during the transfer and the decoding of the message. First of all, the message has to be transferred without the occurrence of any technical problems. The receiver has to be able to interpret the decoded message in the same way the transmitter intended. The transmitter cannot estimate the degree of how influential the information transmitted is on the receiver’s behaviour. A successful transmission of the information has taken place if the receiver is able to decode the message, interpret it the same way as the transmitter intended it to be understood and show a reaction in his behaviour as having been influenced by the transferred information. The transmitter experiences the success of the delivered message when he gets
feedback from the receiver. This feedback can be both positive and negative, depending on how the receiver picked up the information communicated. According to the feedback the transmitter can adjust the message sent out if the decoded message did not match the one sent out.\textsuperscript{32}

### 2.3.2 Objectives

In its objectives the company should answer the following questions to find out about the current and feature situation of the company.

- Where are we now? (both are positioning objectives)
- Where are we going?  
- How are we getting there?  (action objectives)

The first two questions can be seen as quite obvious, depending on the business, but the third is the most crucial in order to do it the right way. Additionally it is important to evaluate the outcome and to learn from the campaigns for the future, which will be conducted by the company.\textsuperscript{33} The third question also belongs to the channel strategy, where it is described in more detail how to reach the defined target group.

Objectives play an important role in all business segments. This also holds for the objectives of the marketing communication. In order to be effective, the objectives of the marketing communication need to be SMART (Fig. 7 below) according to John Egan.\textsuperscript{34}

Objectives which are SMART\textsuperscript{35} are:

- S – Specific
- M – Measurable
- A – Achievable
- R – Realistic
- T – Time related

\textsuperscript{32}Multi-Channel-Communications und Marketing-Management – Christin Emrich 2008.
\textsuperscript{33}Business Marketing, Dwyer Tanner, 4th edition.
\textsuperscript{34}Marketing Communications, John Egan, 2007.
\textsuperscript{35}EU Interact – Communication Seminar (Prague) Part 1.
Regarding Shimp\textsuperscript{36} there are three major reasons why the implementation of objectives as a guideline of the marketing communication is implemented.

The first parameter that has to hold is the achievement of a management consensus. The top management as well as the marketing communications personnel have to confirm the course the company wants to set for the whole brand and illustrate this via its marketing communication.

The second point is the guidance of subsequent marketing decisions. This holds for the available budget of the marketing communication and recommends guidelines for the choice of media and the message delivered in the marketing communication. Last but not least, the objectives provide a structure for the marketing communication, which enable the company to set standards where the progress and outcome of the marketing communication can be measured. Well-set objectives set detailed criteria of what the different marketing communication efforts try to accomplish. These companies can follow the objectives and compare whether the intended progress is taking place or if the communication channel/message has to be readjusted. Egan also mentions a time relation of the objectives by which they have to be accomplished. According to him the marketing communication objectives are derived from the organizational business objectives and the marketing objectives.

There are different models guiding through the process of setting marketing communication objectives. Models like this are the DAGMAR model developed by Russell H. Colley in 1961 or the AIDA model. According to Egan the objectives are divided into three big fields. The communication objectives of the company can be knowledge-based, feelings-based or action-based. Knowledge-based objectives try to attract and stimulate awareness but may require scientific evidence, technical or celebrity recommendation in order to accomplish the desired effect.

Feelings-based objectives focus on building up a brand “personality” by increasing the reputation and the cachet of the brand. The company is seeking a strengthened brand image, changed opinion and attitudes to the brand. Action-based marketing communication objectives are in general focused on an increased sales volume, but there are also tendencies to build up competences in the areas like database management according to Egan. Another approach to setting communication objectives can be the product life cycle. While in the implementation period of a product the creation of awareness can take place to inform customers that there is an alternative product and catch their interest. During the growth phase of the life cycle the objectives change to

\textsuperscript{36} Advertising Promotion and other aspects of Integrated Marketing Communications, Terence Shimp, 8th edition, 2007.
channel development. The change of objectives takes place over the whole time span of
the product life cycle.
As a conclusion it can be stated that objectives are needed to guide the marketing
communication of a company. Regarding Fill\textsuperscript{37} the objectives provide the direction and the
action focus of everyone participating in the marketing communication. Objectives set a
clear time frame for the accomplishment of the process. The objectives provide a means,
which allow the company to evaluate the success of the performed activity.

2.3.3 Target group

2.3.3.1 Segmentation

In order to be able to achieve the objectives set, companies will have to define a target
group they want to focus on. The segmentation, positioning and targeting is one of the
most fundamental of marketing according to Smith and Taylor. The market the company
wants to operate in has to be defined as specifically as possible to assure an effective
marketing communication. There are several different approaches to segmenting the
market to define the target customers. First of all the market segment the company wants
to act in is split up into smaller more detailed segments. Breaking the market into smaller
segments can be done by a geographic, demographic or a psychographic approach,
which divides customers into different groups of different locations (continents, countries,
states) age, gender, income, or lifestyle. Each of these smaller market segments requires
its own needs and will respond differently to the marketing communication of companies.
Therefore some of the segments including target customers of the companies are more
attractive than others, because they are more practical or profitable for the company. The
most attractive target markets for companies meet three criteria according to John Egan.

- Shorter distance and easier to reach than other target markets
- Are or are supposed to be more loyal than other markets
- Are or are supposed to be heavy-user of the product

After having evaluated the different market segments the company wants to target, they
have to define the strategy or strategies how to reach their customers.

2.3.3.2 Positioning

The creation of a strong brand is closely linked to how a company positions itself in a market according to Holzknecht\textsuperscript{38}. While building up a brand the communication of the positioning is an essential process, which is often not taken into account by companies trying to establish a new brand. Pursuant to Swatschenko\textsuperscript{39} an important component for the communication of the positioning is the usage of corporate design (CD) and corporate identity (CI). In general there are two different types of positioning approaches a company can follow. Pepels’\textsuperscript{40} first approach is called “outside in”. The “outside in” positioning takes a closer look at the current market and its development. The company conducts market research in order to define preferences of customers, trends as well as motives to buy. In relation to this research the company defines its position in the market. The company adjusts the offered products to the market research results “outside in”, which is generally seen as the classical market positioning perception. The alternative approach to the “outside in” is the so-called “inside out”. Here the centre of positioning is built on the core competences of the company. Typically all positioning strategies should be linked to the core competences of the company; in this approach the company’s competences build the basis. According to these core competences the company is looking for a suitable market position, which highlights the outstanding qualities of the company. The basic elements of the “inside out” approach by Pepels are that the company adjusts the customer expectation to the offered products and services. The core competences of the company illustrate the initial point in this case.

2.3.3.3 Targeting

Another essential process of the marketing process is the targeting of the customers. Targeting strategies deal with the fact of how companies can reach the desired customer group and deliver their marketing message effectively. By virtue of John Egan\textsuperscript{41} the fundamental idea behind targeting is to effectively allocate the marketing resources to interested audiences, which are more likely to buy the products than other customer groups. The main decision made within the targeting is the selection of media, which are suitable for attracting a large audience by not wasting a lot of marketing resources on irrelevant audiences. In the course of time different targeting strategies have developed. Undifferentiated targeting is a widespread strategy for targeting customer groups.

\textsuperscript{38}Positionierung, Prozesse der Positionierung als Kernentscheidung des Marketing, Leo Holzknecht, 1st edition, 2009.
\textsuperscript{39}Positionierung das erfolgreichste Marketing auf unserem Planeten, Peter Swatschenko 2005.
\textsuperscript{40}Marketing, Werner Pepels, 4th edition, 2004.
\textsuperscript{41}Marketing Communications, John Egan, 2007.
Regarding Lamb/Hair\textsuperscript{42} companies using undifferentiated targeting see the market not as many individuals but as a single big market. The company assumes that all customers in the market have the same needs in common, which can be targeted with one marketing strategy. This strategy is used for markets with low competition or generic products. A classical example for an undifferentiated targeting strategy was the comment by Henry Ford relating to the “Model T” saying: “People can have the Model T in any colour, so long as it’s black”\textsuperscript{43}.

Besides the undifferentiated targeting there is also a differentiated targeting approach. In the case of differentiated targeting Kotler\textsuperscript{44} stated that companies choose several market segments and design different offers for each segment. The point of a differentiated strategy is that different market segments have different needs or communicate differently and therefore cannot be targeted with the same marketing strategy.

Another targeting approach is the concentrated or niche targeting strategy. In this case the company focuses on a specific market segment. According to Lamb/Hair the companies have their focus on understanding the current needs of the customers. With this knowledge the companies can develop a highly specified targeting strategy. At its extreme there is also an individualized targeting approach mentioned by John Egan, which is also known as micromarketing by Kotler. It implies that each product or service is specially manufactured / designed and therefore is unique for the customer. Examples for individualized targeting strategies are producers of bespoke products like Dell or producers of luxury goods like Rolex.

Generally it can be stated that companies have to consider a lot of different factors when choosing their targeting strategy. Undifferentiated targeting is best suited for uniform products, where buyers have the same taste and are likely to react to the same kind of marketing efforts. On the other hand, a differentiated targeting strategy is suitable for products that vary in design and when companies suppose that customers will react differently to mass marketing efforts. Companies also have to take into account the targeting strategies of their competitors in order not to be displaced, which was stated by Kotler\textsuperscript{45}. If a competitor uses a differentiated targeting strategy the company will not have a big success with an undifferentiated targeting strategy.

\textsuperscript{42} The Essentials of Marketing, Lamb Hair McDaniel, 2009.
\textsuperscript{43} http://www.quotationspage.com/quote/92.html, Henry Ford.
\textsuperscript{44} Principles of Marketing, Kotler Armstrong Wong Saunders, 5th edition, 2008.
2.3.3.4 Push vs. Pull strategy

Depending on the strategy companies use, they have to adjust the tools they use from the marketing communication mix. Companies using a “push strategy” will put the most effort into creating a strong sales force reinforced by trade promotions, which support the company’s strategy to push the products onto the market. On the opposite site to the “push strategy” the company can also use a “pull strategy” where the company influences the customers to create demand at the retailers so they will have to implement the products due to a certain demand. The marketing communication tool, which is most important for the creation of an effective “pull strategy”, is advertising to make customers aware of the product. There is also an interaction between the two types of strategy. Although the strategies have a different purpose and outcome, the “pull strategy” has a beneficial impact on the “push strategy” according to Smith and Taylor. The effect of advertising used in the “pull strategy” reassures the retailers that they will be able to sell the products to the customers, because of the created demand by the “pull strategy”. Regarding this fact, it is easier for the company to influence retailers with their “push strategy”. Companies tend toward implementing a mixture of both strategies influencing each other beneficially.

2.3.4 Offline Marketing Communication Mix

The marketing communication mix contains all the different ways and possibilities for a company to communicate their campaign or message. They can do that via old media like TV, radio, newspapers and magazines as well as with digital media like blogs, social networks and diverse forums. “Each medium has its communication advantages and disadvantages” beginning with different prices and costs, and ending with the quality the message or campaign is transported to the target group. Before deciding which channel/which media is going to be used it is important to find out about several criteria. In the table below (Table 1) one can see different kinds of criteria and that they are split up into quantitative, qualitative and technical criteria.

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<table>
<thead>
<tr>
<th>Quantitative criteria</th>
<th>Reach</th>
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<tbody>
<tr>
<td></td>
<td>Frequency</td>
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<tr>
<td></td>
<td>Selectivity</td>
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<tr>
<td></td>
<td>Geographic flexibility</td>
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<td></td>
<td>Speed of reach (delayed or not)</td>
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<tr>
<td></td>
<td>Message life</td>
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<td></td>
<td>Seasonal influence</td>
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<tr>
<td>Qualitative criteria</td>
<td>Image-building capability</td>
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<td></td>
<td>Emotional impact</td>
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<td></td>
<td>Medium involvement</td>
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<td></td>
<td>Active or passive medium</td>
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<td></td>
<td>Attention devoted to the medium</td>
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<td></td>
<td>Quality of reproduction</td>
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<tr>
<td></td>
<td>Adding value to the message (by means of the context)</td>
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<td></td>
<td>Amount of information that can be conveyed</td>
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<td></td>
<td>Demonstration capability</td>
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<td></td>
<td>Extent of memorization of the message (β-coefficient)</td>
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<td></td>
<td>Clutter</td>
</tr>
<tr>
<td>Technical criteria</td>
<td>Production cost</td>
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<td></td>
<td>Media buying characteristics (lead time, cancellation, etc.)</td>
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<td></td>
<td>Media availability</td>
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Table 1: Mixed media criteria, Patrick de Pelsmacker, Maggie Geuens, Joeri van den Bergh, 2007 3rd edition.

These tools together form the marketing communication mix or promotional mix and in the next paragraphs the advantages and disadvantages of all these communication tools will be discussed. For the offline world (the first paragraphs) as well as for cyberspace.48

2.3.4.1 Public Relations

Public relations (PR) can be seen as a planned campaign of a company to strengthen the positive image of the brand or just to weaken a negative one. This is also called “Corporate Public Relations”. It is a way to communicate with everybody who could be important for the company and not only a special target group. The issue is “creating goodwill with all kinds of audiences”49. In contrast there is the “Marketing Public Relation”, which has its focus more on the products of a company and tries to promote them.50 In this marketing PR the measurement of the success of the campaign is also an essential part. It caters to different groups like stakeholders, distributors, competitors and, of

50 Management der Marketingkommunikation, Unger & Fuchs, 3rd edition.
course, potential customers. Both of these two different PR approaches in connection to each other will support the company’s strategy.\textsuperscript{51}

There are even more differences (Table 2 below) in the PR strategies, internal PR and external corporate PR, which means on the one side (internal corporate PR), it is there to reach and inform the stakeholders and the employees of a company – who can be called the “internal financial audience”\textsuperscript{52}, too. On the other side there is the external PR, which can be split up into three target groups:

1. Public Affairs PR  
2. Financial PR  
3. Media PR

<table>
<thead>
<tr>
<th>Corporate</th>
<th>External</th>
<th>Marketing</th>
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<tbody>
<tr>
<td>Internal</td>
<td>Public Affairs</td>
<td>Financial</td>
</tr>
<tr>
<td>Employees</td>
<td>General Public</td>
<td>Investors</td>
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<tr>
<td>Families of Employees</td>
<td>Local Community</td>
<td>Bankers</td>
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<tr>
<td>Trade Unions</td>
<td>Government</td>
<td>Consultants</td>
</tr>
<tr>
<td>Shareholders</td>
<td>Trade Associations</td>
<td>Stock Exchange</td>
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<td></td>
<td>Pressure Groups</td>
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<td>Television</td>
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<td></td>
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<td>Radio</td>
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<td>Press</td>
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<td></td>
<td></td>
<td>Trade Press</td>
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</table>

Table 2: Audience of different types of public relations, Patrick de Pelsmacker, Maggie Geuens, Joeri van den Bergh, 2007, p. 297

<table>
<thead>
<tr>
<th>Corporate</th>
<th>External</th>
<th>Marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
<td>Public Affairs</td>
<td>Financial</td>
</tr>
<tr>
<td>Information</td>
<td>Impact of Trends</td>
<td>Information</td>
</tr>
<tr>
<td>Training</td>
<td>Public Visibility</td>
<td>Credibility</td>
</tr>
<tr>
<td>Motivation</td>
<td>Information</td>
<td>Trust</td>
</tr>
<tr>
<td>Building CI</td>
<td>Opinions</td>
<td>Corporate Image</td>
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<tr>
<td></td>
<td>Attitudes</td>
<td>Goodwill</td>
</tr>
<tr>
<td></td>
<td>Corporate Image</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Build Goodwill</td>
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<tr>
<td></td>
<td>Influence Decisions</td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Public relations objectives and tasks, Patrick de Pelsmacker, Maggie Geuens, Joeri van den Bergh, 2007, p. 298

\textsuperscript{51} Marketing Communications: Engagements, Strategies and Practice, Chris Fill, 4\textsuperscript{th} edition.  
\textsuperscript{52} Marketing Communication: A European Perspective, Patrick de Pelsmacker, Maggie Geuens, Joeri van den Bergh, 3\textsuperscript{rd} edition, 2007.
Finally it can be said that the most important fact of PR in companies is the spreading of
good news through all different stages of the PR. Of course with different goals depending
on which PR is used or which target group is aimed at to reach (e.g., Internal PR –
motivate employees, External (Financial) PR – creating goodwill with consultants,
Marketing PR – good news to the suppliers). PR is not there to change behaviour, but the
rather thoughts or the CI of or about a certain company (Table 3 above).53

2.3.4.2 Direct Marketing

Direct marketing are campaigns, which access huge databases for getting into contact
with the target market, respectively the target group. These provisions are useful in
markets, which can be split up into small segments to address the campaign more directly
to a certain group. Resulting out of this, the direct marketing can be seen as a direct-
addressed campaign with the wish for an answer and is therefore more certain to arrive at
the target group than, for example, a radio advertisement.54

2.3.4.3 Personal Selling (Exhibitions/ Conventions/ Fairs)

This tool is used broadly in the business-to-business (B2B) markets, but also in the
consumer goods markets it is a suitable approach. Personal selling is crucial in fields
where companies have to be present themselves to the customer, because of high
competition or highly customized products. Personal selling is done by the sales force of a
company and the main goals are creating relationships with suppliers, customers or
wholesalers and concluding sales.55

2.3.4.4 Product Placement

Product placement is the specific placement of a product in a movie or a TV series. But
there is a difference to corporate placement, which deals with placing of the whole brand
or the company’s name in a movie.56

53 Marketing Communication: A European Perspective, Patrick de Pelsmacker, Maggie Geuens,
55 What is direct selling?, The Journal of Personal Selling and Sales Management, Peterson &
Wotruba, 1996.
56 Management der Marketingkommunikation, Unger & Fuchs, 3rd edition
2.3.4.5 Advertisement

Advertisement can be defined as any form of paid promotion for a good or a service. Print media, TV or cinema advertisement and outdoor media are the most common ones. But also radio advertisement belongs to this segment.

With print media is meant, every kind of advertisement in newspapers, magazines or any other written form.

Outdoor media can be billboards as well as transit media on trams, busses and in train stations, for example. The reach can be very high and also a very large target group can be addressed. Another advantage is the long lifetime people will be confronted with billboards, for example. Compared to other tools it is cheap, but on the other hand people do not recognise these kinds of ads that much. And because of the broad reach, targeting special target groups within the market is impossible.57

2.3.5 Online Marketing Communication Mix

Now as the traditional tools are discussed it will be interesting to see how the digital media try to communicate with the customer. The following paragraphs will show the advantages and disadvantages of each of the six tools.58

2.3.5.1 Search Engine Marketing

Search engine marketing (SEM) is a very popular communication tool and also very useful. By putting messages on search engine platforms companies can reach consumers if they type certain keywords in these search engines (Fig. 8 below).

58 Six Categories of E-Communications Tools or Media Channels, Chaffey & Smith, 2008.
This SEM is split up into two main areas: search engine optimisation (SEO) and paid search marketing. The search engines earn their money mostly by pay-per-click (PPC), so every time a potential customer enters the keywords and reaches the website, the advertising company has to pay (using Google AdWords, for example). These webpages are normally listed on the right or on top (Fig. 9 below) of the search engine site and are labelled as sponsored links for example. And even if most of the searches (60% to 80%)\textsuperscript{59} click on the natural/organic listings, the PPC can still be a very successful campaign for creating traffic on a company’s website.\textsuperscript{60}

But there are also other options of payment for search engine marketing like content network, which can be audible, graphically or video ads. These ads appear automatically as soon as the webpage content loads and are paid on a paid-per-action basis. And this is an increasing market, according to Chaffey a third of Google’s income is earned with these networks.\textsuperscript{61}

\textsuperscript{59} iProspect research, 2006.
\textsuperscript{60} The Ultimate Guide to Search Engine Marketing: Pay per Click Advertisement, Brown, 2007.
\textsuperscript{61} Internet Marketing, Dave Chaffey, 4th edition.
An interesting fact in connection with the paid search marketing is the listing of sponsored results. In the early time of PPC the listing was a pure auction and the best bid was ranked on top, compared to nowadays where search engine companies take also click-through rates into account. That means, ads with many clicks are ranked high and the other way around with, for users mostly, irrelevant ads. It is even possible that they disappear from the list. This system is called quality score and was developed by Google, but nowadays is also used by the other big search engines (see Fig. 8).

Summarizing the paid search marketing it is important to mention the advantages and disadvantages of this communication channel. Advantages are, of course, the charging for the ads, which means the company has to pay only for ads that were clicked on. This model is called cost per click (CPC). Further advantages are the already mentioned very well-targeted ads, which mean a good creation of traffic and awareness to our webpage. Other advantages are predictability, accountability (ROI) and branding, which means that companies on the top of search engine sites improve their whole image and brand. But there also some disadvantages, like the competition with other big companies and therefore the prices (bids) for ads, which have been increasing enormously since PPC
became so popular. Other disadvantages are the mentioned problem of “not-clickers” (60%-80%) and the need of specialist knowledge, if a company wants to be competitive in this marketing segment.62 63

Achieving a better search engine ranking, in the natural listing, is crucial for companies; therefore they have to continue working on their SEO. That means that companies are trying to obtain the highest ranking possible in the so-called natural or organic listing. And this is according to Chaffey “the main body of the search engine results pages (SERPS)”64 and therefore the improvement of this communication tool is essential. There are four major steps65 to describe the SEO:

1. Crawling
2. Indexing
3. Ranking or scoring
4. Query request and results serving

With these provisions companies are able to obtain better positions/ rankings and therefore higher possibilities for being reached by the target group. This tool also makes it possible to target potential customers by the key phrase or key words used by them. The general advantages of SEO besides reaching the target group are low costs (only for the improvement of listing position done by an agency) and the site will be more dynamic. Disadvantages are the low predictability, the complexity and it is an ongoing investment in order to keep the ranking position.66

64 Internet Marketing, Dave Chaffey, 4th edition.
65 Internet Marketing, Fig.9.4 Stages involved in producing a search engine listing for the natural listings, Dave Chaffey, 4th edition.
2.3.5.2 Online PR

The main goal of online PR or e-PR, as mentioned before in the traditional PR, is the upgrading of an image, a product, the brand, the company or CI by being positively present on different websites like social networks or blogs, where their customers or potential customers are operating. Formulated by the UK Institute of PR (IPR), traditional public relations are defined as follows:

“...the management of reputation – the planned and sustained effort to establish and maintain goodwill and mutual understanding between an organisation and its publics.”

The differences from PR to e-PR are the will of driving traffic to the own webpage by links from third-party webpages or newsletters to ours. Other differences are the audience, which are much more opened for other companies and communication ways. They have more information access and the audience associated with each other via all kinds of social media. These differences make it less transparent, easier to monitor and harder to be up to date because of the constant change.

In cyberspace it is important as well, to serve the target group or customers with blogs or customer service boards/ walls, especially for negative mentions. Like that it is easier to handle them and also easier to retune them, which has to be another goal of the PR department. Other techniques for online PR are really simple syndication (RSS), link-building and reputation management. These tools for e-PR communication are essential to be successful with the PR strategy; therefore the next paragraph will explain a little bit more in detail the different approaches of e-PR.

Reputation management can be on the one hand the communication with media, but on the other also the presentation of your brand by different other webpages. Nowadays most big companies have press-release areas on their webpages, where either the own PR department releases news and stories about the company, but also externals can put their reports or articles. Furthermore it is crucial for the companies to see how they are presented in other media (e.g., social networks) and third-party websites, especially react to what is happening there and give users the right responses even if comments are negative. Resulting out of this, it can be seen as one job of PR departments to observe the whole cyberspace for reactions and comments about the own company and therefore react to them.

67 UK Institute of PR (IPR), 2003.
Other tools for e-PR are all the Web 2.0 applications, like blogs, social networks and RSS feeds. Blogs can be very useful to show people the day-to-day work, experiences and also giving them a better, perhaps more personal insight, into companies. But in particular blogs should be monitored very well by PR departments in order to keep damage away from the company. Social networks are an essential tool in the digital world and companies have a broad spectrum of options to present themselves there. One of the most useful and therefore often practiced ideas is the own group or page in a social network (e.g., Facebook). According to that companies present themselves, their products or just inform users by certain news. Also for that tool applies the good observation of content and users comments.

RSS feeds are also a very common way of doing e-PR, because they are another type of blogging and everybody, including journalists of course (25% of them doing it), can subscribe to them. It is a kind of automated news receiver and people can get every kind of news on a special, prior-chosen, topic. Another crucial tool for e-PR is link building, which is also very important to drive traffic to your webpage by creating awareness and positive thinking, mostly on third-party webpages. The most essential approach for link building according to McGaffin is to “create great content, link to great content and great content will link to you.”

Advantages of e-PR are the low costs, because there will be only the PR department costs and little to no costs for media placement. Another advantage is the trust in people or networks, which are independent and not connected to the company itself. E-PR can also help to improve the SEO by connecting the own webpage link via a newspaper. The biggest and most distinguished advantage of e-PR is probably the reaching of a huge audience without investing a lot. Especially via social media image campaigns can be spread very fast and to all kinds of targets like journalists as well as the “normal” consumer.

Nevertheless also the e-PR has disadvantages, which infer from the risk of uncontrollable media like nearly every kind of social media (e.g., blogs, social networks). This risk can be seen as very high risk for the image and CI of the company in order to negative comments and questionable discussion about products and the company as a whole. But anyhow, experts nowadays are pretty sure that it is important to have this kind of dialog with the

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users and especially negative atmospheres have to be handled with care and seriously to improve the entire business as well as specific products.72

2.3.5.3 Online Partnership

Online partnerships are more a long-term tool to promote online services via partners. These partners can be other websites, which are connected through a link to the company’s website (link building, described before), but also affiliate marketing and online sponsorships are possible types of online partnership approaches.

Affiliate marketing is most common model of online partnerships and therefore a very important tool for the marketing departments of companies. Affiliate marketing is a partnership between a producing company and another company, which tries to distribute the products by using advertising material from manufacture. For this distribution the company, which tries to sell the products (called affiliate), gets a commission. This commission can be calculated in many diverse forms and is always dependent on what the potential customer was doing (pay per click, pay per lead, pay per sale and so on). This is a complex counting system of who is doing what and when, and is managed by a tracking system in between the affiliate and the merchant. Summarized it can be said that in comparison to the manufacturer, which is offering a service or product by itself, the affiliate is more like an interface between the consumer and the selling company. For a better understanding of the process see the figure below (Fig. 10).73 74

72 Internet Marketing, Dave Chaffey, 4th edition.
The advantages and disadvantages of affiliate marketing are the reaching of different kinds of target groups, the generation of awareness in general and the better knowledge of changes on the online market by the affiliates. Disadvantages can be may be damages to our brand name due to wrong placement by the affiliates, fees for tracking systems and overcutting of sales fields by the company itself and the affiliate.

The third tool of the online partnerships is the online sponsorship; where companies have the chance to continue respectively enlarge their sponsorship with existing offline campaigns/companies into cyberspace, but also by acquiring new, just online, partners. Ryan and Whiteman defined online sponsorship as follows:

“...the linking of a brand with related content or context for the purpose of creating brand awareness and strengthening brand appeal in a form that is clearly distinguishable from a banner, button or other standardised ad unit.”

Effort and reward are the same like in the traditional sponsoring, where the advertising company endows the partner with services, non-cash benefit or cash benefit. Therefore the advertising business receives website integration in the form of showing the brand

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75 Online Advertising Glossary: Sponsorships, ClickZ Media Selling Channel, Ryan & Whiteman, 2000.
name, the brand symbol or other kinds of rights, using the website for communicative purposes (images, hearing and texting).

Advantages can be the ROI (return on investment), because often costs are little compared to the response advertising companies get back. Another point is that the brand is connected to an online brand and therefore perhaps is already well known, reaches more credibility and is more trusted by the target audience. There are not really disadvantages, but companies have to know that it can be expensive and also very time consuming and it takes effort. Of course the choice of the right partner is essential as well, because of webpages, which exploit brand names.  

2.3.5.4 Interactive Ads (Advertisements)

Interactive ads are used on other sites to activate click-through users and to promote the own webpage. They can be rich media ads as well as banner ads, which reach brand awareness and traffic to the company’s webpage. These other webpages can be social networks, publishers as well as every other kind of social media. The goal and advantage of interactive ads is to reach the target group, but also completely new audiences can be attracted by widespread ads. With their Interactive Advertisement Model (IAM) (Fig. 11 below), Rodgers and Thorson showed a very concrete way of how the whole process for interactive ads work and look like. In their depict model they make a difference between the “consumer controlled” process and the “advertiser controlled” process, which leads to the conclusion that both parts, the advertiser and the consumer, control different kinds of advertisements by their behaviour. But still it has to be mentioned that the main approach for being effective with these kinds of ads, is to look at it from the consumer perspective. Referring to that, companies must invent creative, tested and placed at-the-right-time advertisements.

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Disadvantages of interactive ads are the potential brand damages caused by wrong choice of websites for banners and other ads, as well as the often quite low click-through rates. The latter is also known as “banner blindness”\(^{78}\), which means that many users just ignore every kind of ads or things, which look like ads. However to create awareness, also in these parts of the audience, it is crucial to adhere to online advertisement.

\textbf{2.3.5.5 Opt-in-email marketing}

Opt-in-emails are a tool, which attracts especially companies with huge customer databases (called “house list”), but also smaller companies can gain advantages from it. For example, by placing ads in other company’s newsletters or renting email registers. But both ways, big companies databases or receiving it from a third party, have one thing in common – the end consumer has to “opt-in”, which means the customer permits this kind of promotion. The tool itself comes from the permission marketing, where the practices mentioned before are basic principles. Email marketing can also target customers according to their preferences displayed by the links they were following.

\(^{78}\) Internet Marketing 4th edition, Dave Chaffey.
But actually the opt-in emailing is still not enough to differ from spam in many cases; that is why many companies, which do not want to send spam emails, are using the double-opt-in. This method can be seen as the best for a “real” marketing campaign, because the user confirms it twice that he is willing to get those advertisements on his email account. The problem or disadvantage with this tool is the risk of damaging a brand, because customers think the company is sending spam emails. Another issue are legal regulations, which are very strong in this field of marketing, in order to protect consumer. Due to this challenge it is useful to work together with an email service provider to achieve the best result when using this tool. On the other hand there is the cost advantage, because a campaign like this could reach a huge audience without drastic costs. Resulting out of that the ROI for opt-in emails could be very high and lead to success. Using it for customers from the mentioned house list, this is a very attractive and personal tool, in order to keep in touch with them and inform them via newsletters about projects or new offers. 

2.3.5.6 Viral Marketing

Viral marketing – also called online word of mouth (WOM) – is a very hard-to-control tool, but still the company itself can forward messages, which help to create traffic to their webpage as well as obtain awareness. Social networks and blogs are the best sites for viral marketing, because there the companies have a large customer base, which spread “the word” very fast. For this tool the concept and the approach must be very creative and well thought out. In the correlation to WOM and viral marketing there is always the term of “creating a buzz” around as well, which is in part WOM marketing and could be seen as a hype around a product or a service. A buzz is the aim of every kind of marketing campaign, especially in PR it is all about creating goodwill of a product or a whole brand; therefore a buzz is perfect, because it accomplish so much attention in the target group or more in general through all different groups of society (e.g., Harry Potter). But as shown in the figure below (Fig. 12) it depends on the product and it is often almost impossible to create a buzz.

Like mentioned before, social networks are a good way to conduct viral marketing, because of their widespread field of customers and users. In this media consumers recommend products and services to other users and, of course, users believe these recommendations more than the company’s advertisements (see recommendations on www.amazon.com as well). This is why many businesses are using this tool, but like with all the other tools, companies have to use it wisely to not destroy already-existing brand awareness or image. In these social networks companies can learn from the consumers, for example, why they use it and how they use it as a platform to exchange information and a place to communicate about products and services. So “the golden rule” is “behave like a social networker”\textsuperscript{81}, to understand them and to accost them in the right way.

Advantages and disadvantages of viral marketing are easy to mention. They are cost effective and offer the possibility to reach a huge audience, plus the users, who are easy to influence, are advantages. Disadvantages are the risk of it never being a viral campaign and thus a bad investment. Further if it works as a viral marketing campaign, there is the risk of being perhaps a negative one due to users, who comment on it negatively or just dislike it.

\textsuperscript{81} Internet Marketing, Dave Chaffey, 4th edition.
2.3.5.7 Summary

These new media give companies chances and also advantages in reaching their target group/market as well as risks, which can be potential disadvantages. Advantages are that people use the material more intensively, because in the new media they search for it, not like in the old one, when they are confronted with it whether they want it or not. Another advantage is interaction between potential customers and the company. Compared to the conservative channels, cyberspace offers way more and better two-way communications.

Further online media can create more customized advertisements and promotion. This is much more practical for the user and less time consuming. Also the actuality of content is an important factor for the new media, because of the always updated web customers never gets overage data. In addition the internationality is a crucial factor; the companies have the possibility to advertise in different countries, but could still focus on their domestic market. Just by country-specific ads on their webpages, for example. Resulting from that is the huge flexibility of the new media and the therefore short processes in the marketing strategies and the lower costs in general for optimization. Last but not least companies have the possibility to control and to measure their success or just what kind of viewers, for example, they have. But we will discuss this measurement of results later on in this chapter. All these advantages are shown in the figure below (Fig. 13).

![Diagram showing the main potential advantages of the new media](Fig. 13 Unger & Fuchs, Main potential advantages of the new media, 3rd edition, p. 332)
2.3.6 Message

Message can be called the measures of the company, the – WHAT do we want to communicate – via the chosen channels, to the defined target group and by keeping focus on our objectives. The message has to include a certain statement, which aims at getting the consumer side active in the sense of making them willing to do something immediately. To get their message to the buyer the companies have two choices, as mentioned before, the push and the pull strategy. Push strategy means that the company is targeting customers with a yet unknown product by promotional tools like handing out samples. Therefore the distribution channels have to be short, because the more levels there are, the more difficult it gets to convince retailers. Otherwise there is the pull strategy, which is about creating demand by diverse promotional tools, like mass media. The focus of the pull strategy is to coin a reverse demand, which is driven by a need on the other side of the distribution channel.\(^\text{82}\) The new media, cyberspace and the Web 2.0 are seen as pull media and the traditional ones, like TV and print, are seen as push media.\(^\text{83}\)

2.3.7 Measurement – Evaluation

It is a widespread thought that advertisement success or goal achievement cannot be measured and it is true that not everything can be detected, but that does not mean it is a waste of money to measure it. Mostly it is not possible to measure the success immediately, but after a certain time it is possible to see it in sales and market shares. The measurement, which is meaningful for most companies, is the success for the brand or the company as a whole. This can often be seen very soon after launching campaigns.\(^\text{84}\) In the following paragraphs some research techniques are shown. Some of them are done in advance (pre-testing) and some are done after (post-testing) the launch of a commercial.

2.3.7.1 Pre-testing

Ads are tested with testing groups or with the help of market research agencies. When marketing departments want to test a certain campaign they are confronted with many questions to get reliable data from the tests. Therefore they have to select testing cities, they have to control and implement the test, they have to have the right timing for

\(^{82}\) International Business, Wild Wild Han, 4\(^{th}\) edition.
\(^{83}\) Internet Marketing, Dave Chaffey, 4th edition.
\(^{84}\) Marketing Communication: A European Perspective, Patrick de Pelsmacker, Maggie Geuens, Joeri van den Bergh, 3\(^{rd}\) edition, 2007.
measurement and of course they need to calculate the costs for the test market. The people in charge also have to think about the different criteria of tests like recognition, recall and persuasion, which is about brand preferences. Another important factor is to find about validity, which can be done by physiological measurements, by checking the eye movement as well as a general impression of the ad from the audience. Further it is crucial to measure the different vehicles audiences like the print ones and the broadcasting ones. For all these different and essential parts of the testing Kumar, Aaker, Day set up a measurement process:

1. Define goals and specify how information will be used
2. Discover what is important to customers and employees
3. Measure critical needs
4. Act on the information
5. Measure performance over time

The last two steps can also be seen as parts of the post-testing, respectively the time period when the ad is already launched, so therefore this thesis will go more into detail later on.

There are many different kinds of pre-testing approaches like the Q-sort procedure, which is even used before the conception of the advertisement and is also a very useful tool for conducting research online, the recall test, which is also called the portfolio test and is a measurement of the communicative effect on the brain. For that the candidate will get help in the form of a brand names list, for example, this is called the aided recall. Further there is the indirect opinion test where people get to choose a gift, for example, and they will have the chance to choose again after watching the advert for a certain product.

The split scan procedure is another model for pre-testing and in this approach the behaviour of a panel of consumers watching television by the means of a telemetric device is measured. Last but not least there is the trailer test, which is a coupon-

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86 Q-Sorting and MIS Research – A Primer, Thomas & Watson, 2002.
87 Improving the Accuracy of Recall Data: A Test of Two Procedures, Brennan, Chan, Hine & Esslemont, 1996.
stimulated purchasing test and therefore gives the company knowledge about the purchase behaviour of the customer. The pre-testing reaches in many cases from, like mentioned before, tests before campaigns are even invented over pre-tests of developed advertisements till the testing of already-launched campaigns, spots or ads to recognize and find out about response, respectively reaction of the target group.

Every tool has its limitations, likewise pre-testing. Because of the certain amount of tested ads the findings are never “the best possible ad”, due to the number and the given ads to the candidates, but of course it can show the company the best ad out of these. Another important point of the limitations is the way of interviewing the testers. Group interviews are not useful due to the fact that nearly every ad is perceived individually and not in a group. Therefore only individual interviews give valid research data. Furthermore market research companies have the problem that the people who are testing know that they are testing that is why behaviour and evaluation can differ widely from a real-life reaction. The same holds for the impossible to explore long-time evaluation of a campaign, because the testing audience has been tested only for a couple of hours or minutes.

2.3.7.2 Post-testing

Post-testing can also be called the evaluation of a campaign afterwards. It is a very good and also important way to gather consumer data for marketing data bases (secondary data for future campaigns) as well as getting access to thoughts and behaviour of the target group, respectively market. Of course pre-testing is only useful and valid if it is used as a benchmark test with a significant pre-test before or while the campaign was launched. Post-testing aims to find out about the outcome, the impact of a measure and the effect on behaviour of a certain campaign. Further it is crucial for the measurement to find out about feelings and emotions of the target group, because this is giving a lot of hints for the future, but also the possibility to understand certain reactions to the actual campaign better. To realize these goals, like in the pre-testing, there are some methods of post-testing, which are promising.

89 Marketing Research, Kumar, Aaker, Day, 9th edition.
91 Medienpsychologie, Bantinic, 2008.
The masked identification test is usually used for print media ads and is focused on recognition of the brand. So with this test the brand awareness as a whole can be measured very properly and also if a brand is mixed up with another. Further there is the Gallup & Robinson\(^93\) impact test, which is a test where the audience should recognize parts or full campaigns by asking them questions to it a day later they have seen it, for example. Included in these questions is the main idea of the ad, which can be a very valuable data for a company. Another crucial post-test is the day-after recall test (DAR), which is an interview about seen or heard ads from the day before and about what the tester remembers.\(^94\) This test is also called the on-air test.

An also very good post-test method or also called gathering consumer data method is trying to keep in touch with them, either directly or indirectly. The following five points\(^95\) are good possibilities to communicate and build up a connection with your clientele.

1. Rebate Cards
2. Suggestion Cards
3. Warranty Registration Cards
4. Free Subscription Offer Cards
5. Directly Ask Consumers

By using this method the company will know a lot about the frequency of purchase, the novelty of purchase and the monetary value of purchase; therefore it is very easy for the company to identify the most profitable customer.

\(^93\) [http://www.gallup-robinson.com](http://www.gallup-robinson.com).
\(^94\) Werbewirkung auf dem Prüfstand, Roswitha Hasslinger (Karmasin MAFO), 2007.
\(^95\) Essentials of Marketing Research, Kumar, Aaker, Day, 2010.
3. Frame of Reference

In Chapter 2 the whole literature review was shown in order to get a deeper insight into the theory adapted to the topic. The aim of this chapter is to develop out of the theoretical background of the first two chapters a new frame of reference, which will help to answer the research questions and therefore it will be an important part of the main problem solving. Also the delimitations of this study will be mentioned in this chapter.

3.1 Marketing Communication Model

The marketing communication model (MARCOM) is the model, which describes and is built around the research of this thesis. As mentioned in the theory part of this thesis there are different approaches of strategies, models and processes, which is why it was suitable to narrow the theory down into one new framework. The point of origin for this new framework or it will be named process as well, because of the different steps towards a final communication, is the 5-step process mentioned and described in Chapters 1 and 2 (Fig. 3). Due to the fact that no suitable theoretical model for marketing communication within social media exists so far, we decided to focus on the key points of marketing communication occurring in most of the different marketing communication theories.

The conception of a new model will help to frame the research as well as answer the different research questions, which leads to the main problem and therefore the purpose of the research. Below, the main problem and the research questions are listed again to provide a better understanding of the structure and process itself of the new MARCOM model (Fig. 14).

<table>
<thead>
<tr>
<th>How does Social Media influence the Marketing Communication of Companies in the 21st century?</th>
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<tbody>
<tr>
<td>RQ1: What are the advantages and the disadvantages for companies of using social media as a tool for marketing communication?</td>
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<tr>
<td>RQ2: What are the objectives of the companies using social media as a marketing communication tool?</td>
</tr>
<tr>
<td>RQ3: What types of media are used by the companies in order to reach the right target group?</td>
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<tr>
<td>RQ4: How do companies evaluate social media communication channels they use?</td>
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</table>
The MARCOM model is, like mentioned a process of the marketing communication, which includes the successive steps from objectives, target group, channels and evaluation. The steps in the MARCOM model will show how the research questions are connected. Research questions RQ2 till RQ4 are based on the four steps of the MARCOM model. The first research question (RQ1) summarizes the advantages and disadvantages of the MARCOM model related to social media. Resulting out of that this model will be a schematics guide for the research and the data collection itself.
3.2 Study Delimitation

There are all kinds of companies and of course this thesis could not get hold of every industry. Therefore this research is delimited in order to provide industry-specific information from two manufacturers, one marketing agency and one social network. The two manufacturers are dealing mostly in different market segments, one specialized on the B2B market and the other one on the B2C market. Therefore, generalizations across industries and companies are difficult to make due to the limitations of the collected empirical data.
4. Methodology

In the third chapter the frame and structure of the research was presented in order to obtain suitable and valid data. The methodology chapter will provide information about the methods used in this thesis to provide a solution for the research questions posed earlier in this study. The methodology illustrates how the necessary data is collected and the usage of the gathered data to answer the research questions. Additionally an outlook on the data analysis will be given.

4.1 Research purpose

According to Babbie\textsuperscript{96} there are three fundamental purposes for doing research. These are explanatory, descriptive and exploratory.

Regarding exploratory research it can be stated that this kind of research is investigating a new field of research. Therefore the research problem is often not defined closely but more general.\textsuperscript{97} Exploratory research satisfies the need of personal curiosity, but also inspires others to conduct more research in this area.\textsuperscript{98} Almost any question dealing with the nature of human behaviour or the lack of such behaviour is an appropriate question for an exploratory research approach.

A descriptive research approach is useful if the research problem is already clearly defined and well structured. In addition to that there is no intention on the investigation of connections between causes and symptoms. According to Dane descriptive research serves the purpose of distinguishing and differentiating a purpose from other phenomena. Descriptive research has the purpose to develop subjective descriptions for a clearly defined research problem.

Last but not least there is the explanatory research approach. Explanatory research is aimed to test hypotheses and the relationships these hypotheses have to other research problems. This type of research examines the cause-effect relationships between phenomena. It identifies whether a cause-effect relationship is valid or not. It also determines which of a set of competing explanations is more valid.

Based on the research problem and the research questions stated earlier in this thesis, this research will be primarily exploratory and descriptive. This research is exploratory

\textsuperscript{96} The Practice of Social Research, Earl Babbie, 12\textsuperscript{th} edition, 2009.
\textsuperscript{97} Applications of Case Study Research, Robert K. Yin, 2\textsuperscript{nd} edition, 2003.
\textsuperscript{98} Evaluating Research: Methodology for People Who Need to Read Research, Francis C. Dane, 2010.
because so far only little research has been done on the marketing communication within social media. The effects of the social media to the marketing communication behaviour have not been investigated precisely yet.

### 4.2 Research approach

In general the approaches for research are distinguished as two different basic approaches. The research approach can either be based on quantitative or qualitative data. Quantitative research has its focus on detecting differences or sources in the form of numerical data in order to give an answer to the research problem. The two different ways to gain quantitative data is either counting or scaling. This approach is helpful to measure variables and compare similar factors with each other according to the gathered information.

On the contrary to the quantitative approach there is the qualitative research. The difference of the qualitative approach to the quantitative is, that here they gained information does not come in numbers or scales but mainly in words. Qualitative research has a wider range of potential empirical information sources compared to the quantitative researcher. Qualitative research approaches are characterized for using diverse data sources to solve a research problem. Qualitative data is rich on detailed information and diverse in the kind of appearance, because it can come in all kind of data. The qualitative data can come structured or totally unsorted. This depends on the type of how the data is obtained. Structured data can be obtained via standardized interviews, while unstructured qualitative data can be a result of field notes from an observation.99

The purpose of this thesis is to study how social media influence the marketing communication of companies in the 21st century. Therefore we have utilized a qualitative research approach. The qualitative research approach was justified by the design of the research questions, which concentrate on the problem of the company’s marketing communication and the involvement of the new phenomenon of social media. Data to analyze the research questions was not based on numerical and statistical data, but more segment-specific data was gathered by focusing on a few involved parties dealing with this phenomenon.

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4.3 Research strategy

In general the research strategy is divided into five major approaches: case study, archival analysis, experiment, survey and history. Regarding Yin\(^{100}\) the suitable research strategy should be chosen according to the following three criteria.

- Type of research question asked
- Dimension of control the researcher has over actual behavioural events
- Extent of focus on contemporary as oppositional to historical events

Regarding the research questions posed in this thesis, a case study research strategy is favourable to choose. Implications for a case study research strategy are that the investigator of the research has low control over the behavioural events. The researcher has the position of an interviewer and observer who does not influence actions or behaviour. The case study also focuses on contemporary events, which is given by the topic of the thesis. The case study combines two different types of arguments. On the one hand, it relies on direct observation of the events researched and, on the other, there is proof by interviews of parties involved in the topic.

Another point favouring the case study approach is the fact that the case study is used for complex problems.\(^{101}\) The case study enables more than a single case to be investigated (e.g., investigate more parties involved in the marketing communication process like, companies, social media platforms or advertising companies). The analysis of different cases will lead to a better understanding of the research problem and highlight different perspectives of the issue.

In order to answer the research questions of this thesis and consider different points of view we have used four different case studies. Some of the cases were compared with each other to illustrate similarities or differences in the behaviour of the companies.

4.4 Sample Selection

In order to be able to answer the research questions posed in the first part of the thesis, suitable respondents who will provide us primary information have to be found. The companies we target for interviews have to fulfil certain criteria to be matching for the purpose of the research. In general we target three different types of companies. On the one hand we are looking for a contact with social networks. Social networks provide

\(^{100}\) Applications of Case Study Research, Robert K. Yin, 2\(^{nd}\) edition, 2003.
\(^{101}\) Case Study Research: Design and Methods, Robert K. Yin, 2\(^{nd}\) edition, 1994.
platforms with large consumer databases companies like to target. Therefore they have
detailed information about the motives and their avenues of approach and their strategy to
reach the desired customer group. Additionally the social networks have expertise about
the structure of their network and how companies can use it for marketing communication
reasons.
On the other hand, we target advertising agencies, which focus on advertising campaigns
for companies using social media. These companies have an insight into the interests of
companies, of how they want to target their chosen customer group. The advertising
agencies have the expertise of traditional marketing communication the companies
utilized so far to get into contact with their customers, as well as the new approaches
companies have to follow if they want to keep up with the trend of social media. Another
advantage of interviewing advertising agencies is that they are familiar with all different
kinds of social media companies could use to reach the right target group; not every social
media is suitable for targeting certain customer groups.
Last but not least, we target companies, which are planning or are already in the progress
of advertising via social media. The companies know their motivation of advertising in this
new segment of marketing communication. Also they are aware of the advantages as well
as the disadvantages of this communication channel. They additionally have the expertise
of what their customers are interested in and how they like to be targeted.
The companies we interviewed were Audi and Ericsson. Both are multinational companies
with lots of experience and high expertise in their market segments. Audi is a business-to-
customer (B2C) company and therefore has a slightly different marketing communication
than Ericsson, which is located in the business-to-business (B2B) segment. Both times
the interviews have been with representatives of the companies directly involved in the
marketing communication process within social media. Mr. Münch from Audi AG is a
member of the online marketing department of the company and involved in the
establishment of innovation in the marketing communication like social media. Mrs.
Bergström from Ericsson is the head of external content management dealing with the
marketing communication and the social media activities of the company.
To get an insight of the other end of the social media marketing communication we have
decided to interview a social network. Thereby we had the chance to get another opinion
about the social media as a marketing communication channel and a deeper insight into
the function of a social network. We had the possibility to interview Daniel Perez Colomar
the general director of Xing Spain. Xing is a social network for private and business
contacts with more than 9 million users and a platform for many companies to keep in
touch with existing and potential customers.
Many companies use marketing or advertising agencies to develop new marketing communication strategies. Especially in the segment of social media marketing communication many companies rely on such agencies, because the companies themselves hardly have any experience in how to deal with these new tools. Therefore we decided to also interview an advertising agency. We have chosen Visual Acting GmbH; a German advertising company that focuses on the development of web-based marketing concepts for companies. We had an interview with Armin Müller the marketing manager of Visual Acting.

4.5 Data collection method

After having selected the research strategy the researcher has to gather empirical data to analyze the posed research questions. Primarily the researcher has to divide the collection of data into two different segments. Therefore the collection of empirical data is divided into primary and secondary data. Primary data includes all empirical proof the investigator has collected, on their own, for this particular research. Secondary data includes everything that has already been collected by other researchers regarding the same topic, but with a different focus. According to Yin the data used to support the arguments of a case study can come from diverse sources. The six most important sources of collecting empirical data are: Direct observations, interviews, participant observations, archival records, documentation and physical artefacts. There is no source, which can replace the use of the other sources completely. Instead each source is complementary to each other. The more types of sources used for data collection the stronger the research.

In order to gather secondary data we use documents to strengthen the evidence we collected from other sources and to get an insight into the past marketing communication efforts companies performed so far. For this study documents like articles and statistical analysis will be used as secondary data to complete the information gained from the primary data collection.

The main source for primary information will be collected by interviews with suitable companies in this segment. By doing this the gathered information will be specified to the topic and contain precise information to answer the posed research questions. The type of interview is not always the same and can vary between open-ended, structured and focused interviews. Within a case study interview the researcher uses an open-ended interview structure, where the interviewee will present the facts and his personal opinion

about the issue. Focused interviews on the other hand are shorter, which follow a questionnaire, derived from the theory and the posed research questions. This type of interview is still an open conversation but more guided to achieving precise answers to the asked questions. The structured interview has a clear structure and is not a real open conversation anymore but more like a survey with a certain set of answers. The primary aim of structured interviews is to gain quantitative data from the persons interviewed.

In this thesis we have used a combination of an open-ended and a structured interview, in order to get topic-specific information, but also gain an insight into the thoughts behind the strategy of the companies. On the other hand, it was useful for us to use a structured interview in order not to lose the thread during the conversation and wander from the subject, because the timeframe of the interview was limited due to other projects the interviewees have to take care of.

4.6 Data analysis

Case studies in general should have an analytical strategy at the beginning according to Yin. The general strategy is a guideline for the investigator to help focus on where to prioritize, and where to set the focus of the research. According to his theory multiple case studies are seen often as more obligatory, because they highlight different aspects and allow multiple perceptions of the problem. Another reason arguing for multiple case studies is that each case can be compared to the theory as well as to the other case to point out differences or similarities.

According to Miles and Huberman empirical data can be analyzed in two different ways. They differentiate between a within-case analysis and a cross-case analysis. The within-case approach compares the gathered data to the theory used for the research. For a multiple case analysis the cross-case analysis will be used. In this situation the cases will be analyzed looking at similarities or occurring differences in the diverse cases.

The process of data analysis consists of three connected steps: Data reduction, data display and conclusion drawing. The data reduction is designed for organizing, discarding and focusing. This steps pioneers for the following steps and simplifies the conclusion drawing in the end. The data display is a step, which assembles the reduced information into a form the researcher is able to draw his conclusions from. In the conclusion-drawing part the researcher notes patterns, regularities and casual flows.

The approach of Miles and Huberman to analyze empirical data has been used in this thesis. This study has also used the within-case as well as the cross-case analysis in

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order to reduce data and draw conclusions from it. The within data analysis has shown the differences of the marketing communication behaviour companies followed so far to the approaches they have to follow in order to adapt the social media into their marketing communication. The cross-case analysis has displayed the different motivations of companies and platforms for the use of social media and its benefits and limitations.

4.7 Quality standards

Quality standards within a research ensure a level of research quality and are normally defined by the terms of validity and reliability. Reliability defines the measurement that other researchers can repeat the study done by the investigator, when they follow the same methods used in this thesis. As a result from this activity the researcher should come to the same result as this study. In order to achieve this, the processes and methods used in the study have to be documented carefully.

Validity describes the degree of how effective the chosen measurements are in order to solve answer the posed research questions. Hüttner and Schwarting\textsuperscript{107} divide validity into two different segments, namely content and construct validity. Content validity defines the degree of how good the measures fit according to the purpose of the research, while construct validity evaluates the magnitude between a theoretical construct and an empirical data measurement.

In order to raise the reliability level in this study an interview guide will be developed according to the questions posed as research questions. The questionnaire will be slightly modified when interviewing different company types but the main structure will still be kept. The interviews have been taped so no relevant information will get lost after the interview is completed. Companies received the interview guide before the interview so they could prepare for the posed questions.

To increase the validity we have developed the purpose and research question from theory and furthermore the interview questions were developed from our frame of reference.

\textsuperscript{107} Grundzüge der Marktforschung, Hüttner & Schwarting, 7\textsuperscript{th} edition, 2002.
5. Data Presentation

In Chapter 4 the methodology of the research was pointed out. This chapter presents the theoretical data, which was collected from the four cases. Each of all four cases will be introduced with a brief background on the company, which was mostly detected on the companies’ websites. All the other information has been adapted from the interview guide, respectively the personal interview done with each of the companies. The data presentation is structured into the research questions.

5.1 Case One: Audi AG

5.1.1 Background Audi AG

Audi AG with their Headquarters in Ingolstadt (southern part of Germany, Bavaria), were founded in 1910 by August Horch. The company is a subsidiary of Volkswagen (VW), which has a 99.14% ownership. Since 2007 the Chief Executive Officer (CEO) of Audi AG is Rupert Stadler, a former University of Applied Sciences Augsburg student and nowadays a very successful head of the automotive company. At the beginning of this year he also became part of the VW board. The Audi AG has, since 1998, also been the owner of Lamborghini Holding S.p.A and this just one example of their sportive orientation. For many years they have been focusing in all different kinds of motorsports like DTM, rallies or 24-hour races for example.

The company has an image of being one of the most innovative producers in the automotive sector, because of new techniques and environmental approaches – Progress through Technology – but still they are never losing their identity as a more sportive producer then their southern German competitors, like BMW and especially Daimler.

Audi has over 58,000 employees, who always have very good share in the profits of the company. Audi AG has been a very successful company over the last few years and its profit after taxes is 1,347m euros for the year 2009. Regarding the world’s economic crisis in that period it was a comparably good outcome for the company. The biggest competitors for Audi are the German companies in the automotive sector, with a focus on the already-mentioned BMW and Daimler (Mercedes-Benz Cars).

We had the pleasure of interviewing Mr. Falco Münch, working for the online marketing department of Audi in the Ingolstadt HQ. With him we had the possibility for a telephone
interview and a discussion about the thesis topic in order to gain answers according our research questions.

### 5.1.2 Data regarding the Research Questions

**RQ1: What are the advantages and the disadvantages for companies of using social media as a tool for marketing communication?**

According to Mr. Falco Münch there are almost only advantages for Audi AG when it comes to digital communication tools. The main advantage is the corporate communication and the PR as a whole, because of the specific approach of advertising via social media. It is easier and more cost effective to communicate through these “new” channels and even much easier to target the right audience, because of all the functions social media offers the advertiser. Another advantage or main goal of Audi is willingness to get into a dialog with the consumers, to find out about their preferences and their feelings in general. When Audi is using the digital channels it is not their first goal to increase revenues or sell a car, even if that is their destination, Audi wants to create a more personal communication and according to Mr. Falco Münch through these media it is getting more face-to-face communication, which of course is more personal and individual problems or concerns can be discussed in a better way.

Furthermore Audi sees these new media as a new possibility in order to gain advantages from the better communication process and the personalization. The only disadvantage they recognized is the problem of – getting one’s fingers burnt – due to an existing inexperience and because of new technologies bringing new problems along, but Audi, so far, did not have bigger problems. According to Mr. Falco Münch it is also not a big issue for them because they always try to monitor the different social media and the company is not drying to do “crazy” things in order to have a long-term channel and not only a short-term one just because it is/ was trendy. But still this greenness is stated as the main disadvantage of the digital media. In general it can be stated that Audi uses its social media to flank their general marketing message, because they are still using all traditional advertisement tools as well.
**RQ2: What are the objectives of the companies using social media as a marketing communication tool?**

There are many different objectives behind the behaviour of Audi, for example, reaching the right target group by using the right channel (e.g., actual A1 campaign). Further it is important to create awareness and building up (continue) a brand image (CI) by using YouTube as a channel for new, high-quality videos of a new model. Facebook is used as a tool for starting a communication with the audience as well as for finding out about preferences and criticism. Twitter is used as an informational channel, with live news, actual press releases and always updated information about Audi AG. The objectives behind the usage of all these different digital channels are the same like behind the old media. Audi just wants to have them additionally to the traditional media in order to improve and increase the communication and especially the dialog with potential customers. Therefore there is only a difference in communicating not in the company's goal or objective. The objectives for the digital media are designed on a long-term perspective and like mentioned above not because Facebook and certain media are popular at the moment. Audi wants to build up funded communication channels and sees itself just at the beginning of it.

Of course the advancement of the PR respectively the CI, like already mentioned, is also a main objective. There are also many blogs about Audi AG and wikis as well, in this cohesion the „social media monitoring“ is getting crucial. By doing that Audi has always a good overview about opinions and criticism and can therefore react immediately. Another objective in connection with saving money is the better or more elaborate cost-benefit factor, because of the lower costs for the digital media.

Mr. Falco Münch also mentioned some negative matters when Audi started the whole digital communication and adapted it into their marketing portfolio. The online marketing department had to exculpate, because every investment should be profitable and in these days it was still “five times more difficult to get an online marketing budget then a traditional print campaign”. He explained that it costs a lot of convincing the upper management of the company, but finally they could make experiments and test diverse initiatives. By these pre-tests they collected proofs and could achieve their own budgets for online communication.
RQ3: What types of media are used by the companies in order to reach the right target group?

Audi is measuring the communication fractions of the whole market communication and that delivers them useful results about their reach of target groups. With this method they can find out the most interesting themes, who responds the most to which theme and what the most used media are of the target group or the customers as a whole. For example, the actual campaign of the new Audi A1, mentioned above already. In this case it is crucial for Audi to reach the right, young and trendy, target group and by measuring, for example, the average age of Facebook users this media is a potential advantageous platform for an Audi A1 campaign. The company is testing this responds consistently by the number of followers (Twitter), fans (Facebook) and viewers (YouTube). There are also certain analysis tools for them on the different platforms, so-called web analysis. By these analyses Audi also has the chance to put the right and to the right-consumer-appealing message into the right channel and not just doing something without an established reason.

The aim of Audi AG is to attract the target group with their tools and offers, not in the way of advertising to them but rather in presenting a company or product in an interesting and “cool” way. The communication must be predicated on interest in the brand. Audi calls it “the way to the sale” in a specific manner and in a relevant manner. What do the fans want? What can we do for our fans and our supporters? Audi wants to be there for them as a dialog partner and this model is attractive for reaching the right target group. Furthermore an essential goal of Audi and therefore also for the whole communication strategy is being authentic by offering the mentioned long-term model. Mr. Falco Münch pointed out that this model and strategy is nothing Audi is pretending to be but their real approach of communicates. He knows that the customers and users “do not let themselves be fooled”. Summarizing, for Audi it is not important, in this approach, how it helps the company, its revenue or its sales, but how it can serve its supporters best.

RQ4: How do companies evaluate social media communication channels they use?

As already mentioned in the other research questions the Audi “social media monitoring” is one of the most essential tools to evaluate the success and also the response of the users. Resulting out of that Audi is determining the channel they use for a certain campaign (mentioned A1 campaign). There are three main channels to choose from:
1. YouTube
2. Facebook
3. Twitter

This classification above is also the internal importance, but Mr. Falco Münch explicitly pointed out that Audi is not classifying marketing tools in general. That is also a reason for the marketing budgeting at Audi, which is not a trade-off of one tool against another. No budget will be withdrawing one department in comparison of traditional and digital channels. The result is that Audi does not have any favourite or more important tools; they just have the same strategy for all their marketing tools which is a long-term and authentic approach.

When they are measuring and evaluating the different channels they recognized some problems, because they found that it is almost impossible to compare “clicks” on YouTube with “fans” on Facebook or “followers” on Twitter. It is just not representative and therefore Audi tries not to classify any of their tools. But they can say that at the moment YouTube is their biggest channel, Facebook their second biggest and upcoming channel and last but not least Twitter, which is seen internally as a very specific channel and more a channel for “nerds” but still important for the company communication.

Of course Audi is measuring every promotional approach of competitors, but the online marketing, first of all, is interested in the these approaches. For the evaluation of channels as well as for the choice of the right promotional tool it is essential to monitor the competitors, too. That is why Audi knows exactly about the recourses of “their friends from the south” as Mr. Falco Münch explains. It is important to check how far they are in the usage of all these new media and how they use them. And in this connection it is crucial to mention that all companies have different structures and therefore the comparison of marketing departments is difficult, but with good information Audi reaches also in this difficult field satisfying results to work with. To illustrate it better Mr. Falco Münch explained the structures of Audi’s online marketing department (20 employees) like that:

- actual content
- applications, online-shop, used cars
- innovations, social media (Mr. Falco Münch)

These three parts are the task forces of the Audi online marketing, which does not even include banner ads (classical internet), for example. We mention that, because here one can see that it is always hard to measure and evaluate in order to get new information.
about approaches of other companies, for example. But it is still a crucial part in the evaluation process.

Another important factor, as Audi’s strategy is long-term predicted is the change of the company communication through social media in the long run or if there are any. Also in this evaluation it is important to permanently monitor every kind of social media to find out about image changing, global trends and thoughts about the whole Audi brand.

5.2 Case Two: Ericsson AB

5.2.1 Background of Ericsson AB

Ericsson is a Swedish company for telecommunication and data communication systems. They cover a wide range of technologies also including mobile networks. The headquarters of the company are located in Stockholm. Worldwide the company employs almost 80,000 people and generates a total revenue of around 209 billion SEK. Ericsson is an innovative technology company with around 500 new-filed patent applications each year and more approximately 20,000 granted patents worldwide. Ericsson holds about 35% of the market share in their segment. According to the website of Ericsson more than 1000 networks in more than 175 countries use their network equipment. Ericsson claims to be one of a few companies in the telecommunication segment, which can offer end-to-end solutions for all major mobile communication standards. Although Ericsson’s major customer group is within the B2B segment, they also started to use social media as a marketing communication channel some time ago. The interview was with Ulrika Bergström the head of external content management

5.2.2 Data regarding the research questions

RQ1: What are the advantages and the disadvantages for companies of using social media as a tool for marketing communication?

By social media the company is able to release statements not only connected directly as marketing to customers, but also provide interesting information people might like to hear about where the company is involved. As an example Mrs. Bergström mentioned the Tahiti earthquake and as a reaction to that people working for Ericsson started to use the Facebook site to talk about what happened there and how communication particularly in this case could help to rescue people. This type of company-related information sharing would be more or less impossible to be executed on the company’s website but it is
enabled by social media. On the Ericsson Facebook page basically everyone can publish anything as long as it is within the guidelines of Ericsson (no discrimination or racist comments). So Ericsson is willing to deal with positive as well as negative comments on this page. Ericsson does see the negative comments, which have not occurred that often so far as a chance to improve and they are not frightened about dealing with these kinds of comments or opinions because they know they have the expertise in-house to deal with such problems and solve them. Ericsson does scan the web every now and then but it is not done in a very advanced way so they still improve their monitoring there. Mrs Bergström sees social media as very advantageous for business-to-consumer companies. They now often build up their company support in social media but Ericsson as a business-to-business company still regards social media as an effective tool to drive discussions and understand what people are talking about in the segment of communication the company is involved in. It is a straightforward way nowadays to listen to the buzz in the market and to catch the latest trends. Mrs. Bergström thinks it is extremely important and effective especially for Ericsson as a communication company. Ericsson wants to drive the latest buzz and they have an idea of what the market is interested in. The advantage Ericsson sees in the social media is that they can use it to spread their latest ideas and just wait for the reactions of the stakeholders.

Regarding disadvantages of social networks as a communication channel for companies Mrs. Bergström states that for Ericsson they have not had to face any real disadvantages so far, but they still see difficulties of using this new channel in the right way so it is effective and a benefit for the company. They see the difficulties in the fact of the size of the company of Ericsson. In such a big company it is difficult to stay on top of all the information published via different channels. There are so many discussions and the challenge for Ericsson is to make sure that the right people who have the expertise for this kind of discussion are involved in it. Another difficulty regarding this is the internationality of the company, because people blog all over the world about the contents Ericsson is involved in all kinds of languages and the people who are actually responsible might not even know about the content spread by other company officials. Regarding the risks companies might be faced with like negative word of mouth Ericsson keeps this in perspective. Mrs. Bergström states that as long as Ericsson keeps on top of what they are doing and manage to have the right people in the positions, who deal with the social media activities. There might be a potential threat if the company releases statements they cannot stand for because they do not have the expertise of it, but as long as they stick with their competences Ericsson does not see any threat from using social media as a communication channel for them.
RQ2: What are the objectives of the companies using social media as a marketing communication tool?

Mrs. Bergström states that looking five years back from the present no one expected social media to become such a big topic as it is nowadays, so they still deal with finding the right measures and channels to establish an efficient communication. When the company launches a campaign they utilize different types of social media to support the campaign and get people involved by the usage of social media. The type of social media channel the campaign is supported by depends on the content and the desired message the company wants to deliver.

Regarding the effectiveness of the measures the company undertakes in order to evaluate if the message they want to transmit reaches the target audience, Ericsson has to monitor the diverse activities within social media. Ericsson has had a problem so far really establishing an efficient method to evaluate the processes because of the massive amount of information processed on the social media platforms. Ericsson is already observing the activities connected to campaigns launched by the company but they are not able according to their available staff in this segment to observe all the connected messages linked to the company within the everyday communication. Mrs. Bergström also states that the company has ways to measure the activities happening in the online segment but they have not really been good at learning from these measurements so far.

Regarding the fact that marketing communication has become easier for Ericsson since the company has been using social media, Mrs. Bergström states that for the company itself it has not brought a significant simplification of the marketing communication but of course it has brought a change in the way of communicating with customers and stakeholders. Ericsson wants to use the social media platform as a platform to get into a dialog. They also state that they are not really at the place they want to be and are trying more and more to initiate a dialog. Ericsson is not selling anything online, but they use the online channels to show their knowledge and promote themselves as a thought leader. Ericsson wants to present themselves as someone who is on top of the latest trends and technology within the segment in order to create a confidence to the customers. The basic thought behind this is to build a perception of the company. It is utilized to build a trust around the company among stakeholders and customers. The objectives of why the company uses social media as a communication channel is that Ericsson as a company within the technology communication segment woke up one day and realized they have to be within the social media communication. According to Mrs. Bergström it took Ericsson a long time to realize that and therefore they were a bit late establishing this type of communication within the company.
**RQ3: What types of media are used by the companies in order to reach the right target group?**

According to Mrs. Bergström the centre of the online marketing within Ericsson is the company’s own website, which is administered by the marketing department. The company also edited a Facebook page, which they do not brand as Ericsson’s in the first place it is edited by the company. The page located on the social network is named “technology for good”. The channel is used to connect people involved in the same segment to discuss topics they think are interesting and things that happen in the world of communications. If Ericsson gets questions or comments on their Facebook page or someone starts an interesting discussion about something related to the business segment Ericsson is directly involved in, they try to assure that they have employees to monitor the discussion, who actually have the expertise in this segment. This is due to the fact that if the company wants to get involved in the discussion or faces a need to state a comment on the discussion they have to be quick to publish such statements.

The company’s media department created a press channel, which publishes information about the company on YouTube and Twitter. The company ran a section on their website which was designed for people to discuss and comment on the content released by Ericsson, which is now also run on Twitter in order to get more people involved in talking about the latest announcements of the company. The company wants to attract people who are interested in the topic of communication technology and encourage them to start discussions.

Concerning the growth potential of social media as a marketing communication channel Mrs. Bergström states that the biggest potential is the application of new types of social media the company can participate in. The most challenging part of this is to find the right channels where the customers of Ericsson are actually located and have their online activities. For Ericsson LinkedIn would be a perfect communication channel. The problem Ericsson faces is the difficulty to really understand the way to reach the target group within social media. Ericsson’s idea is to develop measures to not only reach their customers as an organization but they want to attract and get into contact with the individuals within their customers company. Ericsson has to manage the balancing act between reaching the target audience, which are their customers in the first place, but on the other hand they want to get in touch with the individuals working for their customers to get a closer connection between Ericsson and the organizations they deal with. This challenge became an easier task with the development of social media according to Mrs. Bergström.
RQ4: How do companies evaluate social media communication channels they use?

Ericsson looks at social media itself as a channel where the company has a meeting with stakeholders. They regard the platforms as a possibility to have a face-to-face discussion with the stakeholders. The company does not regard the social media specifications as a regular channel of marketing communication. The difference between traditional marketing communication and social media is the way of communicating. While traditional marketing communication was more like a monologue, the communication within social media suddenly becomes more personal because the company knows who put up a comment or published a certain statement. When it comes to the different types of social media communication channels Ericsson has a preference towards YouTube and Twitter because they can attract their target group fairly easily. The company also uses blogs to publish statements and start discussions among groups of interest. Regarding the Facebook page established by the company they do not connect this as closely to Ericsson and the business-related content as the other channels. Mrs. Bergström also sees a growth potential for the social media as a marketing communication channel but it is hard to figure out how this development will look. According to Mrs. Bergström the company is good in terms of its use of social media but they need to make the people working for the company understand how to use the new channels. Ericsson has to develop a feeling for when to publish statements, what to publish and when it is better to hold information back for a certain time. For Ericsson it’s a matter of getting the right people involved in the processes and dealing with comments on the social media platforms rather than facing a risk from third parties by negative word of mouth. They state that they can deal with any kind of negative comments or statements towards Ericsson as long as they can find the people having the expertise in the company to deal with the problem.

Comparing the new channels of marketing communication to the traditional ones Mrs. Bergström said that traditional marketing communication is still important but the new channels of social media are increasing in terms of communication processes undertaken by the company. The company uses approximately 20% of its marketing communication budget on social media channels. But even more than the budget the workforce is bound to the processes of social media communication, because Ericsson’s wants to have a dialog and therefore they actually need people carrying out the conversation. Regarding the effectiveness and cost-benefit ratio of social media communication compared to traditional media Ericsson will be able to test that as soon as they have launched a big campaign in this segment, which they will launch soon. So far they have seen that the
responses and interest shown by stakeholders and the press in regards to a previous smaller test have been enormous and therefore they suppose the social media communication is more cost effective. But Mrs. Bergström also says that it might depend on the message that the company wants to deliver. They think that not all campaigns will be as effective as online campaigns and therefore social media communication will not be used for all kinds of marketing communication campaigns. Related to the monitoring of activities of direct competitors Mrs. Bergström states that they carry out competitor monitoring once in a while but not on a regular basis and there is still a lack of surveillance in this segment. Ericsson does not focus directly on the measures the competitors are undertaking within social media but they are interested in where the buzz of the market is at the moment. The company is benchmarking in order to become a leader in the market even if the observed companies are not in the same segment but have developed effective measures in communicating via social media with the stakeholders.

5.3 Case Three: XING

5.3.1 Background of XING

XING is an international social network with over 9m users worldwide. It is also called “the global business network” and helps employees to find new jobs and companies to find new employees. XING has evolved from an internet platform to a web interface for business professionals around the world. Via XING one can see how others are connected and it is the perfect tool for finding new contacts.

The company was founded in 2003, under the name Open Business Club, and has 293 employees worldwide. Their headquarters are in Hamburg (Germany) and they have different offices in strategic places all over the world, like in Barcelona. The annual turnover is at the moment 45.1 m and since 2006 they have been on the stock market as XING AG and they were the first Web 2.0 company who did so.

We had the pleasure of having a telephone interview with the Director General of XING España, Mr. Daniel Perez Colomar, who told us many important and interesting facts about social networks and especially about XING itself. XING España is the second biggest XING market worldwide with around 1.2m users in Spain. Mr. Daniel Perez told us a lot about the companies, which advertise on XING and how they behave according to our research questions. The following is a selection of companies, which advertise via XING:
5.3.2 Data regarding the research questions

RQ1: What are the advantages and the disadvantages for companies of using social media as a tool for marketing communication?

The biggest advantage or change in digital marketing is that the channels are the person themselves, because they chose what they want and how they want to use it. Therefore the most important thing is the right motivation of the users by the advertising company when they have their first contact. If there is no motivation the consumer will not “pass around” the campaign and so it will not spread. And if that happens, the social media is like every other channel and it would not have made any difference where the company is launching the campaign. So that is why companies should engage this first layer into the whole communication strategy to motivate them to spread the word and interact. Like mentioned, if this would not happen it could be even worse for the company and the ROI, because of bad WOM for example. Furthermore the difficulties can be seen in the understanding of the user and his preferences to achieve this crucial motivation.

The disadvantage of the digital communication channels is that it is hard to find the right time, the right place and the right words (improper) so as not to make people annoyed respectively angry and therefore no longer willing to do good WOM and also not even listen to the company’s ads and campaigns anymore. It can be possible that the company is seen as a spammer in future or that the new campaigns will not even find an audience due to being blocked, if the company is not intelligent enough to get into the conversation in an appealing mode. It is essential not to interrupt and disturb them by trying to act very aggressively. Companies need to or have to put the advertisements in the middle of the conversations between users to get their attention and not to annoy them. But this is more a challenge than a disadvantage and it is therefore crucial to put a great deal of effort into the right strategy to find out about the best point to get into the user’s conversations, as Mr. Daniel Perez stated. It is a risk in general in digital marketing and it can be handled by minimizing those risks and increasing the profits. Resulting from these factors Mr. Daniel
Perez is quite sure that the new media are more difficult to use and to handle than the traditional ones.

Mr. Daniel Perez states that when it comes to the evaluation process and the measurement of success XING is not that involved in it respectively does not get much information from the companies, because most of the companies are using marketing agencies which is why XING mostly communicates with those agencies. Therefore it is more an indirect communication to the persons in charge. The reason is that, at least, at XING Spain mostly big companies are investing into social network marketing with XING.

For the future development of the social networks Mr. Daniel Perez, in this case especially XING, are working on it to become more and more of a B2B platform, which means moving a little bit away from the platform for individuals and more in the direction to offer companies better functions. Therefore XING is developing tools for companies to take advantage from all the professional experience of XING and the stock of users in different countries. To summarize, XING wants to provide better tools for companies to extend and maximize their presence and to improve B2B solutions in general.

XING offers various formats to their customers, starting with banners in all different sizes and styles (e.g., leader board, skyscraper) to different kinds of videos. This can all be seen and checked on their website as well as targeting profiles from which to choose, prices and other special offers.

**RQ2: What are the objectives of the companies using social media as a marketing communication tool?**

According to Mr. Daniel Perez the goal or the objectives are not yet sales, but more in the way of communications and PR. It can be seen as for the purpose of feedback improvement, because the companies are listening to the opinions of customers for a product or the whole brand and resulting out of that they are learning from it in the sense of how to improve certain things or how to communicate in an appropriate way. Some companies even use social networks as an alternative to a creative agency and let the users create a new product or, in this case (Unilever) a new form of packaging. Other companies do a certain kind of grouping in order to get more specific target groups, which they can later appeal to better and therefore reach higher sales. A good example for these groups is Facebook where nearly every big brand has its own group or sometimes even more than just one to target different interests.
But also the issue of PR is crucial for companies in order to decreasing printed articles and traditional media in general, Mr. Daniel Perez claims. These companies are really impacted by the blogosphere and social media, because there is a dramatic change in the world of PR and therefore the traditional ones do not have readers or an audience anymore. People up to the age of 30 do not read the papers anymore; they have everything in e-formats and therefore companies have to react in order to still reach the right target groups. But on the social network platforms it is more a kind of indirect PR. Other companies are using it as support channels and therefore offering a good service via social media.

To summarize Mr. Daniel Perez’s point of view it can be said that the final goal/objective is of course selling a product, but so far no company has used a social network for a direct “buy that product” campaign. It is more used as a communication, PR and information tool to form interests groups, which will then be target groups for sales. But he also thinks that in the future it can be and maybe will be used as a direct sales channel.

Another point is the view of companies is in regard to social media investments and here Mr. Daniel Perez says the it is all still in a very early phase, but companies see the social media as a long-term investment and not doing it because other companies are doing it respectively because it is trendy. The companies know that it is essential to be present in the social media, maybe not on every channel, but they have to be present in a period where Facebook traffic has just overtaken the traffic of Google. But still, he claims, there is a huge gap between the traditional budgets and digital marketing budgets. He is numbering it with 10% for internet ads compared to traditional advertising and therefore the social networks are even way below that.

**RQ3: What types of media are used by the companies in order to reach the right target group?**

According to Mr. Daniel Perez they find their target group in social media and to attract them they have to be present there. At the moment, he says, many companies are still testing the market and especially the tools in order to find out, which tool is the most suitable. It is difficult and risky, but it is the only way because social media is the future and there will be no way around it and, as stated before, social media are still in the early stages, and people just need to be reminded how big it is going to be.

It is important to decide where the company wants to be, because being everywhere is not a strategy. Therefore companies have to find the right balance and the most suitable channel for their product and their brand. They have to understand their customers
respectively know who their customers are to make the right choice. In particular it is crucial to make the right choice about the platform, for example, because there are so many social networks, but only a few big players. But as there are not so many it should not be such a big issue to choose one with a lot of traffic, like Facebook or XING for example. And for those social networks, in this case XING, a company does not have to be special – every company can advertise on XING.

**RQ4: How do companies evaluate social media communication channels they use?**

As mentioned before XING does not know so much about the evaluation processes of the companies, because they mostly work together with the marketing agencies of the companies. What Mr. Daniel Perez knows or thinks about budgets of companies nowadays is that the part of social media in marketing budgets is still less than 10% and here as well one can see the growth potentials in this field of business.

Another general aspect stated by Mr. Daniel Perez is that companies should set up a goal and then by monitoring these goals should be controlled. The monitoring is very crucial and so far most of the companies measure in quantitative measurements and tools (e.g., clicks, guests, fans), but the qualitative measurement gives the company more specific and interesting data. Resulting from that, companies can adjust prices and improve products. For Mr. Daniel Perez this is the most interesting and essential part when it comes to ROI, because here the company will see whether it was worth it or not. Here as well the difference between the quantitative and the qualitative monitoring is important, because it is easy to measure an ROI with clicks, but when it comes to the qualitative monitoring it gets interesting and the company can really gain a lot of advantages from that. But finding out ROI is very difficult and not so easy to measure. And as soon as they get their results they can start again with the new information.

The rest of the process started above according to Mr. Daniel Perez should be like that; after setting the goals, which are often not stated in sales figures, the company should understand and know its audience or target group. Afterwards the company has to target them and send them the message or let them know about the new campaign.
5.4 Case four: Visual Acting GmbH

5.4.1 Background of Visual Acting GmbH

Visual Acting GmbH is an advertising company/ marketing agency founded in 1999 by Sven Nührig. The company is a small enterprise located in Munich and focused on the development of marketing campaigns on the Internet. In order to bring the companies closer to the customers with their communication and marketing campaigns, Visual Acting supplies their customers with innovative approaches by creating interactive communication channels within social media for their customers. We had the possibility to interview the marketing director and project manager Armin Müller.

5.4.2 Data regarding the research questions

*RQ1: What are the advantages and the disadvantages for companies of using social media as a tool for marketing communication?*

According to Mr. Müller the advantages of social media as a marketing communication channel outweigh the disadvantages by far. One of the biggest advantages he sees is the fact that companies are able to communicate in real-time with the users and therefore the time to react to statements or new announcements can be very short for companies. In former times the new information about a company was usually published in a press release, which took a certain amount of time to create and release. With the usage of social media this time can be shortened by just sending out the relevant information via the different communication channels the company uses within the social media segment. As an example Mr. Müller named the efforts of marketing campaigns how to promote an app for the iPhone and differentiate it from the thousands of other apps provided in the Appstore. This is a perfect example of how to use social media and especially social networks to create hype around the product or service. The promotion in this case has to be done via viral marketing and is more likely to be successful than via other channels because of the wide scope of the social networks.

Another important advantage Mr. Müller mentions is that the average costs of a communication channel within social media are fairly low compared to the traditional channels regarding the same scope. The advantage of using a marketing agency like Visual Acting for companies is that the companies do not have to experiment in how to use the relatively new different channels effectively. Due to the fact that Visual Acting is an experienced company in the segment of online advertising also in regards to social
media, they have the know-how and best-practice cases of how to use these channels effectively and also manage the risk for their customers using these channels. Also the company has developed knowledge about the collaboration between the different social media channels and how to create an efficient communication network.

Although generally the advantages stand out, the companies using social media as a marketing communication channel still have to be aware of some risks that might occur. These risks appear when the companies do not have integrated their marketing communication within social media to their general communication of the company. Unfortunately this is a common procedure at the beginning of a marketing communication of companies within social networks and therefore some of these enterprises have to face serious communication problems. The occurring risk in this case is a potential damage of the company’s reputation, which is almost impossible to undo because information in the Internet is saved and will be able to be tracked for a long time. Mr. Müller states that social media is a communication channel where the company can act a bit more personally but the professionalism needs to be maintained in any case. The companies should endorse a dialog but stick with the competences of the company.

**RQ2: What are the objectives of the companies using social media as a marketing communication tool?**

Visual Acting GmbH itself also uses the social media channels to keep in touch and inform its customers about the latest news in the market and the company itself. Thereby the company informs more about general market development and the new possibilities of marketing, rather than making advertising for the companies. The company runs a Facebook page to inform stakeholders about the latest information the company thinks it is worthwhile to spread and discuss. This page is also connected to the Twitter account of the company and can be updated by this second social medium. As a direct communication channel especially to build business contacts and stay in touch with customers the enterprise uses XING.

Regarding the customers of Visual Acting Mr. Müller states that the goals of the company concerning social media activities are long-term-oriented and not only a tool for the short-term perspective. The configuration of a social media marketing communication needs time until it is established and works effectively in the interests of the companies. Regarding the different platforms of social media Mr Müller states that Twitter channels which are at the moment widely used by many companies to update their latest announcements and activities regularly will not be a seminal channel for the marketing communication of companies. A reason therefore is that it is a communication channel,
which provides hardly any surplus value for the company. In order to have a communication channel on Twitter with a high quality of the conversations, a lot of effort is invested by the company to keep up the quality level of the conversation. To reach this the company has to build large follower groups. On the other hand, Twitter has too many problems with spam tweets, which influence the platform as a marketing communication channel negatively. The channel has low expansion possibilities and the fact of a missing community around it has a low attraction potential for customers.

The question of how the companies use the social media in the form of informing or really advertising products Mr. Müller’s opinion is that in the first place the companies do this kind of marketing communication to increase their sales volume. Companies put the information character of, for example, their Facebook page in the foreground, but in fact they want to increase the scope of their company. The company tries to advertise through the back door and thereby increase the awareness and at the same time their sales volume. Mr. Müller states it as a detour of the company to establish the marketing communication channels in social media as service or information channels but actually they use it to push their sales.

**RQ3: What types of media are used by the companies in order to reach the right target group?**

In order to define the target group and the suitable social media platforms and channels companies should use to target their desired audience, the companies have diverse possibilities to evaluate the different channels. According to Mr. Müller there are studies about the different social media platforms and networks localizing the interest groups and users within the network. Regarding these studies companies can roughly differentiate on first sight if their desired target audience is within this network or channel or what the ratio is of interested people to the total amount of users. A more efficient tool of distinguishing the target group for companies is if they monitor their activities within social media. The monitoring takes some time because the company has to evaluate the keywords of the talks and what people are talking about in general. An efficient way of testing the target group is to conduct test runs in the form of banner advertisement or a lottery and interpret the feedback of the campaign. Like this the company can easily evaluate the reactions and the amount of awareness by the customers.

Regarding the different amount of social media channels a company should use depends on the company itself. Mr Müller says that companies can for sure be in different social media channels at the same time but they have to pay attention. If the company decides to be in a channel, it is important for them to work constantly and be dedicated to it.
Otherwise he recommends sticking with fewer channels but using them more often to create a group of followers and keep them updated regularly. The company should follow the strategy to use these channels regularly and wisely in order to keep followers interested in the company and the activities it undertakes.

**RQ4: How do companies evaluate social media communication channels they use?**

Regarding the fact of how companies evaluate the use of social media compared to traditional channels Mr. Müller states that the companies can increase the pace of the marketing communication message to spread it among an interested audience. Customers so far can also get hold of decision makers within the companies, which until now often administer the social media marketing communication themselves. Both sides, the company as well as the customer, have an easier channel through which to react to a campaign. Mr. Müller names the example of a campaign that is not successful. While a company via traditional communication channels sticks with the campaign longer and invests more before it notices the failure, the social media communication would give it faster feedback about the effectiveness of the campaign and therefore the company could react adequately. Visual Acting monitors the campaigns and evaluates the success of the campaigns by doing a monthly report, which the agency and the customer evaluate together. Regarding the marketing budget of companies Mr. Müller states that companies should have a look at the effectiveness of the traditional marketing communication efforts and compare these to the effectiveness of social media marketing communication. He thinks that the budgets, which could be saved for other channels due to a lack of effectiveness, should be invested in social media marketing communication. The new channels have a higher scope than most of the traditional channels and are more likely to attract people, if the communication is elaborated carefully. Mr. Müller states that his company has observed a shift in the budgets of the companies. The companies depart from a static communication in the offline world to a communication in the interactive cyberspace.
6. Data Analysis

The previous chapter presented the collected data of the interview partners regarding the research questions. The aim of this chapter is to analyze the data which was collected in order to be able to draw conclusions in the following chapter. The data analysis compares the data with the framework of references on the one hand (within case analysis) and on the other it compares two cases with each other in a cross-case analysis. The latter had to be done to discover differences and similarities in the industries and between the two cases.

6.1 Within Case Analysis Audi AG

First of all the marketing communication process of Audi AG will be analyzed and compared to the theoretical procedure. In general the marketing communication process is divided in four main segments: objectives, target group, channels and evaluation. When we compare the collected data of Audi to this marketing communication approach we can see that Audi has set clear objectives about what they want to achieve with the communication within social media. Although the social media communication is still a quite new segment of marketing communication for the company, the objectives are clearly stated and retained. When Audi started to utilize the social media communication channels it did not simply jump straight in merely to be present in the new “trendy” segment as soon as possible. The company took its time developing objectives and strategies for the online communication before they launched their approaches. So it can be said Audi took its time to make sure the objectives they set for the new marketing communication were SMART and therefore gave the company the possibility to evaluate the effectiveness of their efforts at any time. Regarding the setup of the marketing communication of the company it is obvious that the company has a strategy behind the approaches, which is based on a marketing communication model setting objectives for a company like the AIDA or DAGMAR model. Generally the marketing communication objectives of the company are derived from the general objectives and goals of the company and this is how Audi is using these tools of marketing communication to reach the general company objectives.

Audi also takes into account the different fields of marketing objectives mentioned by Egan. He states that marketing objectives are divided into three different fields: knowledge based, feelings based or action based. Audi clearly uses the different channels within the social media to attract different kinds of interest groups. Depending on the technical know-how or the degree of interest of the users and customers Audi provides different kinds of
information for the different channels. Feelings-based objectives can be accomplished easily via YouTube for the company, because it is a good channel for transferring lots of information on different stages of perception. This applies to the feelings of the users connected to the company and therefore is an excellent channel for Audi to achieve their marketing communication objectives in this segment. Action-based objectives can be handled via the Facebook channel by attracting users with a lottery, which is connected to the brand.

Regarding the target group, Audi has defined the channels they use in order to attract customers clearly. According to John Egan there are three major criteria to define attractive markets for a company. The markets need to have a shorter distance and have to be easier to reach for the company than other markets. Social media enable Audi with its chosen channels and social media activities to be close to a large customer audience, which they can reach easily by publishing announcements on their Twitter channel or their Facebook page. Another important point mentioned by Egan is that the target markets are supposed to be more loyal than other markets. In the online market segment it is fairly easy to develop loyalty by providing the customers with high-quality information, which matches their interests. Audi is creating followers on their social media communication channels and they can easily monitor the effectiveness of their activities within a short time after they have established it. The last point mentioned by Egan is that the audience in the targeted market are heavy users of the product. Depending on the channel of social media Audi can target the different customers groups here. Channels like Twitter or blogs edited by Audi are more related to specific interest groups, which are only interested in new announcements of the company. These channels are actually not integrated into a community so they are separated channels, which do not have any audience, which catches up on information while passing, but they are popular with interested people and therefore worthwhile to adopt into the marketing communication.

Regarding the different types of positioning Audi relies on an inside-out positioning strategy. In this case Audi relies on its core competences of the company. They adjust their marketing communication in a way they can keep their professionalism and present the company in the desired way. Audi uses the different channels to transport messages of their different competences. They highlight the different aspects as performance, design or technological innovativeness in the different social media channels they are using.

Audi is using the social media marketing communication as a pull strategy. As Audi stated in the interview they are not using the social media channels to increase sales. But for sure any kind of communication and information the company spreads is meant to be beneficial for the company and attract customers to get into buying their products. Audi
emphasizes the information character of the social media activities they undertake in blogs, Facebook, YouTube or Twitter. The more people the company can attract by their announcements in the social media the more the people will discuss Audi-specific topics, which in the end will have a beneficial influence on the sales of the company.

The channels used by Audi for their marketing communication within social media are mainly related to public relations. The company wants to create goodwill with the targeted audience and get into a discussion about company-related topics. The company wants to improve its brand image and be in the discussions of the users, which will automatically create a higher interest of the users towards the company. Public relations aim for a wide scope of the announcement or the talk the company takes part in. Audi can link its social media efforts to maximize the reach of their messages and become an interested company users would like to talk about or share their opinions on.

The online channel of opt-in advertising has changed a bit with the use of social media. The advantage for Audi is that many social media channels offer the possibility to follow the latest news of updates via RSS feeds. Audi builds up followers like this, who will regularly be updated with the latest information about the company. The advantage of this is that users will not be annoyed by updates, because they were willing to receive the information. Also the social media channels can be connected so Audi has to make less effort to spread the news within the different channels and still reaches all the target groups and interested users.

Viral marketing is a considerable channel for Audi regarding their activities in social media and this is one of the biggest advantages of social media for companies. Audi has several channels to talk to customers or any other kind of stakeholders. The awareness of Audi in social networks and platforms like YouTube helps the brand to create a communication related to the company. Especially YouTube creates a benefit for the company because people can discuss the latest video release directly on the video platform or link it to their Facebook account where they can share it with their friends. The word of mouth created like that helps Audi to promote their products more easily and also generates additional traffic to the company’s own website. The surplus of viral marketing and the word of mouth is that people rely more on recommendations from friends than on advertising for companies. In this channel the advertising does not come from Audi but is generated by interest groups, who want to spread the information or media of the company.
6.2 Within Case Analysis Ericsson

Ericsson as a company within the communication segment has noticed that they have to be in the online segment of marketing communication within social media. They also divide the different steps of marketing communication into objectives, target group, channels and evaluation.

In the beginning of the analysis we want to have a look at how Ericsson understands the way of marketing communication regarding the objectives the company sets. As described in the theory the companies should answer three questions to evaluate the current and the future desired position of the company and set their objectives according to the findings of the questions. The question of “Where are we now?” evaluates the current position of Ericsson in the marketing communication environment. Here the company had to face a shift in the marketing communication towards social media, which the company so far has not used, but other market participants in the same segment have already established the new tools. The question of “Where are we going?” Mrs. Bergström answered with Ericsson’s aspiration of being the leader in the segment of communication and the company wants to have the buzz in the market within their company. Therefore the company also has to develop inspiring marketing communication tools and keep up with the latest trends in marketing communication in order to attract customers and stakeholders. The last question of “How are we getting there?” now focuses on the use of the different new marketing communication tools Ericsson has implemented to be present in the social media environment to communicate with their customers or people who are interested in the company and the segment the company works in.

Regarding the theory presented by Egan of SMART objectives Ericsson is still in the finding process of how they use social media in the most effective way to support the company in its marketing communication. Regarding the fact Mrs. Bergström stated that Ericsson was kind of late using social media for marketing communication compared to other market participants in their segment, Ericsson established their marketing communication tools in a fast way and now have to measure, which of these tools is the most effective one for the company. Because of this fact Ericsson has not yet achieved the situation, which they want to have for their marketing communication within social media. The longer Ericsson uses the social media marketing communication, the better their way of communication gets and the better their understanding for the communication characteristics within social media becomes.

Looking at the theory of Egan that marketing communication is either knowledge-based, feelings-based or action-based it can be stated that Ericsson in this case focuses on knowledge-based marketing communication objectives. As Mrs. Bergström stated the
company tries to involve people in the marketing communication, who actually have the knowledge about the topic being discussed at that moment to be able to provide expertise support or get involved in the discussion and make sure the company is well presented by a competent representative. This fact also makes the social media marketing communication for Ericsson a benefit for the company and does not pose a threat. The company strongly relies on its competences and acts in the segments they know they have expertise in. Acting like this Ericsson presents its expertise to customers and stakeholders and gets into discussions with them about relevant topics of the communication segment or the latest technologies and trends in the area of communication technologies. Feelings-based objectives are hardly involved by Ericsson due to the segment of business they are in and the fact that they are in the business-to-business segment. There it is not as important to appeal to the feelings of someone as in the business-to-consumer markets. Ericsson has also involved action-based objectives in its marketing communication. These action-based objectives are not supposed to increase sales because Ericsson does not use social media marketing communication as a tool to increase their sales but they are more used to developing their database management with existing customers, potential customers and stakeholders.

Regarding the target group Ericsson still has to do some work, in order to define the most effective channels where their target customers and stakeholders are communicating. For Ericsson as a business-to-business company most of the social networks do not provide the right target group for them in order to keep in touch with customers. Nevertheless the social networks still have potential for Ericsson as a marketing communication platform. Ericsson is performing an “outside in” positioning strategy. Ericsson has a Facebook page edited by the company, where people can have discussions about communication-technology-related topics and Ericsson also publishes statements about things the company things it is worthwhile to discuss. Acting like this Ericsson gains insights into the development of the market and topics market participants are interested in. Taking these results into account regarding the future positioning of the company in the market, Ericsson can adjust its products according to the trends in the market and like this define its position in the market.

The targeting strategy of Ericsson in the social media is a differentiated or a niche targeting strategy. Ericsson as a provider of telecommunication and data communication systems is acting in a market, which is highly dependent on technical knowledge. Therefore stakeholders and customers will be interested and take part in discussions with a high level of required knowledge. An undifferentiated targeting strategy would not be effective in this case, because the target group would not be reached that effectively and people who are not interested in the company could get annoyed by regular statements,
which they are not interested in. Additionally Ericsson receives a more precise and a more reliable feedback from the discussion partners in the case of a differentiated targeting strategy. Taking part in blogs or Twitter discussions with specified topics relating to communication technology or the market segment that Ericsson is currently acting in, narrows down the interest group even more to experts discussing certain topics. By using a niche targeting strategy like this Ericsson gets information about the trends in the market and where the buzz is going to be so they can adjust their strategy according to the gathered information.

Ericsson uses the different channels of social media for different reasons and objectives the company wants to achieve. Although the main online source of information about the company is still the company’s administered website according to Mrs. Bergström the social media channels become more and more important for the communication between the company, its customers and stakeholders. Ericsson became more and more involved in the usage of social media.

Public relations due to this fact are spread to more channels and have a larger scope. Ericsson had a channel on their own website for people who want to discuss things and ask questions about the company. The company relocated this communication channel to Twitter in order to have a bigger audience for the channel and create a bigger awareness among people. Ericsson regards Twitter and YouTube as their most effective channels to attract and motivate customers as well as stakeholders to engage in Ericsson. Twitter has the advantage of providing an opt-in possibility for interested people, who can sign up as a follower for that channel. Like this Ericsson has a steady audience receiving updates about Ericsson and the discussions they have. The advantage of this tool is that the people accepting to follow are willing to receive updates and Ericsson is not annoying them when they publish the latest updates about the company or technological innovations. Although Ericsson edits the Facebook site “Technology for good” it is not as closely connected to the marketing communication as the other channels used by the company. The page is used as an e-public relations channel for the company. Ericsson provides a platform for technology-interested people to have discussions or where Ericsson itself wants to initiate discussions by positing articles related to the communication technology segment. The company tries to get people working for their customers also interested in Ericsson and the segment they are working in. Ericsson does not only want to get into a discussion with its customers but also with the employees of its customers. For this reason the Facebook channel is a perfect tool to achieve this goal because of the broad reach of the platform. The fact that Ericsson edits the “Technology for good” page but does not connect it closely to the brand itself provides a good originator of viral marketing for the company.
So far Ericsson has established different kinds of social media communication channels the company uses to keep in touch with its customers and stakeholders. One of the bigger problems Ericsson still has is the evaluation and the measurement of the effectiveness of the activities the company undertakes. So far Ericsson only monitors the feedback and the reactions to campaigns they launched by running tests. Ericsson does not have developed an evaluation system yet structuring the everyday communication about the company within social media. They are planning a bigger campaign within the social media communication channels the company utilizes and a post evaluation of it, in order to measure the effectiveness of the different channels and the cost-benefit ratio. Another crucial part of the marketing communication evaluation Ericsson has to do is the development of an effective market environment rating including the measurement of competitor activities in social media. The evaluation of competitors is important for Ericsson because they want to be the leader in communication technologies and data communication systems and therefore they need to know how their competitors are acting in this environment and additionally also benchmark with be best-performing companies in the social media communication.

6.3 Cross-Case Analysis Audi AG – Ericsson AB

In this paragraph we will analyze the collected data from Audi AG and Ericsson AB and compare the results. This will illustrate similarities or discrepancies of the marketing communication of companies in social media.

First of all it should be mentioned that Audi and Ericsson focus on two different target markets. Audi as a car manufacturer focuses on the business-to-consumer marketplace, while Ericsson as a communication technology and data communication systems has its customers in the business-to-business segment. Nevertheless both companies use different social media channels to support their marketing communication.

Table 4 shows the main results of the collected data from the two cases including the advantages and disadvantages of social media as a communication tool, as well as the data referring to the marketing communication process of both companies.
<table>
<thead>
<tr>
<th>Characteristic / Company</th>
<th>Audi</th>
<th>Ericsson</th>
</tr>
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<tbody>
<tr>
<td>Advantages of social media</td>
<td>- Target group easier reachable</td>
<td>- New form of &quot;Press Channel&quot;</td>
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<td></td>
<td>- Create a dialog with customer</td>
<td>- Support Channel for customer</td>
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<td></td>
<td>- MARCOM more personal</td>
<td>- Analyze market interest buzz</td>
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<tr>
<td></td>
<td>- Flank traditional MARCOM</td>
<td>- Easy to address stakeholders</td>
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<tr>
<td>Disadvantages/ risks of</td>
<td>- “Burn fingers” due to little experience</td>
<td>- Information overflow</td>
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<tr>
<td>social media</td>
<td>- Uncertain future of different channels</td>
<td>- Difficulty in finding right channels</td>
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<tr>
<td>Objectives</td>
<td>- Improve brand image (CI)</td>
<td>- Hard to stay on top of the communication</td>
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<td></td>
<td>- Be in the talk of stakeholders</td>
<td>- Stick to competences</td>
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<td></td>
<td>- Long-term MARCOM strategy</td>
<td>- Workforce intensive</td>
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<td></td>
<td>- Authentic MARCOM</td>
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<td></td>
<td>- Cost-benefit ratio</td>
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<td>Target Group</td>
<td>- Investigation straightforward</td>
<td>- Easy to evaluate</td>
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<td></td>
<td>- Interest groups easy to locate</td>
<td>- Theme blogs/ pages</td>
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<tr>
<td>Channels</td>
<td>- Facebook</td>
<td>- Channel selection important</td>
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<td>- Twitter</td>
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<td></td>
<td>- YouTube</td>
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<tr>
<td>Evaluation</td>
<td>- Difficult to compare channels</td>
<td>- Hard to filter information</td>
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<tr>
<td></td>
<td>- Evaluation of communication</td>
<td>- No efficient monitoring system by now</td>
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<tr>
<td></td>
<td></td>
<td>- Observe competition</td>
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</table>
Table 4: Main Research Results (Cross-Case Analysis Audi AG – Ericsson AB)

Audi as well as Ericsson regard social media as a tool for marketing communication as a benefit for companies and worthwhile to utilize. Both companies see an advantage in social media to inform customers and stakeholders about the latest announcements concerning the company as well as new technology or products the enterprises offer. Both companies stated that social media enables them to get in touch with a large amount of stakeholders in an easy method. Marketing communication within social media has become more personal and companies are able to communicate with social media users in a wider dimension, as it was possible in the traditional marketing communication tools. While Audi regards social media as a communication tool to support their traditional marketing communication approaches, Ericsson utilizes it to be closer to the market participants and analyze what the market tends towards and where the buzz of the market is moving.

Regarding the disadvantages of social media as a marketing communication channel both companies agree with each other, that the risks or disadvantages are insignificant. Audi states that a potential disadvantage is the greenness of the company in this segment of marketing communication and that the company can “get its fingers burnt” by acting too briskly. The same holds for Ericsson if the company does not stick to its competences and goes out on a limb with its communication, which could pose a risk or a danger to the company may. Neither Ericsson nor Audi really see risks for their company, but rather difficulties to use the new channels efficiently.

Looking at the objectives the companies want to achieve with their social media marketing communication Audi and Ericsson have similar agendas. The social media marketing communication is supposed to support the brand image and improve the reputation of the company. The companies want to be close to the market, their customers and stakeholders and be involved in their communication and part of the discussions within the social media. Both companies designed their social media communication on the marketing communication policies of the company and have a strategy behind the usage of these media channels. The social media marketing communication is seen by Audi as well as by Ericsson as a long-term communication channel and therefore worthwhile to be implemented into the marketing communication of the companies. Another objective for both companies is to deliver an authentic marketing communication. The companies want

| Peaks | - Competitor monitoring | - Better learning effect |
to provide support and attract stakeholders to engage more with the company and therefore the communication needs to be connected to what the companies stand for, which is high quality and professionalism.

Audi as well as Ericsson both stated that it is fairly easy to evaluate the effectiveness of the social media channels. Measures undertaken by the companies can be evaluated almost in real-time because of view clicks, followers or fans. The company gets quick feedback about whether their desired target group has received the message or if the company has to adjust it to other channels or restructure the message. Depending on the type of message the company wants to spread the channel has to be evaluated to make sure the message reaches the right target group.

Regarding the different channels both companies use it is to mention that Audi as well as Ericsson utilize the biggest platforms of social media in the different segments. Both companies have a Facebook page edited by themselves, but the Ericsson Facebook page “Technologies for good” is not that closely connected to the marketing communication as the other social media channels. Audi and Ericsson use Twitter as a channel to spread regular updates to stakeholders and inform about the latest changes in the direct environment affecting the companies. YouTube is used by both companies to publish video material dealing with the latest products of Audi and Ericsson.

While Audi has problems comparing the different channels in the social media marketing communication according to their effectiveness and reach, Ericsson’s problems are to filter the important information for the company out of all the social media communication in the everyday business. Audi deals with this problem in a different way, by having a closer look at communication peaks about their company and analyzing the origin of this communication augmentation, instead of analyzing the whole communication about their company. Ericsson also has a problem with hardly any distinctive learning effects from previous measures. Both companies agree in the monitoring of their competition. The companies have an eye on what their competitors are doing but they do not really care about their approaches. Audi as well as Ericsson uses the competition and environment monitoring more to pick up trends of the customers and where the market tends to, rather than spying on their competitors.
6.4 Within Case Analysis XING

In this part of the analysis it will be analyzed how a social network sees the approaches of companies in this field of business and how they think social media has an impact on the communication of companies. As well as in the whole analysis we will divide the discussion into the four main steps of our MARCOM framework.

When we had the interview with Mr. Daniel Perez we found out that he sees the process of companies when it comes to the strategy as described in our communication model. Therefore it can be said that according to the theory of Shannon the communication process of a company, which advertises on XING should or just looks almost the same. It is all about the communication between the advertiser and the user, and the appropriate way of doing that.

First of all there are the objectives in the model so according to XING companies have clear objectives when they advertise there. And it can be noted that companies try to act SMART as much as is possible for them. Before they advertise they build a strategy, because in the case of XING it was clearly stated that for every company the investments into these sectors are seen as long-term investments. The companies know that some of their objectives can only be reached in the long run and therefore these investments have to be sustainable. As the social networks have already been in existence for a few years, it can be stated the companies are very careful when they invest in new approaches, because as XING explained only 10% of the marketing budgets are spent in this sector. Resulting out of that and according to the theory most of the companies do not do a “snapshot”, because it is trendy and everybody is doing it. The companies expand slowly in this area and this is an indicator for the well-thought-out and long-term strategies. The main objectives of the digital ads of companies are mostly the same as the goals of the company as a whole and as a result it can be said that this process is in accordance with the old theory as well as to the new theory about social networks. Creating awareness, starting a communication and delivering services are just some of them and theories like AIDA and Dagmar describe these approaches in an appropriate and up-to-date way. Therefore it can be stated that the objectives of companies working together with social media behave mostly according to the main marketing communication theories. Further according to Fill objectives provide the direction for doing it like that and therefore result in a better monitoring and measurement for the companies.

The next step in the framework is the targeting of the right target group and therefore the communication at the right spot. According to XING companies are still in the testing
phase to find out what the most suitable tools are for them to find the right target group. Therefore it can be stated that, regarding Taylor and Smith, who stated the segmentation, the positioning and the targeting as most fundamental in marketing, companies have target groups set in their strategy and they know who the product or the brand “belongs” to; however, in cyberspace they are sometimes testing because it is not so easy to find the right one. Even with tools for targeting offered by the social networks, for example, companies have problems in the elliptical Web 2.0. And when it comes to other approaches than social networking it gets even harder; that is why the “old” theory like breaking the market and being specific about the segment can hold only partly for the digital world of marketing.

Positioning is another point of the targeting and in this case it can be stated that companies, according to XING, are acting like theory describes. Especially the theory according to Pepels’ “outside-in” approach can be seen nowadays. When companies communicate via social networks with their target group and get ideas for improvement or even for new products like the example of XING about Unilever, where users created the new look of the package. Also the theory of Kotler about differentiating is in usage nowadays according to XING, because many companies are using different channels with different content for different target groups. This differentiation is seen as very useful by companies operating on social networks and even on the one and the same social network platform companies have different appearances.

Another important tool to create awareness and resulting in sales is the pull strategy, which is described in the old theory as well. It can be seen that nowadays companies tend towards this strategy when they use digital marketing and especially when they use social networks like XING. The companies try to create interest and awareness and by that get into a communication with the customer. Of course, like mentioned before, the sale is not the initial goal, but users are potential customers in the future. Therefore the pull strategy can be seen as almost suitable for cyberspace, except the different initial approach to establishing a communication.

The next step in the marketing communication framework is the channel, which can be seen either from the traditional side or from the digital. According to old but also new theory about PR/ e-PR it can be stated that the basic approach is still the same in order to achieve goodwill for the brand and a better CI. But at the moment, regarding XING, we have a dramatically change in the PR, because it will be more and more indirect (decreased printed articles) via social networks for example. Companies are offering better services and communication and as a result they want to increase goodwill. So also
here the theory is partly different or will be invented in new ways, but some approaches of interactive PR have already been made and conform to the experiences of XING. Furthermore there is the viral marketing, which is increasing more and more throughout cyberspace and according to the theory the digital WOM.

For viral marketing XING was of course a good interview partner, because regarding their social network and their experiences with other networks and companies, viral marketing is maybe the best, but also most risky tool. It can be best because of the low costs and the worldwide spread within a short time, but therefore the network has to be chosen carefully because there are so many and only a few global players. It is risky because of not being controllable at all, companies can monitor it, but when they have a bad WOM going on there is not much to do against it. In social networks anybody can write anything they want so companies are always depending on goodwill or a buzz and the latter does not happen often and is not predictable as well. And also regarding the “golden rule” from Chaffey the companies have to understand the social network users and behave like them to get a better insight as well as perform better in these fields of business.

The next and last step in the MARCOM process is the evaluation of the different marketing approaches. Therefore most of the companies use the term “monitoring”, which is actually a kind of observation or supervision of the channels the company is using. In theory it is discussed pre-testing and post-testing, which both appear in the collaboration between XING and their advertising partners. For example, the Kumar, Aaker, Day measurement process can be seen in nearly every company and therefore the theory can be supported for cyberspace. But as mentioned in data presentation XING does not know so much about the company’s monitoring in order to mostly working together with their marketing agencies, but still, according to Mr. Daniel Perez, it is crucial for companies to divide the monitoring into quantitative and qualitative measurement. Companies will gain way more useful information from the qualitative measurement for future projects and can calculate easily the ROI when using the quantitative measurement. In the qualitative measurement the psychology theory of Bantinic can be supported, because companies will find out a lot about feelings and emotions. And also Poels’ and Dewitte’s theory about understanding certain reactions to a campaign better can be seen as steady in the digital post-testing. As XING does not know so much about the companies’ measurement techniques it is impossible to support other pre-tests or post-tests from theory.

To summarize the data analysis of XING a brief overview of advantages and disadvantages of social media and especially social networks, for this case, will be interesting. XING mentioned a lot of advantages, but only one disadvantage, which they
called more a challenge for the advertising companies. For them the digital marketing theory is more complicated and risky than the old and common theory, because of factors in the new media, which are unpredictable and questions like; right timing, right place and inappropriate words. Therefore a suitable and significant strategy is more essential than ever before.

The biggest advantage of advertising via social media, but also an interesting task, mentioned by XING, is the creation of stickiness and most importantly the achievement of motivation. Users who are motivated are better than any other channel, because they become a channel, because they spread campaigns faster than anybody else. This mentioned advantage and also similar thoughts from the data presentation of XING supports the theory of Rodgers and Thorson and their IAM.

6.5 Within Case Analysis Visual Acting GmbH

In this part of the analysis the point of view of a marketing agency in regards to this topic will be compared with the theory. As in the other parts of the analysis the 4-step MARCOM process will act as a guideline through it.

The first step is the objectives of companies and in the theory it is described how companies should plan and then act with the three questions by Twyer:

- Where are we now? (both of them are positioning objectives)
- Where are we going?
- How are we getting there? (action objectives)

This theory approach can be supported by the opinion of Visual Acting, because the company states that it is crucial to have a well-thought-out plan in order to be successful. Of course many companies leave the third question in the hands of Visual Acting, but still there has to be a strategy behind certain behaviour and the theoretical SMART goals, for example, are always monitored in this context.

The DAGMAR model (Colley) and the AIDA model are essential tools in order to create awareness and strengthen the brand image. Therefore these theories can be supported as well in the digital marketing communication. Emotional- and feeling-based behaviour mentioned by Egan is important from the point of view of a marketing agency, because companies can build up a personalized brand and create stickiness. And also the objective theory of Fill, which according to him is crucial because objectives provide the
direction and the action focus of everyone, who is participating in the marketing communication. Furthermore Fill states that objectives set a clear time frame for the accomplishment of the process. The objectives provide a means, which allow the company to evaluate the success of the performed activity. All these conclusions can be supported by Visual Acting and therefore it can be summarized that most or nearly every mentioned theory about objectives can be verified.

The next step in the MARCOM framework is the target group, which tries to attract the right audience in order to create a prosperous communication. Regarding Visual Acting companies can already, before they even start a campaign, find out about the right channel to use, to appeal the right target group. These tools can be found on social networks, for example, but also other digital channels are offering this “segmentation service”. And according to Smith and Taylor segmenting is a fundamental approach in marketing. Furthermore it is crucial to break down the target markets into segments to make the communication more specific and better addressed. As a result it can be said that the segmentation theory is supported by the thoughts of Visual Acting.

When it comes to positioning the theory of Holzknecht states that the brand positioning is closely linked to the positioning of the company itself and therefore also has to be well thought out. But also the approach of CD and CI is mentioned (Swatschenko) in the theory and therefore a part of a good strategy. Visual Acting states that they can help companies very well with these concerns and with creating the right strategy in order to position the company as mentioned in the theory. As a partly new approach can be seen the constant communication (e.g., Twitter), because of keeping followers always up to date and serving them with actual information around a product or a whole brand. This approach, according to Visual Acting, is essential but also hard to handle if companies use too many digital channels; therefore Visual Acting recommends not too many channels and using them very regularly and wisely.

Generally the marketing agency states that monitoring and pre-testing of the target market is an efficient way of finding the right segments as well as the right audience. According to Egan the fundamental idea behind targeting is to effectively allocate the marketing resources to interested audiences, which are more likely to buy the products than other customer groups. As a result it can be stated that this theory is supported by Visual Acting.

The next step in the MARCOM process are the channels used to communicate with the targeted audience. Visual Acting states that compared to the traditional media the digital ones offer a higher speed of transmitting the information to the users. This is also one part
from Table 1, which describes the technical, qualitative and quantitative criteria of different channels. This also includes, according to Visual Acting, that in cyberspace it is easier to reach the company of a certain campaign due to contact data in nearly every form of contacting. Resultant companies get faster feedback and can therefore react to criticism quicker and serve the customer or user with a better and personalized campaign. Comparing these approaches with the traditional marketing channels it can be stated that Pelsmacker, Geuens and van den Bergh (PR & ads) as well as Kotler and Armstrong (direct marketing) that Visual Acting partly supports these theories.

Generally Visual Acting noticed a trend in the channel election towards social media, but every traditional channel should still be monitored towards effectiveness because not every product or company can use every kind of media. On the other hand, many traditional budgets could be saved or invested into social media, if companies would just measure the outcome. Especially when companies would take into account that digital media have a much higher scope and therefore a bigger market or target group could be attracted. Further Visual Acting noticed a shift of budgets towards social media, but it is still just the departure.

Comparing all these observations of a marketing agency with the existing theory about social media and the traditional theory, it can be stated that Brown, Ramos and Costa, and also Chaffey are supported with their thoughts about search engine marketing when it comes to reaching a high number of potential customers, respectively users as well as the huge growth and still huge growth potentials. But also by creating traffic to a website, which is the aim or the goal of many companies. Furthermore, Rodgers and Thorson and their IAM with communication and relation between the company and the customer can be supported.

Last but not least, there is the evaluation respectively the measurement in the MARCOM process, which was already mentioned briefly above. Visual Acting recommends pre-testing to target the right audience, which is slightly different from the mentioned pre-testing in the theory part, because this is more about testing a campaign. Still the approach itself can be seen as very effective also in order to launch the right campaign, which appeals to the target group. And therefore the theory from Kumar, Aaker and Day about the measurement process (below) and the essentials of marketing research can be supported at least partly by the Visual Acting marketing agency.
1. Define goals and specify how information will be used
2. Discover what is important to customers and employees
3. Measure critical needs
4. Act on the information
5. Measure performance over time

Another testing tool, which Visual Acting recommends or uses with its customers, is conducting test runs in the form of banner advertisement or a lottery and interpreting the feedback of the campaign. Like this the company can easily evaluate the reactions and the amount of awareness by the customers. This approach is pre-test and therefore mentioned in the theory part. It can be seen as the indirect opinion test as well as the Q-sort procedure, regarding Thomas and Watson. This test is made even before the final campaign so this theory can be supported partly and even 100% if the pre-test leads to a new or fractional updated campaign.

Furthermore, Visual Acting monitors the campaigns and evaluates the success of the campaigns by doing a monthly report, which the agency and the customer evaluate together. This post-testing is also explained in theory; as we do not know which test they are using it cannot be referred to any specific test theory, but Bantinic and his approach to finding out about feelings and emotions of the target group can be supported as well as Poels and Dewitte, whose theory also concerns the reaction of users to a certain campaign.

Finally Visual Acting pointed out some advantages and disadvantages of social media. In general they stated that the advantages outweigh the disadvantages by far, but still there are some disadvantages or risks as they call them. These risks appear when the companies have not integrated their marketing communication strategy within social media to their general communication strategy of the company. The occurring risk in this case is a potential damage to the company’s reputation, which is almost impossible to undo because information in the Internet is saved and will be able to be tracked for a long time. Visual Acting states that social media is a communication channel where the company can act a bit more personally, but the professionalism needs to be maintained in any case. The companies should endorse a dialog but stick with the competences of the company. This is discussed in the theory by Fritz and his approach of damaging a brand by not being careful enough in connection with opt-in-email marketing, but this goes also for other channels, like PR and viral marketing, and can therefore be supported.
Advantages are the mentioned speed of transmitting and the very easy usage of the social media as a tool for PR and information policy. Visual Acting points out viral marketing as a very useful tool (theory Fritz) and also the creation of a buzz like described in the theory from Dye. Another crucial advantage is the average costs, which are much lower according to Visual Acting. These thoughts can support the mentioned theory of Unger and Fuchs about potential advantages of the new media as well.
7. Findings, Conclusions and Implications

This final chapter will include the most important findings to each research question including the conclusions we draw from them. Afterwards the main problem will be answered by a brief summary of essential thoughts. Furthermore, what companies and their management, which are communicating via social media, could implicate in their strategies will be described and discussed. It will also be pointed out what implications for theory our research will have and what further research could be done in this field of marketing communications.

<table>
<thead>
<tr>
<th>How does Social Media influence the Marketing Communication of Companies in the 21st century?</th>
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7.1 Findings and Conclusions

7.1.1 Research Question One

The usage of social media has been rising constantly in recent years. Also for companies these new platforms became interesting as soon as they realized that their customers spend a lot of their time on social media platforms. According to the data collected from the interviews this study can support the statement that social media is worthwhile to take into account for companies as a tool for their marketing communication. All interview
partners stated that the advantages of social media for their company exceed the disadvantages or problems occurring through the usage of social media by far. The companies stated that social media marketing communication can be done by almost every company, no matter what kind of market segment they are in. Although social media marketing communication is a relatively simple, fast and cost-effective way for companies to get into a communication with their customers and stakeholders, there are a few rules everyone should obey before starting a social media marketing communication and of course while doing it. Referring to the data collected from the interview partners the thesis can conclude that companies need to have a structured plan of how their communication should be designed, what the objectives of this communication should be and what their principles for the communication are in order to be successful.

Risks occur only if the company starts to get into a communication they cannot avouch. If the company gets into a marketing communication they cannot support by the competences the company has, they risk the loss of brand reputation and damage to the image of the company. As long as the companies utilizing social media platforms as marketing communication channels stick with their competences none of the interviewed companies see a risk in the usage of social media for enterprises. Furthermore the thesis revealed that companies favour the interdependence of different social media platforms, which makes it easier for companies to spread their marketing or communication message with little effort to a large stakeholder audience. YouTube videos published by the companies can be linked on Facebook and the Twitter channel edited by the company can also be connected to other platforms like Facebook to keep stakeholders updated at this channel also. The companies embrace the form of marketing communication enabled by social media. The marketing communication became more personal and companies get more into a face-to-face dialog with their customers and stakeholders. The companies have further possibilities now to interact with the stakeholders via the social media platforms.

7.1.2 Research Question Two

Regarding the objectives of companies using social media as a marketing communication tool this thesis can conclude that the significance of objectives for companies is crucial. The companies have generally common objectives utilizing social media as a marketing communication tool. The most common objective of companies is to increase the brand image and support the improvement of the company’s reputation. By establishing social media platforms as marketing communication channels companies intend to get closer to the stakeholders, their discussions and the development of the market environment. The
enterprises want to be part of the discussions and attract interested social media users to engage with the company. The thesis can conclude that the desired outcome of the social media marketing communication depends on the point of view. While the interviewed companies stated that the social media marketing communication is used to analyze the market and get into a dialog with the customers, the marketing agency and social network stated that this is the first intention of the companies but on the other hand the companies use it to increase their sales volume. All companies stated that the social media marketing communication is based on a long-term basis and the consistency of the communication within the social media platforms is an important factor of obtaining the company’s objectives.

The way the companies transport their message in the social media environment is straightforward. The conducted research showed that companies aim for interactive media channels, which are supposed to attract customers in an easier way for the companies. The fact that the messages spread by the companies can be linked into other social media platforms simplifies the marketing communication process for the companies. The overall objective behind the marketing communication in social media for companies is to increase the traffic on the company’s website and get more people interested in the company and eventually end in an increase in the sales volume.

7.1.3 Research Question Three

Attracting the right target group has always been a difficult, but also essential issue for companies, which is why it was very interesting and revealing to see how different companies target their audience as well as what the point of view is from a social network and marketing agency. Companies still do not target just online, because there are still target groups which are not online or which do not use social media. But still a huge growth can be seen in this field of business and, like mentioned by all participants, this is just the beginning. It is interesting to see how companies are trying to influence people’s emotions and feelings to get into a communication with them or just in touch with them as well as those companies seeing this tool not as sales instrument, but more as a service and information tool. On the other hand, the opinions of the social network and the marketing agency are that social media communication by companies is to increase sales for the enterprise even though the communication and information character is put in first place.

Further conclusions of this research regarding the third research question are the speed of reaching the target group compared to the once of traditional media. Of course this is not new, but nowadays it is a more and more important issue for companies and therefore
it is a factor for the growth potential of social media as a marketing communication tool. Also the positioning of companies in the social media and the following brand creation is absorbing and maybe one of the most important parts of strategy building. Regarding the speed and the vicissitude companies have to track the changes anytime to act immediately in order to shelter their brand. Furthermore it is interesting to see how companies split their campaigns into different segments of target groups and therefore launch sometimes different promotions for the same product or brand, because of reaching a bigger market. And also the pre-testing of campaigns to prevent wasting marketing budgets, mentioned by the marketing agency, on the wrong target groups are a crucial tool to practice economical e-marketing and marketing in general as well. As well as the companies, which are measuring the communication fraction of the whole market in order to find the right target groups. The companies can measure these data on the social media themselves, and there are also certain other kinds of analysis tools on the platforms.

**7.1.4 Research Question Four**

Some of the conclusions concerning the fourth research question have already been answered in the third one, because one of the main conclusions there was the measurement of the right target group, which also belongs to the evaluation process of companies. This was called “social media monitoring” by the companies and this could be one future tool to analyze the relevant social media market environment of every company, which are advertising via social media. But it can also be concluded that this monitoring is not at all fully developed in every company, yet that is why many companies still have a lot to improve in order to evaluate and measure reliably.

The conducted research also indicates the main channels utilized by the companies and also the once seen as most important by the marketing agency and the social network. Resulting from that we can conclude that Twitter does not have such a big lobby compared to Facebook or YouTube. This is mostly because of Twitter being very specific in order to attract only or mainly small audiences. On the other hand, Facebook and YouTube have a large audience including nearly every target group and since Facebook is busier than Google, it reached a new level in the hierarchy of marketing departments and agencies.
7.1.5 Main Research Problem

In general we conducted a lot of very interesting and suitable information and material to answer our research questions and the main problem. For answering the research questions it was valuable that we also picked a social network and a marketing agency to reflect the topic also from another perspective than only the one of manufacturing companies, in order to obtain a general of the social media marketing communication.

To summarize the research questions and conclude in the answer to the main problem of how does social media influence the marketing communication of companies in the 21st century, it appears that the influence of social media on the marketing communication of companies already exists and will be a more essential component in the near future. But even if the average user thinks that companies’ communication is already present everywhere in cyberspace, the research showed that compared to the traditional budgets the social media is still in the early stages of development. Resulting from the vicissitude of the internet and therefore the ephemerality of the marketing communication messages, companies have to react quickly to the changing environment.

Generally companies approve social media as an effective tool to exceed and support marketing communication. Social media still has huge growth potentials regarding the differentiation and specification of different platforms, because not all are suitable to every company.

7.2 Implications

7.2.1 Implications for Management

According to the results of our research social media marketing communication should be evaluated by every company, in order to find out to which degree social media can be a benefit for the corporate marketing communication of the company. For companies, which use social media as a marketing communication tool it is crucial to stay constantly up to date with new techniques as well as changes in the social media environment. The management of companies has to establish a monitoring system in order to evaluate the cost-benefit ratios of marketing communication measures in the online as well as traditional segment. With declining effectiveness of traditional campaigns, companies should take a reallocation of marketing budgets from offline to online communication tools into consideration. Resulting from the research it is possible that there will be a great cost-saving potential.
The management should ensure to develop a social media monitoring system in order to stay on top of the company’s communication activities and to analyze the market environment they act in. In general the company has to implement the social media communication strategy into the company’s corporate strategy to guarantee a consistent CI and CD.

**7.2.2 Implications for Theory**

It can be stated that our research worked well with the existing theory by transforming older theory into the circumstances of nowadays. Sometimes it was difficult to transfer existing theory based on offline marketing communication to the new social media marketing communication and therefore integral models and theory for this topic were hardly used due to a lack of suitability. In order to the fast development of the Internet it seems to be important to invent or implement new theory in this field.

Theory should be based on online marketing communication models in the future, therefore these models should be invented respectively the “old” ones should be updated to the “new” approaches of social media marketing. The theory has to deal more with the insights of Web 2.0 and cyberspace in general. All the different applications of the digital era should be integrated in order to develop more suitable communication strategies. Furthermore there have to be entirely new approaches in this theoretical field, because some of the existing theory is just outdated and not useful anymore, even if one transforms it.

**7.2.3 Recommendation for Further Research**

Due to the limited amount of research conducted in this thesis we want to recommend further research in the segment of social media as a marketing communication tool for companies. First of all we think it is worthwhile to define similarities or discrepancies of different business industries and how or if they use social media as a communication channel. Furthermore the diverse channels of social media as social networks, blogs or social video-sharing should be analyzed according to their effectiveness as a marketing communication channel and which type of messages can be spread effectively via the different channels. Also the change of the communication mix from the traditional offline marketing communication to the new online and especially the lately occurring social media marketing communication is worthwhile to investigate. Also the consumer perspective is an interesting component here and the question of how the social media changed the position of the customer in the marketing framework seems to be desirable.
as a research topic. Another point of the consumer perspective would be the market power customers can create via social media and use it for their own interests against companies, for example.
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Appendix

Interview Guides

Marketing Agencies

*RQ1: What are the advantages and the disadvantages for companies of using social media as a tool for marketing communication?*

- How can you help companies to find the right social media where they can advertise in?
- What advantages do companies have, when they choose you to develop marketing measures with you than working them out on their own?
- Where do you see the advantages or the main competences of social media in offering an advertising/communication platform worth to target for companies?
- Where do you see disadvantages within social media as a marketing communication tool?
- What advantage respectively what makes it easier for the companies to use social networks as an advertising/communication channel compared to other/traditional channels?
- Do you get feedback of companies, about the effectiveness of social media advertising efforts? (positive as well as negative)

- What is the most common form of social media advertisement (blog/social network/YouTube)?
- What other potentials do you see for expanding in the segment of social media in order to attract new customer or help them to access an interactive communication platform?
- How does your company see the future of this field of business (e.g., competitors/growth potentials)?
- For what type of companies is a social media marketing communication suitable?
RQ2: **What are the objectives behind the behaviour of the companies, how do they transport their message, and which ones are using social media as a marketing communication tool?**

- What is the aim of the companies when they advertise on your platform (attract new customers/ keep in touch with existing etc./ just be present)?
- What are the common strategies of companies, which advertise on your platform (what campaigns)?
- Do the companies have defined goal or do they use the “social network tool” just because it is trendy?
- Are the companies aware of the risks social networks provide because of negative word of mouth for example?

RQ3: **How can companies find and attract the right target group by using social media as a marketing communication tool?**

- How can you help companies to attract their/ the right target group or market?
- How many different types of social media should companies attend? Blog, social networks etc. or is less more?
- Are there special companies/ preferred companies, which try to get access because of the type of the platform, in order to communicate with the right target group? (Xing – career platform, Facebook – general platform)

RQ4: **How do companies evaluate social media and what communication channels do they use in order to promote their products, services and also the brand itself?**

- How much are companies willing to pay respectively how much do companies use of their marketing budget to advertise on social networks?
- How does the usage of marketing budget shift?
- Do you know anything about evaluation processes of companies (measurement of advertisement success)?
- What are the most effective channels within the social media communication?
Social Networks

RQ1: What are the advantages and the disadvantages for companies of using social media as a tool for marketing communication?

- Where do social networks see their advantages or their main competence in offering an advertising/communication platform?
- Where do you (social networks) see disadvantages in advertising with social networks as a tool for it?
- What advantage respectively what makes it easier for the companies to use social networks as an advertising/communication channel compared to other/traditional channels?
- Do you get feedback of companies in order to evaluation of the performance (advantages)?
- Do you get feedback of companies in order to evaluation of the performance (disadvantages)?
- How many companies are working together with your network (as advertiser) and how does your business choose these companies (limitations/pre-selection)?
- What other potentials do you see for expanding in this segment in order to attract new customers or serve them as an interactive communication platform?
- What different kinds of advertising formats do you offer (e.g., banner ads, videos)?
- How does your company see the future of this field of business (e.g., competitors/growth potentials)?
- Do you prefer certain companies to work with (companies, which increase the service of social networks)?
- Can you describe briefly the whole process from getting into contact with a company till publishing an ad on your platform (steps and hierarchies involved)?

RQ2: What are the objectives behind the behaviour of the companies, how do they transport their message, and which ones are using social media as a marketing communication tool?

- What is the aim of the companies when they advertise on your platform (attract new customers/keep in touch with existing etc.)?
- What are the common strategies of companies, which advertise on your platform (what campaigns)?
- Do the companies have defined goal or do they use the “social network tool” just because it is trendy?
- Are the companies aware of the risks social networks provide because of negative word of mouth, for example?

**RQ3: How can companies find and attract the right target group by using social media as a marketing communication tool?**

- How can you help companies to attract their/ the right target group or market?
- Do you have measures that simplify the process of targeting the right customers?
- Are there special companies/ preferred companies, which try to get access because of the type of the platform, in order to communicate with the right target group (Xing – career platform, Facebook – general platform)?

**RQ4: How do companies evaluate social media and what communication channels do they use in order to promote their products, services and also the brand itself?**

- How much are companies willing to pay respectively how much do companies use of their marketing budget to advertise on social networks?
- What do you know about other channels companies are using to advertise in the field of social media (e.g., blogs which are connected to the network)?
- Do you know anything about evaluation processes of companies (measurement of advertisement success)?
Companies

RQ1: What are the advantages and the disadvantages for companies of using social media as a tool for marketing communication?

• How do you find the right social media where you want to advertise your products/services or just stay in touch with customers?
• What makes your company suitable for the marketing communication within social media?
• Where do you see the advantages or the main competences of social media in offering an advertising/communication platform worth to target for companies?
• Where do you see disadvantages within social media as a marketing communication tool?
• What advantage respectively what makes it easier for the companies to use social networks as an advertising/communication channel compared to other/traditional channels?
• How do you get feedback of your marketing efforts within social media? How do you react to negative feedback?
• What is the most common form of social media advertisement you utilize in your company (blog/social network/YouTube)?
• What other potentials do you see for expanding in the segment of social media in order to attract new customer or help them to access an interactive communication platform?
• How does your company see the future of this field of business (e.g., competitors/growth potentials)?

RQ2: What are the objectives behind the behaviour of the companies, how do they transport their message, and which ones are using social media as a marketing communication tool?

• What is the aim of the companies when they advertise on your platform (attract new customers/keep in touch with existing etc./just be present)?
• What are the common strategies of companies, which advertise on your platform (what campaigns)?
• Do the companies have defined goal or do they use the “social network tool” just because it is trendy?
• Are the companies aware of the risks social networks provide because of negative word of mouth, for example?
RQ3: How can companies find and attract the right target group by using social media as a marketing communication tool?

- Which strategy do you have to attract the right target group or market within social media?
- How many different types of social media (blog, social network, YouTube, social picture sharing) are you attending as a marketing communication channel?
- Are there any preferences within the social media you attend in order to attract many potential customers? (Xing – career platform, Facebook – general platform)

RQ4: How do companies evaluate social media and what communication channels do they use in order to promote their products, services and also the brand itself?

- Which degree of your marketing communication budget (percentage) do you use for social media/ online advertisement?
- How did the expenses for online/ social media advertisement shift in recent years?
- How do you measure the effectiveness of you marketing efforts online (measurement of advertisement success)?
- What are the most effective channels within the social media communication for your type of business to attract or to stay in touch with customers?
- Do you analyze the marketing communication of direct competitors in social media, in order not to miss a trend?
Screenshots

Ericsson Website

Ericsson Facebook
AUDI Website

Welcome to the Audi Driver's Spotlight, a space reserved exclusively for our fans. We designed this as a community for Audi enthusiasts to rally around their shared passion for the brand.

This Month's Challenge: 30 years of quattro

Upload prized photos of your Audi Vote on your favorites. Share with your friends!

Program Snapshot

Welcome to the Audi Driver's Spotlight, a space reserved exclusively for our fans. We designed this as a community for Audi enthusiasts to rally around their shared passion for the brand.

We encourage you to upload photos of your Audi as well as interact with other members’ submissions. Each month, we will select one of the top-voted photos and feature the winning snapshot, and fans, on the Audi fan page.

Contest Starts
May 03, 2010 @ 00:00 am (PDT)

Contest Ends
May 31, 2010 @ 00:00 am (PDT)

AUDI Facebook
AUDI YouTube

Visual Acting Website
Visual Acting Facebook

XING Website
XING Website – price tables for banner ads

XING Website – best offers, targeting etc.