

Heini Lipiäinen

Digitization of the Communication and its Implications for Marketing



JYVÄSKYLÄ STUDIES IN BUSINESS AND ECONOMICS 152

Heini Lipiäinen

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ABSTRACT

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The digitization of communication has set a challenge for marketing today. Empowered customers are increasingly spending their time online requiring companies to adapt to the new rules of digitization, and meet them through digital channels. However, it seems that many companies are struggling with the new rules and tools. This dissertation contributes to current discussion on the influence of digitization on marketing from a company perspective. By shedding light on marketing approaches in the digital age, the utilization of digital tools and the factors influencing the operationalization of digitization, this dissertation contributes to the theoretical discussion on two levels: 1) strategy and 2) usage. The data come from case studies looking the phenomena from different perspectives (branding, CRM and IC) and on a more general level from the perspectives of SMEs. By combining cases, the aim is to develop a theoretical model to make the implications explicit and as a managerial goal, to help companies progress digitization more efficiently.

The result of this dissertation confirms that digitization has challenged companies on both the strategic and usage levels, requiring companies to make specific changes to the way they operate and also to integrate new tools into their daily routines in order to meet the current and future expectations of their customers. To contribute to the understanding of the implications of digitization for company marketing, this dissertation suggests a solution presented as *the four digital marketing factors* highlighting the four key cornerstones in companies marketing in the digital age namely: *Hybrid orientation, Flexible structures, Know-how, and Interactivity*. The results call for integrating digitization and digital tools into the organizations and reminds that it is not about the technology, but about how it is harnessed to serve company goals. As digitization is a rather new and unstructured phenomena and many companies are still considering how to reconcile the change with their existing operations to take advantage of the new social tools, the results of this study have several managerial implications including the four factors presented, which provide a good starting point for companies to examine the aspects that they should consider when moving into the digital age.

Keywords: digitization, digital marketing, marketing communications, company strategy, market orientation, brand orientation, communication channel

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*“We shall not cease from exploration
And the end of all our exploring
Will be to arrive where we started
And know the place for the first time.”
(T.S. Eliot Four Quartets, 1943)*

This dissertation process has been a journey marked by sweat and tears along with joy and realization, just as any great expedition should be. Now, as this milestone has been achieved, I wish to express my gratitude to several people involved in making this journey possible. These people have shown me the way, guided me onward, and supported me in various ways during the trip.

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Jyväskylä, October 2014, Heini Lipiäinen

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ORIGINAL PAPERS

1 INTRODUCTION

1.1 Digitization and marketing

Digitization has become part of our daily routines. We are increasingly spending time online and using social media (Forrester Research 2008; Nielsen 2012). We use online services for countless activities: browsing web pages, storing and playing music, sending e-mails, searching for information, and meeting other people. With the plethora of mobile devices available such as smartphones and tablets, we are even more connected (Ericsson Consumer Lab 2012). The premise that digitization has brought about a social revolution is widely acknowledged by both practitioners and academics (Greenberg 2010; Kietzmann et al. 2011).

Digitization, especially of social media, has transformed consumer behaviour (Kaplan and Haenlein, 2010) with important consequences for firms, products, and brands (Muntinga et al. 2011; Wymbs 2011). The changing marketing communication landscape naturally challenges companies to adapt to the requirements of digitization as well as to adopt new ways and tools to communicate with and reach, meet, and serve today's customers. In a similar way to academic discussion, management consulting is also pushing companies forward by urging them to update their business ideology to suit the digital age: 'To stay competitive, companies must stop experimenting with digital and commit to transforming themselves into full digital businesses' (Olanrewaju et al. 2014). This does not mean companies must physically transform their business into a 'clicks space' (online) form, but that they should intellectually accept digital developments and transform the company mindset to align with the digital age. Companies need to understand the value of digitization for their business as the CEO of McKinsey's London office Paul Willmott (2014) has advised. However, transforming a business to exploit the digital age is easier said than done and many companies seem bemused by the demands made by today's digital and social customers.

Over the last 20 years, the amount of internet marketing research has increased dramatically and the influence of new technological solutions such as social media has clearly become visible in research (see e.g. Ngai 2003; Pomisleanu et al. 2013; Schibrowsky et al. 2007). Despite the relatively short history of Internet marketing research, it would be false to claim that digital marketing is a new practice. Around ten years ago, Barwise and Farley (2005) had already declared that internet marketing is “coming of age”. Brodie et al. (2007) supported this declaration and compared e-marketing with other contemporary marketing practices, noting that e-marketing had, to a large extent, become an integrated part of other marketing practices.

The digital marketing research field, that specifically focuses on measuring the benefits of digital marketing utilization, highlights the importance of viewing it as an integrated function of marketing rather than a separate one (see e.g. Brodie et al. 2007; Prasad et al. 2001; Trainor et al. 2011; Tsiotsou and Vlachopoulou 2011), or as ‘marketing communication plus’. However, digital marketing has also been described as a new approach to marketing rather than just traditional marketing boosted by digital elements (Järvinen et al. 2013; Liu et al. 2011; Rowley 2008). Mangold and Faulds (2009) even claimed the rise of social media has brought about a paradigm shift in marketing. These two perspectives focuses on how marketing should reconcile with the rise of the digital communication landscape and may at first seem to be contradictory but in fact, these perspectives examine the influence of digitization on marketing at different levels. Those who see digital marketing as an extension of traditional marketing (Brodie et al. 2007; Prasad et al. 2001; Trainor et al. 2011; Tsiotsou and Vlachopoulou 2011) are actually examining digitization from a usage perspective and view digital marketing in terms of its tools and the environment, whereas another point of view focuses on strategic level aspects that require fundamental changes (Järvinen et al. 2013; Liu et al. 2011; Mangold and Faulds 2009; Rowley 2008) that the ‘cultural phenomenon’ of digitization has triggered. Hence this dissertation suggests that the changed communication landscape should be examined at two different levels: 1) as a cultural phenomenon with important consequences for marketing strategies and, at the same time, 2) as a phenomenon influencing usage levels by providing new tools and new environments to practice marketing.

From the company point of view, the impact of digitization has mainly been discussed conceptually in terms of how it relates to marketing and the majority of such studies have focused on the theoretical and practical consequences of the digital revolution (Leeflang et al. 2014 and see appendix 1). However, this theoretical discussion is rather fragmented, and has involved descriptions of digitization and suggestions about how digital media and especially social media have influenced branding (Fournier and Avery 2011; Schultz and Peltier 2013; Simmons 2007; Simmons et al. 2010), integrated marketing communication (IMC) (Mangold and Faulds 2009), customer relationship management (CRM) (Hennig-Thurau et al. 2010), channel strategies (van Bruggen et al. 2010), marketing education (Wymbs 2011), social

media strategy (Kietzmann et al. 2011; Weinberg and Pehlivan 2011; Kaplan and Haenlein 2010), consumer behaviour (Deighton and Kornfeld 2009), and management practices (Winer 2009) (see Appendix 1).

After many years of digital marketing research, the area still seems to lack theoretical coherence and a comprehensive understanding of the phenomena seems to be absent. Furthermore it has been claimed there is a widening gap between the increasing complexity of markets and companies' marketing abilities to respond to new demands with innovative and complex thinking (Day 2011). Day (2011) suggested the evolution of the Internet as the force behind the widening gap and also as the best source of solutions in both business to business (b2b) and business to consumer (b2c) markets. However, it remains unclear how solutions brought about by the Internet have been and can be transferred to the reality of companies' marketing. A comprehensive understanding of how marketing is really coping with digitization is needed to help companies respond to the requirements of today's digital and social customers.

1.2 Problem setting

The present dissertation aims to contribute to existing literature on digital marketing from a company perspective. By shedding light on company marketing approaches in the digital age, the usage of digital tools and the factors influencing the operationalization of digitization, this dissertation increases understanding of the implications of digitization on company marketing activities. Furthermore, in terms of managerial goals, this dissertation aim to help companies participate more effectively in digital development and assist them in with staying competitive when facing the digital dawn. The formulated research problem is as follows:

What implications does the digitization of communication have for marketing?

The research problem is approached from two levels: 1) strategy and 2) usage resulting in two research sub-questions:

RQ1: How is the digitization of communication visible in strategic level marketing approaches?

RQ2: How is the digitization of communication visible in the usage of marketing communication channels?

This article-based dissertation consists of four individual research papers that approach the phenomenon from different perspectives and different levels to form six sub-cases as illustrated in Figure 1. The research questions are not specific to any particular paper comprising the dissertation, but are instead a

summary of the implications of digitization of the communication for marketing strategies at these two identified levels.

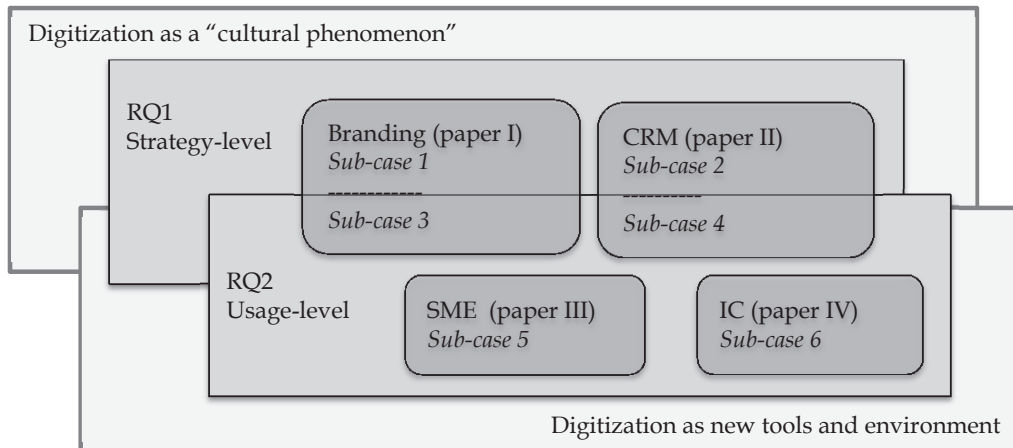


FIGURE 1 Digitization influences at two levels: Strategy and usage and their relationship to selected papers and sub-cases

The first two papers contribute to the discussion on both strategic and usage levels by inspecting the phenomenon from branding (Paper I) and CRM perspectives (Paper II), forming four sub-cases (two from both papers). The next two papers form two additional sub-cases by inspecting the phenomenon of usage levels from an internal communication (IC) perspective (Paper IV) and, more generally, from an SME perspective (Paper III). The posed research questions and sub-cases related to each level are explained and justified in the next two sections.

1.2.1 The digitization of communication: Strategy-level implications

It is known that marketing capabilities give organizations the means to adapt to market changes (Day 2011) and, naturally, to the latest social changes brought by digitization. Strategic concepts such as market orientation and brand orientation were traditionally believed to generate competitive advantage in the market. However, new adaptive marketing strategies are needed to respond to the challenge of chaotic market environments (Day 2011). In the same vein, Urde et al. (2013) argued that it is no longer just market orientation or brand orientation that create competitive advantage but rather a hybrid orientation of the two (*brand &¹ market orientation and market & brand orientation*).

In this dissertation, based on the previous literature (see e.g. Gurău 2008; Kaplan and Haenlein 2010; Kietzmann et al. 2011; Rowley 2004; Simmons 2007; Weinberg and Pehlivan 2011), three central requirements for marketing strategy brought about by digitization have been identified: requirements for a)

¹ In the original text '&' is written as 'and' but in this dissertation 'and' is replaced with '&' to indicate the concept and to make the text more understandable.

customer focus, b) interactivity, and c) consistency (they are explained and justified in section 2.1.2). By inspecting the strategic level aspects of how digitization of the communication is visible in strategic level marketing approaches, this dissertation contributes to the existing literature on the different strategic standing points suitable for the digital age and sheds light on how companies can better respond to the demands with new and complex thinking (see Day 2011). Hence, the first research question examines digitization as a cultural phenomenon by following ideology suggesting that digital marketing is a new approach to marketing (Järvinen et al. 2013; Liu et al. 2011; Rowley 2008) and involves a paradigm shift (Mangold and Faulds 2009). The first research question is thus formulated:

RQ1: How is the digitization of communication visible in strategic level marketing approaches?

Strategic level marketing approaches are examined from a CRM and market-oriented perspective (sub-case 2), and a branding perspective (sub-case 1). In the following section, these perspectives are explained and justified.

The CRM perspective

The market orientation point of view is concerned with understanding both expressed and latent customer needs and, hence, can generate competitive advantage in a dynamic setting (Slater and Narver 1998) such as the digital environment. In addition, Kietzmann et al. (2011) stated that serving customers is the *new marketing* and that the customer has come closer to the company core. Lines between internal and external company environments have been blurred and the customer has become a part of the value creation process.

Furthermore, evolution has prompted the coining of the new term *social CRM* (see Baird and Parasnis 2011; Economic Intelligence Unit 2007; Greenberg 2010; Trainor et al. 2014), which incorporates a market-oriented point of view to create competitive advantage and bears the strategic requirements of a) interactivity and b) a customer focus influenced by digitization. The concept of social CRM looks at CRM as a philosophy and urges companies to engage customers in collaborative conversations. Verhoef et al. (2010) suggested customer engagement offers a new perspective on CRM (2010) that includes a more strategic method for firms to view customer and stakeholder relationships (Economic Intelligence Unit 2007, 2). It raises the idea of customer centricity and 'being customer led' to a more strategic level - as part of the overall philosophy of a company.

Social CRM can provide a suitable bridge for companies to be more market oriented and, in turn, compete better in digital markets. Hence, this dissertation inspects CRM in the digital age and sheds light on how the digitization of the communication is visible in strategic level marketing approaches from a market oriented perspective (sub-case 2).

Branding perspective

Although a market-oriented approach responds well to the first two strategic requirements set by digitization, it has been noted that this type of approach alone may not be sufficient. Evans et al. (2004) concluded that in a retail context developing a strong market orientation may not be sufficient to secure a market position in a dynamic, fiercely competitive industry. In addition, competitive intensity and commercial orientation have driven companies to adopt brand oriented strategies in the museum sector (Evans et al. 2012). As another example, in the banking sector, branding is seen as a reaction, response to, and a way to survive an increasingly competitive marketplace (Wallance et al. 2013). Companies are increasingly focusing their efforts on specialized activities such as manufacturing and branding to stay competitive (Hsiao and Chen 2013). It has been suggested that branding and brand management are now even more critical success factors for organizations than previously (Helm and Jones 2010; Kotler and Pfoertsch 2007).

Brand orientation is based on the uniformity and consistency of an entire organization (see e.g. Baumgarth 2010; Gromark and Melin 2013; Urde et al. 2013) and, at best, provides an effective approach to create a consistent, distinct, and strong story that enables companies to distinguish themselves in the face of heightened global competition and especially in a digital environment; hence, it contains the third strategic requirement: c) consistency. Brand orientation also provides a concept (brand identity) to systematically influence the images formed in fragmented communication sphere (see Gromark and Melin 2013).

Hence, this dissertation inspects branding in the digital age and in this way sheds light on how the digitization of the communication is visible in strategic level marketing approaches from a brand oriented perspective (sub-case 1).

1.2.2 The digitization of communication: Usage-level implications

Although digital tools provide new, tempting options for communication, it is important to remember that technology is only a tool (Day and Bens 2005). As Carr (2003) stated, IT does not provide competitive advantage for companies. This statement was intended to capture interest regarding the fact that IT has become a common feature in business that does not itself provide competitive advantage. On the contrary, competitive advantage arises from a strategic understanding of the best way to use IT (Borges et al. 2009). Therefore, the most important aspect is not the presence of technology, but rather how it is used. The second research question focuses on usage level (see e.g. Brodie et al. 2007; Prasad et al. 2001; Trainor et al. 2011; Tsiotsou and Vlachopoulou 2011) and inspects how digital tools are used in company marketing practices and is formulated as:

RQ2: How is the digitization of communication visible in the usage of marketing communication channels?

As explained, the usage is inspected at a general level from an SME perspective (sub-case 5) as well as from three more specific perspectives: branding (sub-case 3), CRM (sub-case 4) and IC (sub-case 6). In the following section, these perspectives are explained and justified.

Digital communication practices in SMEs

SMEs are a significant part of the world economy. For example, in Europe, 99% of companies are SMEs (of which 92% are micro-enterprises) and those companies provide more than 75% of private sector jobs (European Commission 2011; Wymenga et al. 2012). The importance of these companies cannot be ignored. Literature shows that digitization in its various forms is positively related to SME growth, performance, and competitiveness (see e.g. Barnes et al. 2012; Bharadwaj and Soni 2007; Chong and Pervan 2007; Eriksson et al. 2008; Galloway 2007; Kaynak et al. 2005; Lohrke et al. 2006; Shideler and Badasyan 2012; Spurge and Roberts 2005).

However, it seems that many SMEs do not use the full potential of these new digital tools (see e.g. Gilmore et al. 2007). Studies have suggested that SMEs are at an early stage of adopting digital channels (Eriksson et al. 2008). The adoption process of new technologies by SMEs in general has been widely covered (Carroll and Wagar 2010; Chatzoglou et al. 2010; Dholakia and Kshetri 2004; Lohrke et al. 2006; MacGregor and Vrazalic 2005; Parker and Castleman 2007; Proudlock 1999) but there is lack of understanding, specifically about adoption from a digital marketing perspective. Furthermore, understanding how SMEs actually use digital channels in their marketing efforts requires more in-depth knowledge. By inspecting this, the aim is to shed light on the general level by examining how the digitization of communication is visible in the usage of marketing communication channels from the perspective of SMEs (sub-case 5).

Digital practices in branding

In general, knowledge about branding in the digital age is at a very early stage and a comprehensive understanding of how the different tools available on the Internet can be used together to support the successful development of a brand would be valuable (Simmons et al. 2010). There is a call for more concrete guidelines to help managers develop fully integrated communication practices (Keller 2009). Digitization has given a new twist to branding and created new opportunities for brand communication (see e.g. Christodoulides 2009; Simmons et al. 2007; 2010). Hence, it is important to inspect usage of digital tools from a branding perspective and, through this, the aim is to shed light on how the digitization of communication is visible in the usage of marketing communication channels from a branding perspective (sub-case 3).

Digital practices in CRM

The increased interaction between buyers and sellers that has recently evolved has especially captured the interest of managers seeking to better understand and serve their buyers through the use of new technologies and tools (Sashi

2012). Despite the benefits and advantages of new tools, knowledge of how social media and other digital marketing communication applications can be used for CRM is limited. New technologies are an integral part of future CRM and should be studied further (Nguyen and Mutum 2012). By inspecting the usage of new social tools for CRM, the aim is to shed light on how the digitization of communication is visible in the usage of marketing communication channels from a CRM perspective (sub-case 4).

Digital practices in IC

In general, IC research has examined IC from the perspective of traditional communications channels (see e.g. Charles and Marschan-Piekkari 2002; Du-Babcock and Babcock 1996; Tucker et al. 1996; Quible et al. 1996) and research related to digital media has focused more on external communications. However, digital tools also have great potential for internal company communications. For example, according to a Delphi study of IC among leaders of the Federation of European Business Communicators Associations, the most topical interest is in new internal digital (including social) media (Verčič et al. 2012). Recent advances in information technology have created new challenges in managing and facilitating IC but along with those challenges come opportunities. For this reason, it is vital to examine how digital communication tools are used for IC. By doing so, the aim is to shed light on how digitization of communication is visible in the usage of marketing communication channels from an IC perspective (sub-case 6).

1.3 Research approach and methodology

The aim of this dissertation is to increase understanding of the implications that the digitization of communication have for marketing. While the dissertation is explorative in nature, this does not mean it is a pre-study, even though the aim is to increase understanding about something that has not been conceptualized clearly before. Hence, the ultimate goal of this dissertation is to move beyond the descriptive level and develop a theory.

To develop a theory, this dissertation relies on a multiple case study research strategy and adopts Eisenhardt's (1989) guidelines for theorizing from cases as it provides a functional starting point to study the rather unstructured and fragmented phenomenon of digitization in marketing. The underlying meta-consideration of this dissertation is critical realism, which allows the creation of reliable assumptions about observations but, at the same time, accepts the contextuality and subjectivity of the research. The aim is not to create an *ultimate truth* but, through case studies, to *approach the truth* and, as a final product, to offer suggestions in the form of a theory/explanation about the phenomenon that can be further tested. Furthermore, this dissertation relies on an abductive approach to make interpretations that is often seen as particular to critical realistic research (see e.g. Easton 2010; Järvensivu and Törnroos 2010). In

practice, this means that in each phase of the analysis, there is an interplay between theory and findings and the aim is to move from a specific to a broader understanding.

The empirical part of this dissertation consists of two phases: I) collecting and analysing the data (data collection and analysis of each paper) and II) to create theory (combining the findings from the papers, the introduction part of this dissertation). The empirical structure of this dissertation is presented in Figure 2.

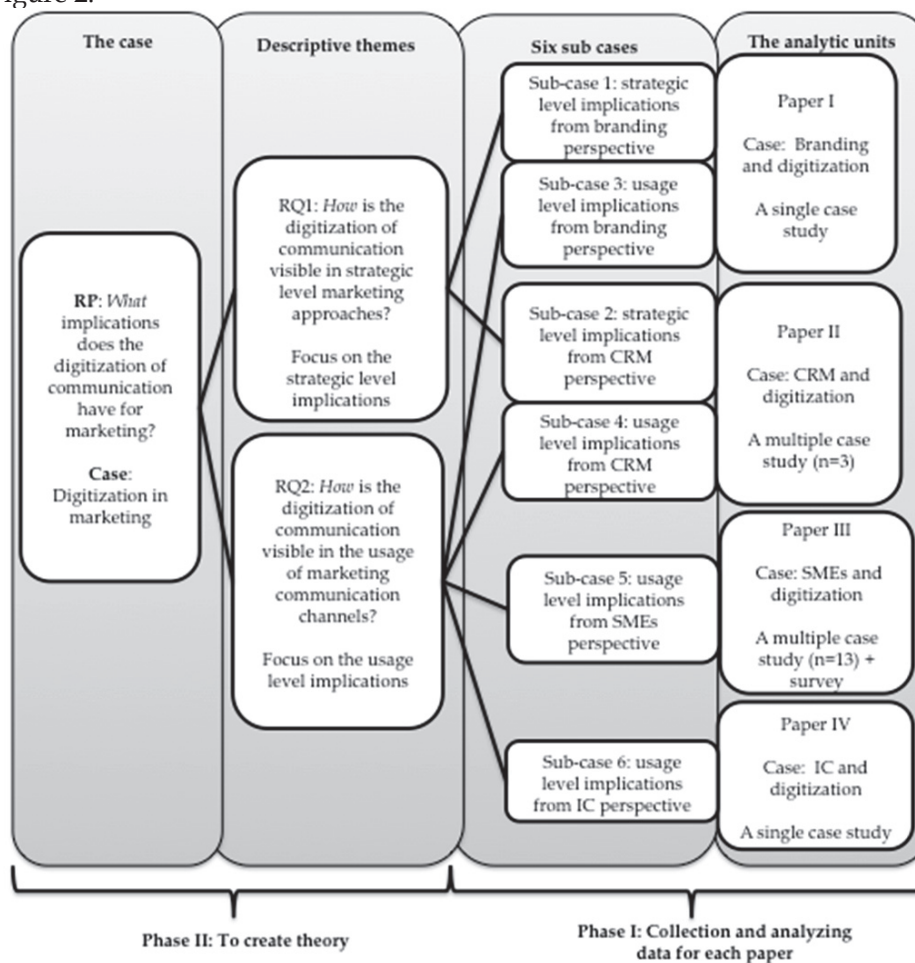


FIGURE 2 Structure the analysis of this dissertation

As described, this dissertation consists of four individual papers that approach the examined phenomenon from different perspectives and at different levels, forming six sub-cases. To examine digitization from specific perspectives (paper I: branding, Paper II: CRM, Paper IV: IC), a case study research strategy was selected. The data for the papers come from case studies looking at the strategic (in papers I and II) and usage level implications (in papers I, II, and IV) in

different companies. The case study companies were chosen based on two criteria; the companies needed to 1) understand digitization and 2) utilize digital tools as part of their marketing practices. In this dissertation, these companies are called *digitally aware* companies. The data for these three papers examining digitization from specific perspectives was collected from B2B point of view for two reasons. First, there is a call for empirical research on this topic, especially for B2B companies (see e.g. Järvinen et al. 2012; Michaelidou et al. 2011), which provides options for each paper to make greater contributions. The second reason is connected to the general nature of B2B business, as B2B markets are often global, fiercely competitive, and feature relationship oriented marketing. These three aspects, global markets, fierce competition, and the relationship focus, are also important characterizations of digitization (see sections 2.1.1 and 2.1.2). It is assumed that companies that have operated with a global, relationship-focused mind set from the beginning have an excellent standing point from which to inspect digitization in their marketing practices in situations where the impact of digitization has already been considered. Furthermore, company size has a strong influence on the adoption of digital channels and tools. Micro firms are the slowest adopters (Bordonaba-Juste et al. 2012; Teo 2007) while large businesses are more likely to have the required resources and knowledge to successfully adopt new digital channels and tools (Barnes et al. 2012). Hence, the individual paper examining the phenomenon in a broader sense was explored from the perspective of SMEs.

The unit of analysis is the case company and empirical data were collected with different methods and from different sources, which is natural for a case study approach (Dubois and Gibbert 2010; Eisenhardt 1989; Eisenhardt & Greabner 2007). Qualitative methods such as interviews were mainly used, which is advisable when the aim is to create theory (see e.g. Mintzberg 1979).

To move towards creating a theory, two research questions were formulated (*descriptive themes*) using six sub-cases and one main case (*digitization in marketing*) to better structure the analysis and help synthesize the findings from the papers. The empirical structure of this dissertation is discussed more comprehensively in the methodology section in section three.

1.4 Defining the key concepts of the study

In this dissertation, *digitization* refers to a social revolution, the shift from traditional to digital communication channels in daily life (see e.g. Ericsson Consumer Lab 2012; Forrester Research 2008; Greenberg 2010; Kietzmann et al. 2011; Kaplan and Haenlein 2010; Muntinga et al. 2011; Nielsen 2012; Wymbs 2011). From a marketing perspective, digitization is influential on two levels: 1) as a cultural phenomenon that has important consequences for company marketing strategies (see e.g. Järvinen et al. 2013; Liu et al. 2011; Mangold and Faulds 2009; Rowley 2008) and 2) as a phenomenon influencing usage levels by providing new tools and environments to implement marketing efforts (see e.g.

Brodie et al. 2007; Prasad et al. 2001; Trainor et al. 2011; Tsiotsou and Vlachopoulou 2011).

Digital marketing is defined by a broad definition of the concept (see e.g. Rowley 2008) that views digital marketing as a management activity with the goal of identifying, preparing for, and satisfying the needs of customers (or other stakeholders) profitably in the digital environment or with bit-based objectives distributed through electronic channels (Rowley 2008). Digital marketing is synonymous with electronic marketing and comprises related concepts such as Internet marketing, mobile marketing, social media marketing, and other digitally mediated marketing activities. Counter to the arguments of, for example, Brodie et al. (2011), electronic marketing is not always seen as interactive, although the nature of digital media provides possibilities for interactivity. A distinction should be made between the nature of channels and how they are utilized (see more discussion about the concept in section 2.2.1.1.).

In this dissertation, *marketing* is defined by following the logic of corporate-level marketing concepts by Balmer (see e.g. Balmer 2006; Balmer 2011; Balmer and Greysheer 2006). Corporate level marketing is an umbrella term that synthesizes corporate level concepts such as corporate identity, corporate branding, and corporate communications (see Balmer and Greysheer 2006). In practice, this means that a corporate level marketing mix leads perception of the company as a whole through different communicative actions. The six *C*'s forming a corporate marketing mix (Balmer 2006) are character (corporate identity), culture (organizational identity), conceptualizations (corporate reputation), covenant (corporate brand management), constituencies (marketing and stakeholder management), and communication (corporate communications/promotion). These are treated as a whole and not as separate functions (Balmer and Greysheer 2006). Communication takes into account the communications effect of management, employees, product behaviour, word-of-mouth, and media/competitor commentary (Balmer 2006).

Communication channels are media through which messages are delivered (see e.g. Hoffman and Novak 1996) such as advertising, radio, television, direct mail, and personal selling. In the same vein, *digital communication channels* are communication channels that exploit digital technologies for message delivery through web sites, online advertising, e-mail, newsletters, instant messaging, social media, and other tools utilized for monitoring and measurement (see section 2.2.2).

Strategic level marketing approaches (as expressed in RQ1) inform the discussion about the *strategic orientation* of a company, which is seen as a strategic level decision of how marketing concepts are implemented to gain competitive advantage (see e.g. Narver and Slater 1990). In particular, *market orientation* and *brand orientation* are discussed in this dissertation from cultural perspectives: as a specific mind set of a company or organization culture and as different approaches to create competitive advantage. The aim of *market orientation* is to create long-term commitment to thoroughly understand customers' expressed and latent needs (Slater and Narver 1998) by taking an

outside-in approach to marketing (Urde et al. 2013). *Brand orientation* uses an inside-out perspective and views brand identity as a key tenet (Urde et al. 2013) and as a resource for and the basis of increased performance (Wallace et al. 2013). Urde's (1999, 117-118) definition of brand orientation is also adopted for the present research, which defines the concept as 'an approach in which the processes of the organization revolve around the creation, development, and protection of brand identity in an on going interaction with target customers with the aim of achieving lasting competitive advantages in the form of brands'. In line with market orientation, the goal is to satisfy the needs and wants of the customer - but here, within the limits of the core brand identity (Urde, et al. 2013). (See a more comprehensive discussion of these concepts in section 2.1.3.)

For this dissertation, Greenberg's (2010, 413) definition of *social CRM* is adopted, which states that the concept is 'philosophy and a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment' (<http://crm20.pbwiki.com> in Greenberg 2010, 413). It takes the implementation of traditional customer relationship management to a strategic level and, due to its multi-stakeholder nature, the philosophy of social CRM is seen as operationalization of market orientation (see more information in section 2.1.3.1). Whereas social CRM incorporates market orientation into practice, branding incorporates brand orientation into practice. *Branding* in this dissertation is defined as management activity to create, maintain, and develop a brand. *Brand* is considered an intangible concept following de Chernatony's (2009) definition of the term as a co-created feature consisting of 'a cluster of rational (functional) and emotional values that enable a promise to be made about a unique and welcomed experience' (104). The power of brand resides in the mind of the customer as a result of all types of interactions with the brand (Webster and Keller 2004). The main purpose of a brand is to crystallize and communicate the uniqueness of a company (or product/service).

IC in this dissertation is defined as communication targeted for companies' internal stakeholders. The goals of IC are to promote commitment and belonging and to develop awareness and understanding (Welch and Jackson 2007). Effective IC has been seen to influence employee engagement and thus facilitate innovation, competitiveness, and organizational effectiveness (Welch 2011). In addition, IC is seen as strongly connected to organizational culture (see e.g. Welch and Jackson 2007; White et al. 2010) as it connects the different parts of an organization (Quirke 2008).

Small and medium sized enterprises (SMEs) are defined according to the European Commission (2011) criteria: SMEs include companies with fewer than 250 employees and less than either €50 million turnover or a €43 million balance sheet total.

1.5 Outline of the study

This dissertation consists of two parts: I) the dissertation and II) the original papers. The structure of this dissertation is visualized in Figure 3.

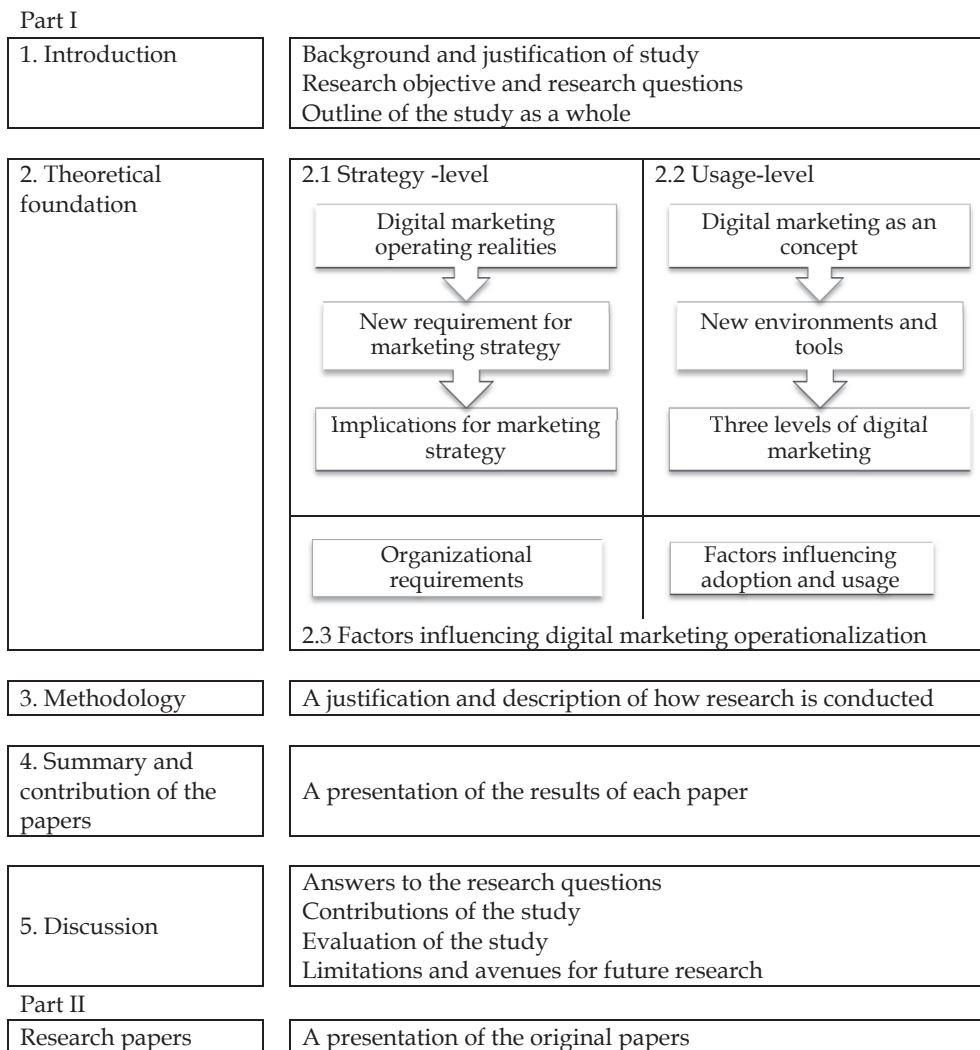


FIGURE 3 Outline of the study

Part I

As explained previously, this dissertation examines the digitization of marketing on two levels: 1) strategy and 2) usage. This approach also guides the structure of the theoretical part of the dissertation. The first part of the theoretical foundation segment focuses on strategic level consequences as a result of digitization. It begins with a theoretical discussion of the special

features of the digital environment, its influence on marketing, and theoretical suggestions for marketing strategy. Then, the two most common strategic orientations (market orientation and brand orientation) are presented together with the philosophy informed by social CRM and branding and their ability to respond to the requirements that digitization has brought to marketing strategy are discussed.

The second part of the theoretical discussion focuses on usage level. First, digital marketing is discussed as a concept in practice and is positioned in relation to similar concepts. Then, benefits of digital marketing usage are discussed. As digitization has brought about new environments for communication (i.e., the Internet) and new tools, their possibilities for marketing are discussed, including challenges related to the digital mediated communication. In the conclusion, the three levels of digital marketing communications are discussed.

In addition, the third part of the theoretical discussion focuses on different factors influencing digital marketing operationalization. First, operationalization is examined from a strategic point of view as organizational requirements related to digitization and then, factors related to adoption and usage level are discussed.

In section three, the research approach and methodology of this dissertation is discussed and data collected for the selected papers is presented. In section four, a summary of the results of each paper are presented.

Section five provides conclusions. First, the cases of the papers are summarized and the research questions becomes answered. Then, theoretical contributions together with an answer to the main research problem and managerial implications are also provided. Finally, the study is evaluated and limitations and avenues for future research are discussed.

Part II

The individual papers selected for this dissertation are described in Table 1 and the contributions of the authors of each paper to this dissertation are explained. The author of this dissertation is the primary and corresponding author in all four individual papers, and her contribution to each individual study is over 80%.

Paper I: The author of this dissertation was responsible for initiating the paper and had the main responsibility in collecting and analysing the data and writing the paper. The co-author contributed valuable comments to the manuscript and throughout the research process.

Paper II: The author of this dissertation was fully responsible for initiating and writing this paper.

Paper III: The author of this dissertation had the main responsibility of collecting and analysing data and writing the paper. The research process was

completed together with the co-author, who also contributed in all steps during the research process.

Paper IV: The author of this dissertation had main responsibility of writing the paper. The co-authors had the main responsibility of collecting data and first step analysis.

TABLE 1. Selected papers

	Article title	Perspective	Author(s)	Paper	Related RQ
I	Industrial branding in the digital age	Brand (B2B)	Lipiäinen, H. & Karjaluoto, H.	(2015) Journal of Business and Industrial marketing 30 (2), (<i>in press</i>)	RQ1 and RQ2
II	CRM in digital age: Implementation of CRM in three contemporary B2B firms	CRM (B2B)	Lipiäinen, H.	Journal of Systems and Information Technology (<i>minor revisions</i>)	RQ1 and RQ2
III	The usage of digital marketing channels in SMEs	SME (B2B/B2C)	Lipiäinen, H. & Karjaluoto, H.	Journal of Small Business and Enterprise Development (<i>in press</i>)	RQ2
IV	Digital channels in the IC of a multinational corporation	IC (B2B)	Lipiäinen, H., Karjaluoto, H., & Nevalainen, M.	(2014) Corporate Communications: An International Journal 19 (3), 275-286.	RQ2

2 THEORETICAL FOUNDATION

2.1 Digitization and marketing strategy

This section focuses on the strategic level consequences of digitization. It discusses the changing marketing environment for companies and investigates potential marketing strategies in the digital age. First, the special features of the digital environment are explored, and the suggestions for marketing strategies arising from previous literature are discussed. Second, the section selects two strategic orientations (market orientation and brand orientation) for a more detailed discussion that addresses the principles of CRM and branding, in the context of the digitization.

2.1.1 Operational realities of digital marketing

Digitization has presented unique challenges to marketing operations. The literature includes several different but overlapping characterizations of the digital age (see Table 2).

TABLE 2 Characterizations of the digital age

Author(s)	Characterizations of the digital age
Rowley (2004)	The Internet as a marketing channel is: <ul style="list-style-type: none">• interactive,• accessible• ubiquitous, and• integrates marketing communication with commercial transactions and service delivery
Gurău (2008)	Three specific and co-existent characteristics that differentiate digital from any other communication channel: <ul style="list-style-type: none">• interactivity,• transparency, and• memory

(continues)

TABLE 2 (continues)

Winer (2009)	Key characteristics of new media are that it is: <ul style="list-style-type: none"> • digital, and • interactive
van Bruggen et al. (2010)	The new market realities: <ul style="list-style-type: none"> • direct relationships with empowered customers, • increasing fragmentation of the transaction, and • customers' evolving channel needs
Hennig-Thurau et al. (2010)	Characteristics of new media: <ul style="list-style-type: none"> • digital, • pro-active, • visible, • real time and memory, • ubiquitous, • networks
Fournier and Avery (2011)	The landscape of open source branding: <ol style="list-style-type: none"> 1. The Age of the Social Collective 2. The Age of Transparency 3. The Age of Criticism 4. The Age of Parody
Wymbs (2011)	A key difference between digital marketing and traditional marketing is that the former uses digital technologies that are inherently: <ul style="list-style-type: none"> • measurable, • permit conversations to be targeted, and • facilities the creation of relationships between customers and firms, whereas the latter is far more mass communication oriented

Based on the characterizations of Table 2, this dissertation identifies five common themes that describe the realities of digital marketing operations. These themes can be identified as, a tightened world, an uncontrolled world, a co-created world, an interactive world, and a transparent world (see Figure 4), each of which will be described in turn.

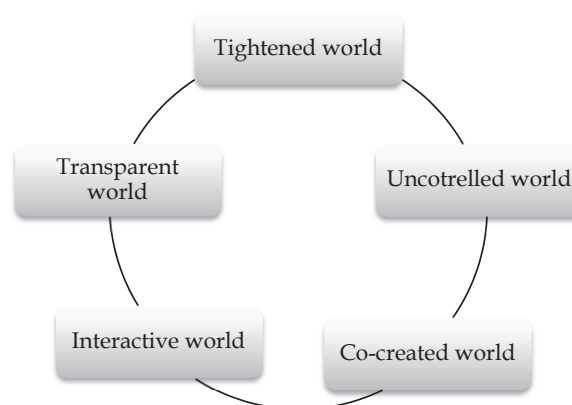


FIGURE 4 Digital marketing operation realities (based on Table 3)

Tightened world refers to the observation that we are living in a small world. Thanks to digital opportunities, people are connected to one another in an unprecedented manner (Gurău 2008). In business, the amount of communication with stakeholders has increased enormously (Helm and Jones 2010). Social networking sites have provided tremendous opportunities to build relationships between stakeholders on a global scale (Kaplan and Haenlein 2010). In business, it is no longer about 'location, location and location'. While the digital environment offers excellent opportunities to be connected, it has tightened the competition within markets as product and service offerings are available on the Internet. Globalization, increased competition, advantages in technologies, and empowered consumers represent challenges for traditional marketing activities (Wymbs 2011).

Uncontrolled world describes the shift of control from marketers and traditional corporate gatekeepers to average customers. Winer (2009) describes this change by comparing Hoffman and Novak's (1996) traditional mass communication model with a modified mass communications model. The comparison describes the transition to a 'hypermedia' environment (see Figure 5). The figures effectively capture the loss of the marketer's control and the fragmented environment that surrounds today's customers. Social media combines the characteristics of traditional integrated marketing communications (IMC), where companies talk to customers, with a magnified form of word-of-mouth marketing (WOM), where customers talk to one another (Mangold and Faulds 2009). This means that companies are not able to control information as easily as before (Hennig-Thurau et al. 2010; Jones et al. 2009; Kaplan and Haenlein 2010). These trends have been underway for years, but digitization has increased the scale and scope of the phenomena. Hennig-Thurau et al. (2010) compare the new communication landscape to playing a pinball game: It is hard to predict where the ball will go (and how it will return). Furthermore, the lack of traditional gatekeepers and access to the Internet 24/7 allows for the rapid and unpredictable spread of information.

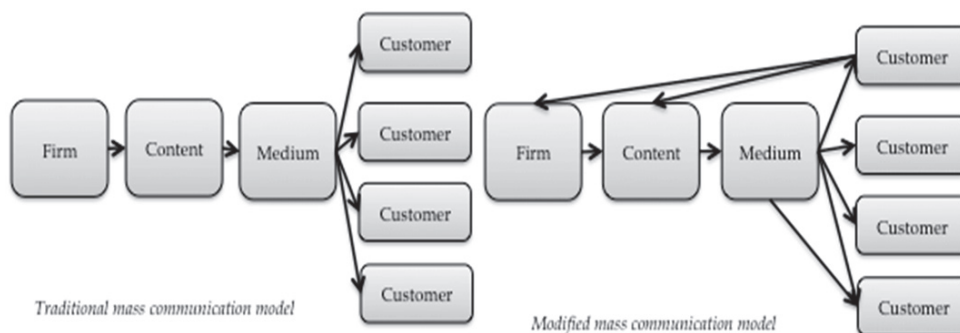


FIGURE 5 Traditional and modified mass communications models that describe the communication before and in 'hypermedia' environment (adapted from Winer 2009)

Co-created world refers the fragmented communication landscape and its consequences. People construct their perspectives on companies and brands by means of available information. These meanings and images are constructed and transferred into customer experiences. Active customers create meanings from messages by interpreting and integrating messages with other information about the company or their products (Finne and Strandvik 2012). The information can originate with a company's controlled sources or from other uncontrolled sources (O'Cass and Fenech 2003). Customers create their assessments holistically (Lemke et al. 2011; Payne et al. 2008; Verhoef et al. 2010). Again, this is not anything new, but what makes it significant today is that this varied information is easily obtainable on the Internet. Fournier and Avery (2011) describe that we live in 'the age of social collective'. It has even been argued that current marketing communication, service management, and relationship marketing literature are overly optimistic regarding the extent that companies can control interaction and communication with customers (Finne and Strandvik 2012). As Finne and Grönroos (2009) point out, marketing should pay more attention to receivers of messages and to the meanings they create. Constantine and Fountain (2008) effectively describe factors influencing the decision-making process and increasing the complexity of the customer decision-making process by further bringing the framework of Kotler (2003) and Constantinides (2004) into the digital age (see Figure 6). In their framework, controllable and uncontrollable stimuli (together with web and web 2.0 experiences) influence customer perceptions and decision making in a manner that can be represented by a 'black box'.

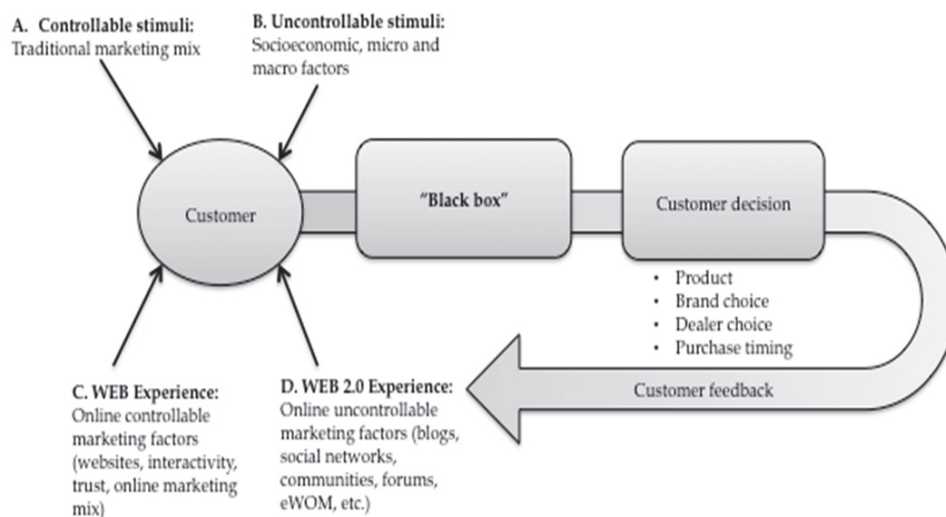


FIGURE 6 Factors influencing the decision-making process in an information-based marketplace (adapted from Constantinides and Fountain 2008)

Interactive world captures the interactive nature of digital tools. Interactivity refers to a two-way transfer of information between parties (e.g. customer and company, or website and customer). Electronic dialogue provides an individual customer easy access to information and in turn creates an opportunity for a customer to provide information to businesses (Brodie et al. 2007; Coviello et al. 2001). From a company point of view, interactivity creates value by providing customers direct access to a company's resources; conversely, companies also access to information about the customers' demands and product usage (Trainor et al. 2011). Digital marketing plays a dual role in the creation of value. By using interactive technologies companies are able to efficiently communicate their offerings (inside-out) and also obtain valuable information (outside-in) (see Figure 7). It is useful to distinguish between the nature of channels and how they are utilized. A channel can be interactive but still not be utilized in an interactive manner.

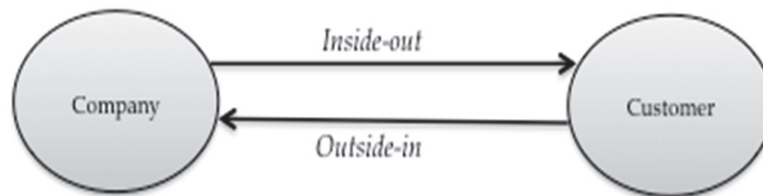


FIGURE 7 Dual role of digital marketing (based on Coviello et al. 2001; Brodie et al. 2007)

Transparent world describes a transparent environment where companies cannot hide behind the scenes. The Internet has forced companies to be more transparent and honest in their communications with their various audiences (Jones et al. 2009). Transparency is a strong currency defining the digital age (Fournier and Avery 2011; Gurău 2008). If the company manipulates information on itself and creates a distorted reality, then it risks damaging its reputation in a way made more significant in the digital age (Aula 2010). Gaps between image and identity have become a bigger risk (Nandan 2005). Again, this is not anything new, but again, the digital environment and tools strengthen the phenomena. In the era of Google, Wikipedia, WikiLeaks, and social media, almost all information is available to anyone who has access to the Internet. Furthermore, one important aspect that distinguishes the digital environment from the non-digital one is memory (Gurău 2008), which means that once something exists online it cannot be fully deleted. In addition, transparency requires companies to adopt values that encourage a human focus, authenticity, and integrity. Today's social audiences are ready to react if they notice something that does not look good, and they are quick to spot arrogance in a company's communication. As Kaplan and Haenlein (2010) observe, humility and honesty are guidelines for today's marketing.

2.1.2 Requirements of digitization for marketing

From the previous literature there has been presented also guidelines and suggestions for marketing in the digital age (summarized in Table 3).

TABLE 3 Guidelines and suggestions for marketing in digital age

Author(s)	Suggestions for marketing in the digital age
Rowley (2004)	In the digital world, marketing communications is concerned with: <ul style="list-style-type: none"> • Creating presence • Creating relationships • Creating mutual value
Simmons (2007)	The Four pillars of I-branding <ul style="list-style-type: none"> • Understanding the customer • Marketing communications (more personalized marketing, two-way dialogue, relationship building) • Interactivity • Content
Gurău (2008)	The messages sent by the company to its online audience have to be transformed/adapted in a three-stage process. <ol style="list-style-type: none"> 1) The message should respect and integrate the core corporate values of the organization. 2) The message has to be adapted in relation to the strategic and tactical objectives pursued through the online communication campaign. 3) The message should be transformed with due consideration given to the specific characteristics of the targeted audience/channel
Kaplan and Haenlein (2010)	Five points about being social: <ul style="list-style-type: none"> • Be active • Be interesting • Be humble • Be unprofessional • Be honest
Kietzmann et al. (2011)	How firms should develop strategies for monitoring, understanding, and responding to different social media activities <ul style="list-style-type: none"> •Cognize (understand the customer) •Congruity (Customer service is the new marketing, social media strategy should focus on increasing customer happiness (e.g. how well customer issues are resolved) and customer input (e.g. suggestions for improving a product or service)) •Curate (understand the role of the firm in different platforms) •Chase (monitor and react)
Weinberg and Pehlivan (2011)	A marketer with social objectives in mind: <ol style="list-style-type: none"> 1. Monitors all vehicles for content of interest (e.g. mentions of a brand or product); then identifies individuals associated with that content (e.g. a customer indicating satisfaction or dissatisfaction) 2. Decides whether to target those individuals, and if so, 3. With what action (e.g. continue to monitor, engage in conversation, offer appreciation); then, 4. Ultimately, funnels them towards evangelism

The suggestions presented in Table 3 are distilled into three factors important for digital marketing: a) customer focus, b) interactivity, and c) consistency (see Figure 8).

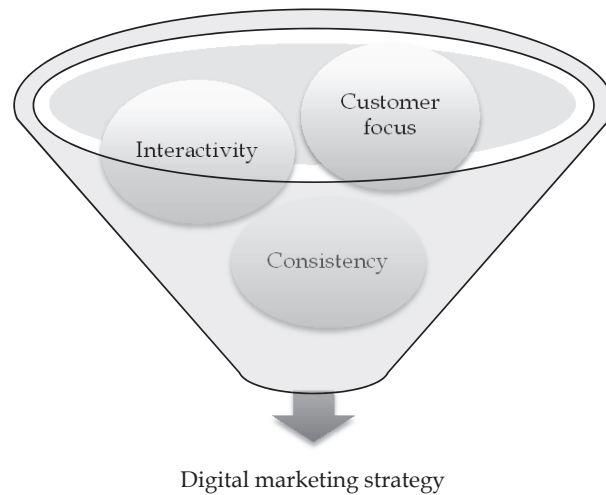


FIGURE 8 Requirements for digital marketing strategy (based on the on Table 4)

Customer focus: Digitization offers new opportunities to build relationships, serve customers, and customize offerings (Rowley 2005). The interactive nature of the digital world has brought customers closer to the company's core. The lines between internal and external company environments have been blurred, and the customer has been assimilated into the value creation process. As Kietzmann et al. (2011) describe, customer service is the new marketing and therefore social media strategy should focus on making customers happy (e.g. how well customer issues are resolved) and on increasing customer input (e.g. suggestions for improving products or services). Understanding the customer is crucial if companies want to compete in tightened world. Customer understanding should be starting point of the entire digital marketing strategy.

Interactivity: Interactivity attracts the attention of customers, develops stronger relationships, and increases overall satisfaction (Simmons 2007), but interactivity is also a way to act in the digital world. Social media is about participation, sharing, and cooperation (Hennig-Thurau et al. 2010) that require companies to interact with their audiences. People expect to be heard, understood, and responded to.

One crucial thing that marketers should bear in mind is that social media was made for people, not for brands (Fournier and Avery 2011). In a social media environment, people expect real stories instead of marketing messages (Fournier and Avery 2011). The advice to be authentic, be interesting, and be active serves as a useful guideline and is apposite for companies communicating in social media (Kaplan and Haenlein 2010). Today's marketing is more about fitting in than it is about domination and control (Deighton and

Kornfeld 2009). The role of the brand manager has shifted from one of guardian to that of a host (Christodoulides 2009). The new marketplace rewards styles that are participatory, sincere, and less authoritarian than the traditional styles (Deighton and Kornfeld 2009).

Consistency: The fragmented digital environment and its co-created reality challenge companies to build a consistent image. In addition, the requirement for transparency means that company identity needs to be such that it can bear the requirement of transparency. Organizations require integrated marketing communications that drive consistent interactions with customers. As Day and Bens (2005) point out, customers expect a company's communications channels, including the Internet, to work together regardless of the company's internal structures. The communication mix should be carefully coordinated so that information is transmitted to the marketplace through different elements consistently and reflects the organization's fundamental values (Mangold and Faulds 2009). As Rowley (2004, 33) observes: 'Communication is not only about what the business says, but about what it does: actions speak louder than words'. This approach requires different departments within the organization to work together across functional boundaries (Leeflang et al. 2014). Thus, consistency and coherence are required of marketing and communication actions even in the midst of a fragmentation of audiences and their preferences, which also requires online marketing messages be customized.

2.1.3 Implications for marketing strategy

In light of the changing media landscape there is a need for a strategic perspective that meets the following requirements of the digital age: (a) customer focus, b) interactivity, and c) consistency), allowing for a uniform and unique image of a company in a uncontrolled, co-created, and transparent media environment. The question is whether companies should communicate with customers in a consistent and uniform manner or adopt more personalization, and also whether companies can combine these two approaches.

2.1.3.1 Market orientation and the philosophy of social CRM

Previous studies have established that market orientation and the Internet are interrelated (Palacios-Marques, et al. 2013) and the use of internet and communication technology (ICT) could lead to a greater market orientation (Borges et al. 2009). Market orientation is based on an outside-in perspective in order to satisfy customer wants and needs (Urde et al. 2013). Market orientation can be seen as the implementation of marketing concepts representing a behavioural perspective, with specific instruments, tools and behaviours (Kohli and Jaworski 1990), and as an organizational business culture, referring to a particular mindset (Narver and Slater 1990). Identifying marketing orientation as a behaviour, Kohli and Jaworski (1990) propose that market orientation

consists of three components: 1) senior management factors (e.g. roles, attitudes and levels of risk aversion of the top management), 2) interdepartmental dynamics (formal and informal interactions and relationships among an organization's departments and employees), and 3) organizational systems (organizational characteristics and structures). From a cultural perspective, Narver and Slater (1990) propose that market orientation consists of three behavioural components: a) customer focus (understanding customer needs), b) competitor orientation (understanding competitor capabilities and strategies), and c) inter-functional coordination (coordination of all business functions that use customer and other market information to create value). Narver and Slater (1990) define customer orientation as one important component of market orientation. Customer orientation, or being customer led, is seen as a short-term philosophy that only responds to customers' expressed wants, whereas market orientation aims for a long-term commitment to understand customers' expressed and latent needs (Slater and Narver 1998).

Furthermore, as on the Internet, relationships and value building remain at the centre of marketing communication (Rowley 2008). Here, the new strategic approach of CRM, or *social CRM* (or CRM 2.0) might provide tools for successful market orientation. The ideology of social CRM includes a market orientation perspective to create competitive advantage and is influenced by a) customer focus and b) interactivity (see section 2.1.2) as core factors of marketing strategy. The philosophy of social CRM reflects the idea of a dynamic change from a company ecosystem to a customer ecosystem (Greenberg 2010) which elevates the idea of customer centricity and being customer led to a more strategic level - to the overall philosophy of company.

Social CRM is not about customer centricity alone. The strategic nature of the concept should not be overlooked. As can be observed from the definition (Greenberg 2010) the outcome of social CRM is to engage the customer in a collaborative conversation. As noted in introduction, engagement is a more strategic way for companies to view customer and stakeholder relationships (Economic Intelligence Unit 2007, 2); and engagement also provides a new perspective on CRM (Verhoef et al. 2010). Customer engagement can be defined as a manifestation towards the brand or firm that is more than a transaction (Verhoef et al. 2010) or more than just purchasing behaviour (van Doorn et al. 2010). Engagement is a behavioural concept and results from motivational drivers (van Doorn et al. 2010). As a concept, it helps firms understand customer needs; fosters their participation in the product development process, makes them available to provide feedback on strategies and products, and enables customers to become product or brand advocates (Sashi 2012). In both market orientation and social CRM, the goal is to understand customer needs on a more meaningful level. Building customer engagement requires adaptation of the marketing mix to take advantage of new technology tools to better understand and serve the customer at each point of the sales process (Sashi 2012). The key element in successful CRM is information, which allows for a deeper understanding of the customer (Nguyen and Mutum 2012).

In the same vein as market orientation, social CRM focuses on long-term relational outcomes instead of short-term returns. Furthermore, Greenberg (2010) points out that the focus of social CRM is not merely on corporate-customer relationships but on 'all iterations of relationship (among companies, business partners, customer), specifically focus on identifying, engaging and enabling the "influential nodes"' which shows that the concept also takes account of stakeholders other than customers (Greenberg 2010, 414). Furthermore, the components of market orientation as culture (see Narver and Slater 1990) resemble the suggested success factors of CRM in the digital age. Having a customer-centric corporate culture (Kim, et al. 2012; Acker et al. 2011), a customer orientation (Teo et al. 2006) and cross-functional involvement (Lambert 2010) are all suggested to be crucial factors for successful CRM in the future. The factors are not far from the perspective of viewing customer orientation as behaviour (see Kohli and Jaworski 1990). The ideology of social CRM might provide a suitable bridge for companies to become more market oriented (with social CRM enforcing market orientation) and to transition from orientation to action.

2.1.3.2 Brand orientation and branding

Although social CRM and a market-oriented worldview would provide an effective strategic starting point in the digital age, it has been noted that being market oriented might not be sufficient, especially in a fiercely competitive environment where the products are not significantly differentiated (see e.g. Evans et al. 2004; Evans et al. 2012; Wallance et al. 2013). As described in section 2.1.1, this competition is even fiercer in the digital world. Owing to a genuinely global competitive environment, it is even harder to compete by only providing solutions for customers that satisfy their needs.

Brand orientation can be considered a response to market orientation (Gromark and Melin 2013), and as a complementary concept, in the sense of 'market orientation plus'. Brand orientation is also seen as a specific type of market orientation focusing on brand management, highlighting an offer to customers that is constant, consistent, relevant and differentiated from those of competitors (Baumgarth 2010). Brand orientation also represents an independent and alternative approach for market orientation (Urde et al. 2013). The concept suggests that a brand should be seen as a company's strategic asset - as the centre of everything. This approach takes an inside-out perspective and sees brand identity as a key tenet (Urde et al. 2013) and as a resource and basis of increased performance (Wallace et al. 2013). From a cultural perspective, brand orientation can be seen as reflecting a certain type of corporate culture or a specific mindset, with brand identity becoming the company's guiding light (Urde et al. 2013). The brand mission should be seen as the starting point of a brand oriented strategy (Urde 1999).

In line with market orientation, the goal is to satisfy the needs and wants of the customer within the limits of the core brand identity (Urde et al. 2013).

This makes brand orientation a more stable concept than market orientation. As Urde (1999, 121) points out: 'A person - like a brand - who allows himself to be steered by the opinions of others and who constantly adopts whatever position is most popular does not hold our credibility for long'. Furthermore, Gromark and Melin (2013) identify the strategic significance of the environmental perceptions of organizations (image and reputation) as the main difference of the concepts. Here, brand oriented organizations treat image and reputation instrumentally and tactically whereas market-oriented organizations see them simply as given (Gromark and Melin 2013). As argued, brand orientation provides a tool (a brand) that systematically influences the public perception of an organization whereas market-oriented companies resign themselves to the fluctuations of the market.

Brand orientation is a concept that has been criticized for its lack of clarity. For example, Balmer (2013) sees a lack of clarity in brand orientation referring to a corporate brand or to a company's brand in its totality. Furthermore, Balmer (2013) proposes a new concept, *corporate brand orientation*, to clarify this and defines it as 'a category of institution where the corporate brand specifically acts as an entity's cornerstone. It is a centripetal force that informs and guides the organization' (p. 733).

As noted in the introduction, brand orientation builds on the uniformity and consistency of the entire organization and at best provides an approach to create a consistent, distinct and strong story that enables companies to distinguish themselves from heightened global competition. This is especially true in an online environment and hence reflects the strategic suggestion of consistency (see section 2.1.2). Brand orientation also provides a concept (brand identity) to systematically influence perceived image and create a consistent image in a fragmented environment. Can brand orientation provide a necessary tool for effective marketing communication in the digital age?

2.1.3.3 Hybrid orientations

Although both market orientation and brand orientation partially respond to the requirements of digitization, there is call for more adaptive marketing strategies in order to respond to the challenge of chaotic market environment (Day 2011). As noted in the introduction, a leading proposal includes a hybrid orientation that better responds to the new environmental dynamics. Urde et al. (2013) advance a *brand and market orientation matrix* that presents two combinations of these two orientations: *brand & market orientation* and *market & brand orientation* (Figure 9). The matrix juxtaposes inside-out and outside-in approaches, presenting them as opposites, and it includes identity-driven branding and image-driven branding.

A pure market orientation is seen as an outside-in approach focusing on fulfilling all customer wishes (Amazon is an example). Brand orientation is the opposite, as it focuses on brand identity (mission, vision and values) as the guiding principle, and the internal aspects of an organization are seen as central. Here the brand defines everything; the integrity of brand is paramount,

although external aspects are also recognized (Amnesty International is an example) (Urde et al. 2013.)

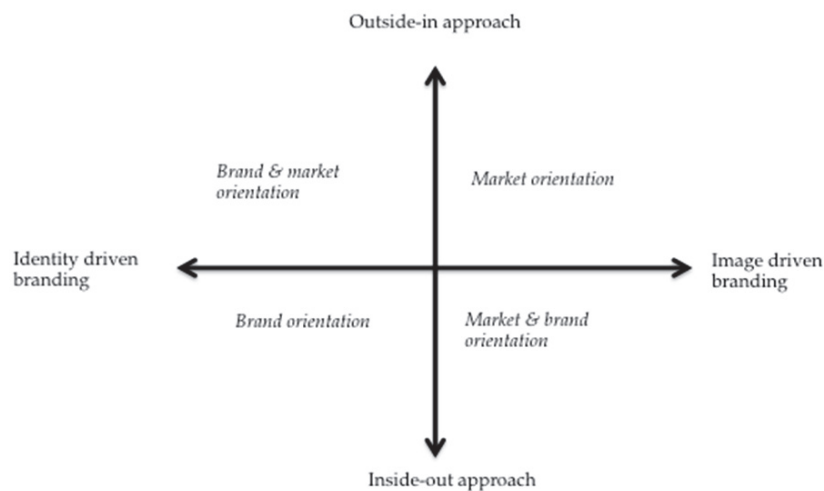


FIGURE 9 The brand and market orientation matrix (adapted from Urde et al. 2013)

The first hybrid form, *brand & market orientation*, relates to brand orientation and also recognizes the importance of brand image and external aspects, as with the case of Volvo Cars (Urde et al. 2013). Here, the company's core values guide its actions, but even closer attention is paid to customer requirements than in a purely brand oriented approach. This includes being brand oriented but adding a strong dose of market focus. Urde et al. (2013) also note that brand oriented firms move towards *brand & market orientation* in order to maintain the relevance of the brand for customers.

Another hybrid form, *market & brand orientation*, adds a strong dose of brand focus to the market-oriented approach, as in the case of Electrolux (Urde et al. 2013). Here, market orientation comes first, but the internal side of the brand, or brand identity, is also seen to influence the company's culture, behaviour, and strategy. Market-oriented firms are seen as moving in this direction in order to establish greater control, achieve manageability, and reflect a greater degree of product differentiation.

Wallance et al. (2013) provide some support for Urde et al. (2013) and their hybrid *market & brand oriented* approach, in their study of the banking sector. In the banks examined in the study, *market & brand orientation* is identified as the approach that the banks were implementing. The same study also noted that managers were seen as being closer to the brand orientation whereas employees were closer to a market orientation (Wallance et al. 2013). This observation suggests that a behavioural perspective can exist together with a cultural point of view and that in both cases the brand orientation remains consistent.

2.2 Digitization as a new environment and tools

This section focuses on how companies use digital elements in marketing. First, digital marketing as a concept is explored, and the benefits brought by digitization to marketing are discussed. As digitization has brought about new environments for communication (i.e., the Internet) and new tools, their possibilities for marketing are discussed, including challenges related to the digital mediated communication. As a conclusion, three levels of digital marketing communications are presented.

2.2.1 Digital marketing as a concept

2.2.1.1 Digital marketing and related concepts

Digital marketing is a multidimensional and multidisciplinary concept, and is often used as synonym for interactive or internet marketing (or i-marketing), e-commerce, and online marketing (Varadarajan and Yadav 2009). In addition, when referring to marketing strategy, the terms interactive marketing strategy, internet marketing strategy, e-commerce strategy, digital marketing strategy and online marketing strategy are also used as synonyms (Varadarajan and Yadav 2009). Digital marketing terminology is tangled, firstly because different overlapping prefixes such as *digital*, *E-*(referring to *electronic*), *online*, *I-* (meaning both *internet* and *interactive*), and secondly because the terms *business*, *commerce*, and *marketing* are often employed interchangeably. Digital marketing and its relation to the related concepts are illustrated in Figure 10.

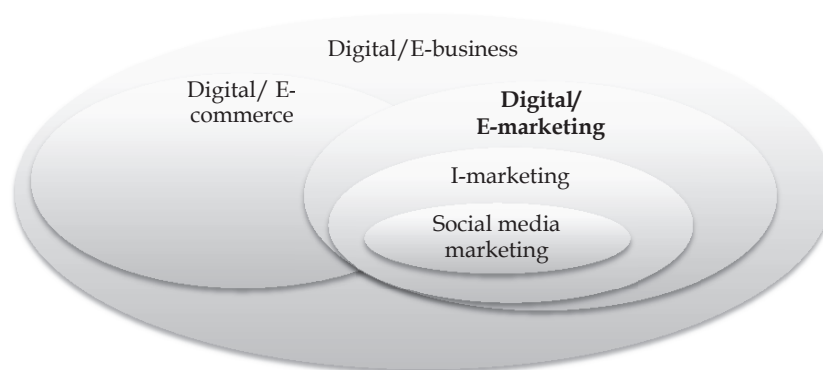


FIGURE 10 Digital marketing and its relationship to the related concepts (based on literature discussed above e.g. Barwise and Farley 2005; Eid and El-Grohary 2013; Rowley 2008; Zhu et al. 2003)

'Digital' refers to everything that is digitally mediated (from digital displays to mobile messages and the Internet). 'Digital' can be a synonym for 'E', which refers to electronic modes. In addition, 'I', when referring to the Internet, can be seen as synonymous with 'online' and as a variety of 'digital/electronic' modes.

Internet technologies like mobile communications represent different forms of networks that enable communication via digital channels. Today, the distinction between internet usage and mobile network usage is almost impossible to make, due to smartphones, tablets, and 3-, 4-, and 5G connections. Clearly, the user experience is different, but the particular network technology under consideration no longer matters. 'I' can also mean 'interactivity', referring to the two-way nature of digital tools (see section 2.1.1). This can also be seen as one variety of digital marketing.

E-business refers to business-wide concepts like internal business systems (e.g. CRM, ERP, HRM), collaboration and communication platforms (e.g. intranets, e-mail, content management system) and e-commerce. E-business facilitates business processes along the value chain (Zhu et al. 2003). Web marketing, online selling, online procurement, service and support, can be seen as common components of e-business (Zhu et al. 2003) or more specifically, e-commerce. E-commerce refers to the ways of doing business online and focuses on the sales-related aspects of e-business (Chau 2003; Chen and McQueen 2008; Rodgers et al. 2002). E-commerce is often used when discussing online purchasing (Jensen and Aaltonen 2013, 80). The main difference between e-commerce and e-marketing seems to be that e-commerce is focused on the sales aspects of e-business whereas e-marketing addresses a more general marketing perspective. Today, the distinction between these two concepts in marketing and sales is blurred, and both should be seen as important forms of e-business.

E-marketing/digital marketing can be seen as merely comprising internet marketing (e.g. Barwise and Farley 2005) but in broader sense, internet marketing can be seen as just one component of e-marketing. Electronic marketing, or digital marketing, can be defined as a management activity with the goal of identifying, preparing, and satisfying the needs of customers or other stakeholders profitably in a digital environment or with bit-based objectives distributed through electronic channels (Rowley 2008). Furthermore, digital marketing can include activities such as internet marketing, e-mail marketing, intranet marketing, extranet marketing, mobile marketing, telemarketing, electronic data interchange for marketing activities, CRM, and other forms (Eid and El-Grohary 2013). Many definitions of e-marketing and i-marketing highlight the interactive nature of digital media, and e-marketing focuses on using the Internet and other interactive technologies to create and mediate dialogue between companies and customers (Coviello et al. 2001). E-marketing also includes the process of building and maintaining customer relationships through online activities that facilitate the exchange of ideas, products, and services, satisfying the needs of both buyers and sellers (Imber and Betsy-Ann 2000 in Ngai 2003). Furthermore, Brodie et al. (2011) even rename e-marketing as interactive marketing. However, is e-marketing always interactive? This dissertation adopts a broad definition of digital marketing (Rowley 2008), and internet marketing is seen as one significant part of digital marketing. In contrast, for Brodie et al. (2011), e-marketing is not always seen as interactive although the nature of digital media would provide opportunities for interactivity. It is important to distinguish between the nature of channels and how they are utilized.

In addition to this classification, one important element should be added: social media (discussed in section 2.2.2.5), which can be seen as one variety of internet marketing highlighting the social nature of the web.

2.2.1.2 How digital marketing matters

Because of the lack of understanding about how ICT can serve marketing and business objectives, marketing is often considered to be behind other functions in its adoption of ICT (Brady et al. 2008). There is limited data in the literature explaining the significance of internet marketing and its link to business performance (Brodie et al. 2007; Tsoitsou and Vlachopoulou 2011).

Generally, e-marketing is expected to exert a positive impact on performance, first through its interactive nature and increased customer satisfaction and second with ICT's general ability to reduce costs through increased efficiency (Rust et al. 2002). In addition, Min et al. (2002) propose that an *internet marketing orientation* (IMO) will help companies achieve effectiveness (through targeted marketing and customer service) and efficiency (through marketing cost reduction) in marketing activities. Leeflang et al. (2014) conduct a survey of 777 marketing executives, concluding that from an executive's perspective, digitization has enabled companies to interact with and serve customers, increased companies' access to data and information, and enhanced the ability to reach new customers.

Today, there is some empirical evidence regarding internet marketing's influence on business performance. Penetration of e-marketing is positively associated with marketing objectives like customer acquisition (directly) and retention (indirectly) (Brodie et al. 2007). In the same vein, e-marketing capability has a direct influence on customer relationship performance and organizational performance (Trainor et al. 2011) and a direct positive effect on service performance (Tsoitsou and Vlachopoulou 2011). In addition to direct relationships with performance, the integration of internet technologies into marketing practices is found to moderate the relationship between market orientation and marketing competencies (Prasad et al. 2001). In addition, e-marketing is seen to mediate the relationship between marketing orientation and business service performance (Tsoitsou and Vlachopoulou 2011). In these studies, e-marketing is associated with service and CRM-related performance, relating the concept to market orientation and the benefits thereof. However, as explained before, using the Internet to become market oriented might not be sufficient in this fiercely competitive age. In addition, few recent studies have empirically shown that IMO (Aziz and Omar 2013) and the adoption of web 2.0 technologies (Palacios-Marques et al. 2013) are positively related to organizational innovation. These kinds of results expand our understanding of the possibilities that e-marketing might offer since current e-marketing research often emphasizes internet marketing for building customer relationships. Furthermore, Verhoef and Leeflang (2009) examine factors influencing marketing functions within an organization. They conclude that accountability

and innovativeness were found to be positively related to the influence of a marketing department within the firm, but they did not find support that the customer-connection capability of a marketing department would impact a marketing department's influence within the firm (Verhoef and Leeflang 2009). Furthermore, their results suggest that marketing departments should become more accountable, and additionally that marketing departments should become more innovative by capitalizing on their market and customer knowledge to develop new products and services, for example (Verhoef and Leeflang 2009). Would fully leveraging digital tools allow marketing departments access to the boardroom?

Although there are encouraging results suggesting that e-marketing usage /integration leads to better performance, either directly or indirectly, opposing views have also been presented. Coviello et al. (2006) report that e-marketing activities did not have any direct effect on performance in small service firms in the tourism accommodation sector. Their results were explained by the low utilization of digital tools among small firms.

For accompany, using ICT technology is not a shortcut to success. It is important to remember that technology is only a tool (Day and Bens 2005). As Carr (2003) claims, IT does not provide a competitive advantage for companies. By claiming this, Carr wants to direct attention towards the fact that IT has become a common feature in business and that in and of itself, IT does not enhance competitive advantage. Competitive advantage emerges from a strategic understanding of the best way to use IT (Borges et al. 2009). Technology resources need to be exploited together with other complementary organizational resources to create distinctive capabilities (Trainor 2012). Therefore, it is not about technology, but how it is used. In the same vein, E-marketing and digital elements of marketing should be seen as integrated into other marketing practices rather than as a separate effort (Barwise and Farley 2005; Brodie et al. 2007; Prasad et al. 2001; Trainor et al. 2011; Tsotsou and Vlachopoulou 2011). A summary of digital marketing studies is presented in Table 4.

TABLE 4 The relationship of digital marketing on general marketing objectives

Authors	Data and context	eM approach	Operationalization of e-marketing	Results	Dependent variable	Antecedents of e-marketing
Prasad et al. (2001)	n= 381 (export firms)	iM integration	Use versus non-use of internet technology (including the Intranet and extranet); 11 key marketing activities in five major marketing thrusts – customer-relations, field sales, channel members, marketing research, and management communication/coordination	Moderator of the relationship between market orientation and marketing competencies	Market orientation and marketing competencies	Not studied
Coviello et al. (2006)	n=242 (tourism accommodation (SME)	eM	CMP-framework Coviello et al. (2001) classifications in scale 1 (never)-5 (always)	No direct effect on performance (level of implementation is low which might explain why it does not influence performance)	Performance (customer acquisition, retention) and sales growth profitability	Not studied
Brodie et al. (2007)	2002 data n=212 and 2005 data n=139 (U.S firms)	eM	CMP- framework Coviello et al. (2001) classifications in scale 1 (never)-5 (always)	Penetration of e-marketing is positively associated with performance	Performance (customer acquisition directly and in retention performance indirectly via acquisition performance)	Antecedents of EM penetration: DM and NM and (+Experience with technology +B2B services +Export intensity)

(continues)

TABLE 4 (continues)

Tsiotsou and Vlachopoulos (2011)	n=216 (tourism service firms)	eM	CMP- framework (2001) classifications in scale 1 (never)-5 (always)	1) Mediates the relationship between market orientation and performance. 2) EM has direct positive effect on service performance and market orientation has a direct positive effect on e-marketing.	Performance (service quality and productivity and net value)	eM consists of promotional activities, database activities and MO
Trainor et al. (2011)	n=522 (Belgian firms)	eM capability	E-marketing capability consists of IT resources, human resources and business resources (adapted from Powell & Dent-Micaellef information technology as competitive advantage)	Direct influence on customer relationship performance and organizational performance	Performance (customer relationship performance: customer retention and satisfaction, and organizational performance: monetary)	Market orientation (Narver & Slater 1990) and Technology orientation as antecedents of e-marketing capability
Aziz and Omar (2013)	n=101 (Malaysia firms, SME exporters)	IMO	Use versus non-use of internet technology (including the Intranet and extranet); 11 key marketing activities in five major marketing thrusts – customer-relations, field sales, channel members, marketing research, and management communication/coordination	Is the most influential influencer of innovation capabilities (others are learning orientation, and market orientation)	Innovation capabilities and Business performance (monetary)	Not studied
Palacios-Marques et al. (2013)	n=244 (firms from hospitality industry)	web 2.0	Prause et al. (2010) scale. Composed of eight items measured in a five-point Likert scale, where 1 (never) - 3(sometimes) - 5(always)	A positive relationship was found between market orientation and web 2.0 adoption and between web 2.0 adoption and innovativeness	Market orientation and innovativeness	Not studied

2.2.2 Digital marketing environment and tools

This section discusses digital environments, channels and tools, and the opportunities they present for marketing.

2.2.2.1 Layers of Internet

The different technological layers (web 1.0, 2.0 and 3.0) of the Internet and their possibilities are described in order to understand the possibilities that the Internet provides for marketing.

Web 1.0 refers the first version of World Wide Web comprising the static elements on the web. On web 1.0, there was a presenter (the one who created the website) and the viewer, who did not play any other role than as an observer; the communication was unidirectional with no feedback. Next, there was an evolutionary process from web 1.0 to web 2.0 (Constantinides and Fountain 2008). Web 2.0 can be seen as shift from static presentation towards the original idea of the Internet as the semantic web that captures the idea of a more community-centred approach; in some ways, web 2.0 and the semantic web represent rival but complementary options (Ankolekar et al. 2008). The term web 2.0 was first used in 2004 to describe how software developers and end-users were utilizing the Internet in a new way (Barnes et al. 2012; Kaplan and Haenlein 2010). From a technical perspective, web 2.0 is a collection of technologies that enables two-way communication online, and web 2.0 can be seen as an umbrella term for these collaborative technologies (Constantinides and Fountain 2008; Morrison 2009). As Weinberg and Pehlivan (2011) describe, web 2.0 consists of computer network-based platforms that enable social applications. Examples of web 2.0 applications are social networking sites, wikis, blogs, podcasts, instant messaging, discussion forums, audio and video conferencing, group diaries and address books, hosted virtual offices, collaborative whiteboards and presentation systems (Barnes et al. 2012), all of which have their own 'rules' for writing and running applications (Weinberg and Pehlivan 2011). Essentially, web 2.0 technologies support the creation of user networks, facilitating the flow of ideas by allowing users to efficiently create, share, and refine content (Constantinides and Fountain 2008). Besides technological change, web 2.0 represents an ideological change, and web 2.0 has empowered users to become co-creators and active participants. Web 2.0 also created a foundation for user-generated content (UGC) and for social media (Kaplan and Haenlein 2010). In the marketing literature, web 2.0 often refers to the technological foundation of UGC (see e.g. Kaplan and Haenlein 2010; Weinberg and Pehlivan 2011) and hence it includes the more technical side of social media (Constantinides and Fountain 2008). The concept of social media is discussed in more detail in section 2.2.2.5.

It is important to clarify that web 2.0 has not replaced web 1.0 because they represent different layers on the Internet. There are static web 1.0 sites on the Internet meant just for viewing, without opportunities to comment or

interact. This remains the case even though the current trend requires sites to be adopting the interactivity of web 2.0.

Web 3.0 refers to the latest technological development that has empowered computers and software to produce information and make decisions. These networked digital technologies support human cooperation (Fuchs et al. 2010) and can be described as an augmentation of human brainpower. Web 3.0 technologies make it possible to handle and process information from different sources with greater speed and power. As can be described: In the Web 3.0 era, firms can use the information gathered by organizations before, during, or after contact with customers via techniques such as data warehousing, data mining or customer relationship management, as well as by using various pieces of information from diverse social networks or the net in general (Garrigos-Simon et al. 2012, 1883).

From a marketing perspective, this enables more tailored communication, engaging customers in more meaningful way and satisfying individual needs with the use of 'big data'. In the extreme, marketing can be fully tailored and automated. Web 3.0 also refers to the augmented reality as an extension of web 2.0. Examples include Foursquare, an application helping users find new places and services based on recommendations from other users; the dating app, Tinder, that matches people who expressed an interest towards one other based on profile pictures; Nike window-shopping, making it possible to purchase products online that are visible in shop windows when the store is closed; the Tesco app that enables users to shop for groceries in metro stations by selecting the desired products by scanning their images with a mobile device, and other mobile apps such as the Pittsburgh Penguins Mobile that enhances sporting events by providing new ways to follow the game. On Table 5, the special characteristics of different technological layers in the web are summarized.

TABLE 5 Special characteristics of different technological layers in web (based on e.g. Ankolekar et al. 2008; Barnes et al. 2012; Constantinides and Fountain 2008; Fuchs et al. 2010; Garrigos-Simon et al. 2012; Kaplan and Haenlein 2010; Morrison 2009; Weinberg and Pehlivan 2011)

Web	Communi- cation	Goal	Participants	Producer	Examples	Marketing as...
1.0	One-way	Visibility	Presenter - observer	"Elite users"/ authorities	Static Websites/ Personal websites	informing
2.0	Two-way	Open source, interactive, co-creation	Active partners	Everyone	Blogs, Social media sites, Wikipedia	relationship building and engagement
3.0	Two-way, computer assisted	Tailoring	Computer - active partners	Everyone + Computer	Automated marketing, personalized web sites	servicing

2.2.2.2 Website

The website has been described as the most important tool in the communication on the Internet (López and Ruiz 2011). A company's website can be described as the home of its brand (Christodoulides 2009) and the most durable communication activity in the online environment (Karson and Korgaonkar 2001). With a website, companies can contribute to the formation of a positive attitude towards the company and its products. Company websites can serve multiple functions like providing information, building images for companies and their brands and also serving customers (Hwang et al. 2003).

Websites may be considered a form of communication that fulfils many of the functions of corporate advertising, and can be seen as extensions, or as different forms of TV or printed advertisements (Hwang et al. 2003). In much research, the website has been compared to and treated as an advertisement (Hwang et al. 2003; Karson and Fisher 2005; López and Ruiz 2011; Sicilia and Ruiz 2007). However, the expansion of web 2.0 and the increased number of interactive elements on a company website might have made the comparison between a website and an advertisement outdated. According to the ideology of web 2.0, current research highlights the importance of interactivity within the website, which can improve visitors' online experiences and lead to positive outcomes like favourable attitudes, product-relevant interest and favourable intentions (van Noort et al. 2012). Examples of website features driving high or low interactivity are presented in Table 6.

TABLE 6 Website features in high and low interactive websites (adapted from van Noort et al. 2012).

	Level of interactivity	
	High	Low
Contact	Online contact form	E-mail, phone number and address
Registration	Possible to register to receive (product) updates	No possibility to register to receive (product) updates
Recommendation	Option to recommend the web site to a friend	No option to recommend the web site to a friend
Product order	Option to order products online	No option to order products
Product catalogue	Non-linear product catalogue with internal hyperlinks	Linear product catalogue
Stores	Interactive store locator	Linear list of stores
Language	Option to choose language	No option to choose language
Navigation guide	Site map	Unfolded menu bar

As can be seen from Table 6, highly interactive functions add value to consumers' lives, and interactive websites are oriented towards customers. Interactivity can be seen as an antecedent of effective websites or as representing a background influence on other antecedents. There are different conceptions of which antecedents are included in efficient websites. Dickinger and Stangl (2013) note that among the most common antecedents are ease of

use and usefulness, enjoyment, design, and content quality. Besides the importance of interactivity on the website, the question of what makes websites effective differs according to the goals that are set for the site and also according to the context and target audience of the website.

2.2.2.3 Online advertising

Traditionally, the role of an advertisement has been to deliver an announcement or persuasive message in the mass media, for profit. To this end, the goal of advertising has been to inform and/or persuade people in a particular target market about the products, services, organization, or ideas (see AMA's 2014 definitions for advertisements and advertising). As described, advertisements represent a one-way broadcasting tool to inform those who happen to see the advertisement. The purpose of the advertisement is relatively similar in an online environment to, 'deliberate messages placed on third-party websites including search engines and directories available through Internet access' (Ha 2008, 31). This definition considers advertising as placing advertisements and excludes marketers' own promotional websites, e-mails and other forms of marketing communications. Ha (2008) also suggests distinguishing between 'online advertising' and 'interactive advertising,' noting that online advertising does not require interactivity, which aligns her definition with the ideology of web 1.0.

In this dissertation, online advertising covers all forms of advertising in an online environment regardless of the advertising being interactive or not. Online advertising can be divided into push advertising (like e-mail ads, newsletters, banner advertising, pop-up advertisements), which closely resembles offline advertising; and on-demand advertising (like search engine marketing, smart/keyword activated banners), which allows for a more non-interruptive form of advertising.

Early studies of online advertising notes that consumers react to online and offline advertising in a similar way (Dréze and Hussherr 2003; Gallagher et al. 2001; Pavlou and Stewart 2000). For online advertising, the emergence of web 2.0. has also brought new opportunities and meaning. Advertising has transitioned from its traditional style, based on interruption and repetition, and towards a style based on customer demand, immediate engagement, and advertising as a service (Rappaport 2007). These new forms of advertising are more focused on a dynamic relationship between brands and consumers, acquiring insights into consumers through data on their behaviour and preferences, and supported by technology (Rappaport 2007).

Brettel and Spilker-Attig (2010) studied online stores and their advertising in the United States and France and found that on-demand channels have a stronger impact on sales than push channels (newsletter/e-mail). However, this might be explained by on-demand channels reacting to customers' interest in certain products or services (expressed e.g. through a Google search) whereas when sending push messages to consumers, the retailer cannot know the

customer is in the mood to buy. They also noted that the effectiveness is strongly moderated by culture. French customers, for example, tend to value the brand or online store whereas in US, customers tend to value prizes and promotions (Brettel and Spilker-Attig 2010). Customers' preferences for on-demand channels might also be related to the irritation factor of push marketing. If the communication is found to be enjoyable and entertaining, and if the channel is perceived to be reliable, then the receiver is more likely to be persuaded by the marketing offer in that particular channel (Danaher and Rossiter 2011). Dréze and Hussherr (2003) studied the effectiveness of banner advertising and argued that the click through rate might not be a suitable measure for banner advertising and that banner ads should be seen to serve more traditional advertising goals such as creating brand awareness. They also note that frequency and repetition, with meaningful content, are keys to increasing the recall of advertising. Also in their study, the importance of effective content arises in the context of advertising. When reflecting upon these results with the traditional selling model A-I-D-A, we notice that it seems that banner advertising creates brand awareness and attention (A) whereas on-demand advertising might come along in the interest phase (I).

Moving towards the newer styles of online advertising, from the practitioners' perspective, the Advertising Research Foundation researchers developed three interrelated models of online advertising that draw on technological development: 1) the on-demand model; 2) the permission-based (opt-in) model; and 3) the advertising-as-service model (Rappaport 2007). The first on-demand model is based on consumers' ability to choose their content and interactions with brands and captures the idea of a more personalized communication instead of advertising targeted at large market segments. It relies on search engine advertising and also on content personalization, and it views consumers as active co-creators. The second model, the permission-based (opt-in) model, takes the goal of advertising to a deeper level and engages consumers. This requires understanding customers on more meaningful level. As Rappaport (2007) points out, the basis of this engagement strategy is consumer data, drawing upon multiple sources that assist marketers in evaluating their engagement efforts and meeting customers at multiple touch points and online channels. These two models of advertisements conform to the idea of web 2.0. The final model, advertising as a service, aims to provide information and capabilities to customers that smooth transactions or enhance brand engagement. This is the most customer-centric perspective on advertising and provides personalized services for customers by using technology. Advertising as a service takes the web 2.0. towards idea of web 3.0.

2.2.2.4 E-mail and instant messaging

E-mail has become part of people's everyday lives in workplaces and homes around the globe (Danaher and Rossiter 2011). Although e-mail is a two-way communication channel, it is often used as a one-way push style of channel to

deliver newsletters or advertisements, which hence makes it a more or less one-way promotion channel. E-mail offers companies opportunities to reach their customers more broadly, target specific communities and interact with customers in a highly customized manner (Müller et al. 2008; Sharma and Sheth 2004). E-mail is the fastest expanding new channel and represents a direct threat to postal mail (Danaher and Rossiter 2011). In addition to promotional purposes, e-mail can also serve more relational outcomes like building and maintaining relationships (Simmons 2007). Hence, e-mail has a twofold purpose: 1) it is a channel for impersonal one-way communication (one-to-many), and 2) it is a channel for personal and intimate one-to-one communication. In the first case, the focus is on promotion, and in the second case the focus is on discussion and relationship building.

E-mail's cost-effective capability has given rise to the problem of unsolicited commercial communication (Moustakas et al. 2006) and hence promotional e-mails have a negative connotation for many people. Danaher and Rossiter (2011) compared e-mail to other commonly used mass communication channels (such radio, magazines, and newspapers), print direct mail (catalogues, personally addressed mail, and generic mail) and to television and found that e-mail (along with phone and SMS) delivers the lowest purchase intention and even leads to a negative engagement among consumers and also among b2b customers. They also note that e-mail is less persuasive than print media and mass media as channels for marketing. This might be because the reduction of trust since the expanded amount of junk mail. However, newsletters can also include information other than just pure promotion materials, in the form of articles and instructions that people perceive to be valuable. In that case, the newsletter can be considered a customer service tool, especially when personalized.

When using e-mail as a one-to-one communication channel, a few things are worth considering. E-mails have beneficial features unavailable in verbal communication: these are reviewability and revisability (Friedman and Currall 2003). Reviewability means that each participant in the e-mail conversation has a record of others' comments, and revisability refers to the option to check and correct a message before sending it. Communication via e-mail is never entirely unproblematic: issues are more difficult to resolve via e-mail, asynchronous communication can cause frustration, and the approach taken to a problem can easily move from the mild to the more aggressive (Friedman and Currall 2003). Via written communication, misunderstandings are likely to occur in conversations, and this is something that companies need to address when training staff to use e-mail in customer service. The same problem occurs in online customer service when using instant messaging (IM), which have become common features on websites and especially in online stores. Instant messaging does however provide opportunities for quick and efficient communication.

Together with e-mail, IM is also used in companies' IC. The greatest benefit involves presence; IM can be less formal, and more questions regarding

the clarification of an issue can be raised. It is also easier to check that the other party is on the same wavelength before proceeding (Morris et al. 2002). Morris et al. (2002) suggest that IM would be a better channel than e-mail for creating a more social atmosphere.

2.2.2.5 Social media

Social media seems to be a successful tool for brand building and for engaging customers and establishing unique customer relationships. In addition to the softer outcomes, a recent study indicates that in some cases, usage of social media can also drive sales-related outcomes; and customers who were committed through social media to the company were found to be more profitable than those who were not committed to the brand on social media (Rishika et al. 2013).

The idea behind social media is not new or groundbreaking, despite some apparent confusion among managers and academics (Kaplan and Haenlein 2010). The roots of social media are found in the UGC in the online environment, the first forms of which were 'open diaries' later named 'weblogs' that are now more familiar as blogs. When they first appeared, blogs were personal web journals where authors published their thoughts and ideas and readers could comment on the content (De Pelsmacker et al. 2007, 515). Social media is not just one channel but a collection of channels that builds up to form web 2.0. Furthermore, it is not just digital channel but an arena for participation (Aula 2010) or a place for communication. The further development of the Internet made it possible to create social networking sites like Twitter, YouTube, and Facebook, which became amazingly popular among people. Today, social media includes a wide range of online, word-of-mouth forums including basic blogs, discussion boards, chatrooms, forums, moblogs (sites containing digital audio, images, movies, or photographs), and social networking websites (Mangold and Faulds 2009). Kaplan and Haenlein (2010) have identified six different types of social media: collaborative projects (e.g. Wikipedia, OhMyNews), blogs (blogs, podcast, and Twitter), content communities (e.g. YouTube and Flickr), social networking sites (e.g. Facebook and LinkedIn), virtual game worlds (e.g. World of Warcraft) and virtual social worlds (e.g. Second Life and Habbo) and then classified them based on the level of self-presentation/self-disclosure they represent and their level of social presence/media richness.

Weinberg and Pehlivan (2011) provide a different kind of classification that differentiates channel types based on the half-life of information and the depth of information. This classification incorporates four categories: blogs, which aim to convey product knowledge; micro-blogs (e.g. Twitter), which aim to create awareness and recall; communities (e.g. different fan communities), which aim to establish and maintain relations; and social networks (e.g. Facebook), which aim to influence and track beliefs and attitudes.

Although these classifications provide an effective starting point for a more comprehensive understanding of social media, they do not factor in who owns the media channels or who defines the rules, which are important considerations. The main argument related to social changes brought by social media is that social media has turned the marketer-customer relationship upside down by shifting power from marketers to customers (Hennig-Thurau et al. 2010). However, this common claim has been criticized: for example, Rappaport (2007) states that ‘it would be an error to think that control has shifted fully to the consumer’ since for the most part brands still ‘set the stage and establish the rules’ (p. 138). However, if the brand set the stage and established the rules, does that arena still represent ‘social media’ or something similar to social media? Often i.e. blogs are classified as social media channels since they allow for two-way communication, although they often remain company owned and controlled.

In this dissertation, social media arenas are classified based on the ownership of the channel as: 1) owned social media arenas, and 2) sharing arenas (see table 7).

TABLE 7 Different company roles in social media

	Ownership of the channel	Role of the company	Company...	Activity of company	Role in content creation	Content
Owned channel	Company	Owner	...creates social media platform itself	Active	Content creator / enabler / Curator	Company define topics
Sharing channel	External service provider	Host	...has own medium in some social media channel (e.g. fan page in Facebook)	Active	Content creator / Curator	Company defines topics together with audience
		Participant	...participates actively in conversation in some social media arena	Active	One of the content creators / Commentator	Users define topics together with the company
		Object	...is the object of conversation. (WOM)	Passive	None	Users define topic
		Nobody	...does not exist in social media arenas conversations	Passive	None	None

Owned sites can be further classified into private and public sites, and sharing sites are defined by their focus on issues or on relationships. The main

difference between owned channels and sharing channels is in the ownership and control of the platform. The owner defines the nature of interaction and the 'rules' of each specific platform. In owned arenas, the ownership is in the hands of a person/company. In sharing arenas, the platform provider defines the rules together with the public, and a single company cannot control the conversation. Sharing arenas represent the basic idea of customer-owned media based on sharing, co-creation and UGC. They form a kind of independent arena for participation. The role of the company is different: On owned channels, the company is the owner, and in sharing channels, the company can act as host, participant, object, or remain anonymous. Different roles and actions are presented in Table 7. In addition, it should be noted that a company can also act as an advertiser on sharing channels by buying advertising space.

Owned arenas

Blogs

Blogs are often used as owned social media channels. Blogging is said to be an effective relationship tool for both marketing and PR (Ahuja and Medury 2010; Cho and Huh 2010; Singh et al. 2008) and many companies have adopted blogging as part of their routines. Corporate blogging has been studied mostly from the perspective of external communications (Lee et al. 2005), but blogs can also be useful for IC. Smudde (2005) notes that the communication style of corporate blogs is not as informal as that of the non-corporate form, but the presence of top management means they seem appealing and useful. Readers are keen on hearing the 'inside view from the top'. Many companies (e.g. Microsoft, Sun) also encourage their employees to blog on their official sites (Kelleher and Miller 2006).

Blogs are a useful way for companies to influence public conversations by contributing accurate information. Blogging is great way to create content on the web, although it requires having something important to say and the ability to express it. It is also a form of social media where the company retains a relatively high level of control since the blog usually resides on the company's own website, allowing for content to be edited and for comments to be monitored and filtered. Blogs can be public or private.

Collaborative projects

Collaborative projects enable the use of ideas from the public and they can be geared for everyone or for some specific group. Private systems like company intranets, which can be seen as one kind of collaborative project enabling simultaneous content creation by a number of employees. Intranet portals are becoming popular as a result of increasing pressure on businesses to digitize and integrate ICs (Neill and Richard 2012). At its best, an intranet contains everything individuals need to do their jobs. This includes updates, and housekeeping materials and newsletters from top management (Muller 2002; Smith 2005, 80). In addition to intranets, companies are using social intranet tools like Yammer that enable employees to create profiles and interact with each other as they do in Facebook but in a private environment and for work

related tasks. Examples of public collaborative projects targeted to customer include crowdsourcing platforms that enable customers to share ideas for companies.

Social CRM platforms

Other possible owned social media arenas are, for example, a company's social CRM platforms (e.g. Salesforce.com) that enable customers to participate in the creation of customer knowledge. Customers can share their interests and plans, which help companies to provide more personalized communication and product offerings for customers. The social CRM platforms might also provide tools like chat pages that enable direct interaction with the customer services function. In Salesforce.com application, for example, can create a Facebook like page for each customer with all the needed customer data. Social CRM platforms bring customers closer to the company's core functions - as co-creators of value.

Other platforms

Companies can create different kinds of social media platforms for their audiences such as company-owned communities that enable fans of certain brands to meet and share thoughts (e.g. Mini community, My Starbucks etc.). These communities can function in company-owned mediums (exclusive fan groups) or in different content communities where the company has its own fan page.

Sharing arenas

Sharing arenas are owned by external platform providers, and the company will be one of the users in the arena. The main difference between different kinds of sharing sites is the type of shared content and the focus of communication. Are the sites more focused on discussing certain issues and topics? Or is relationship building and networking the main focus? It is important to note that a focus on issues and a focus on relationships are not mutually exclusive, but the core focus varies and hence influences the desired communication style in different arenas. The level of communication varies from personal communication to commenting on and informing/information sharing. In sharing arenas, the goal for the company would be position itself among a certain player in the field by connecting the company on selected issues and conversations. The desired goal would be to become an opinion leader on some issue. Next, different sharing arenas are discussed in more detail, starting from the channels that are most issue focused.

Collaborative projects

Collaborative projects include wikis and social bookmarking applications enabling group-based collation and the rating of web links or media content (Kaplan and Haenlein 2010). The goal is information sharing. According to Kaplan and Haenlein (2010) it is the channel type with the lowest self-presentation and lowest social presence (media richness), which means that focus is strictly on the issue, with the authors of material remaining in the background.

The idea is to capitalize on the knowledge users have on certain issues. Various online review sites (e.g. Tripadvisor, Yealp, Eat.fi) are also powerful collaborative projects and should not be dismissed. It has even been stated that 90 % of all consumers read online reviews before purchasing and that 67 % of all purchased consumer goods are based on UGC (Leeflang et al. 2014).

Issue sharing sites (micro-blogs)

Other sharing arenas based on issues are issue sharing sites more commonly known as micro-blogs (e.g. Twitter). In this dissertation, the term micro-blogs is supplemented with the new term “issue sharing sites” that better describes these channels. Here the interaction is focused on topics that some of the members have introduced. The platform is focused on issues rather than on people. Blog texts, news, current events, or TV-shows can act as an inspiration for conversation. The conversations happen in commenting on the topic and in reacting to others. Compared to the blogs, the half-life of information is shorter (Weinberg and Pehlivan 2011). This kind of platform enables a company to share its content from blogs or other content mediums or participate in discussions related to certain topics, positioning itself as an actor in the field. Weinberg and Pehlivan (2011) point out that micro-blogs are capable of creating awareness and recall, with the focus on brief engagement and short conversations.

Content communities

Whereas issues sharing sites focus on issues and content from a variety of sources, the focus of content communities is on a specific content type. Similarly, social groups are founded around common interests, interactions, and liking. Examples of common content communities are channels like YouTube (videos), Flickr (pictures), Instagram (pictures) and Slideshare (presentations). Kaplan and Haenlein (2010) have classified content communities as channels with low self-presentations and medium social presence/media richness (Kaplan and Haenlein 2010). This means that the focus is on content rather than on people and relationship building. However, in some content communities (e.g. Instagram) the focus seems to be on people, their pictures, liking, and commenting. This changes the characterizations of content communities towards social networking sites. However, the communities are still built around a certain common interest, which can be a person or event and not just a company. A social network can also emerge around an issue. The link between the issue and the person is more meaningful than the link between two different people. The interest in a certain user arises from the level of the interest that the user generates.

Social networking sites

Social networking sites (e.g. Facebook, Google+, LinkedIn) are social media channels with high self-presentation (Kaplan and Heanlain 2010). This means that the focus is on people and relationships more than on issues and content – although social media can be also great delivery channel for company-created content. Social networking sites are meant for people that can engage one

another on a personal level. Here the communities are based on social networks and friendships and are not necessarily built around a certain topic, and the links between people are the most meaningful aspect. On Facebook, for example, there are different kinds of fan pages where the fan of some event or brand can meet one another and discuss a topic, which blurs the lines between social networking sites and content communities. The interest in a certain user arises from who the user is.

2.2.2.6 Monitoring and measurement tools

As described in section 2.1.1, the dual role of digital marketing offers new opportunities to communicate and serve customers in new ways, including providing the ability to monitor and gain information. Digital marketing tools provide useful applications for measuring communication (Wymbs 2011) and almost every action on the Internet can be tracked by other consumers and companies (Hennig-Thurau et al. 2010). These new dimensions of monitoring offer companies a tremendous opportunity to follow customer behaviour (Lemke et al. 2011), and to acquire information and feedback from different companies. Through this information, companies are able to see what works and what does not on the Internet, and they can develop their actions and even an entire marketing strategy to be more efficient and hence create more meaningful relationships with their customers. The information can be gathered through online monitoring or by following clickstream data, for example, retrieved from company-owned channels or from examining the statistics provided by external service providers. The options for measuring digital communication activity are numerous; however, there is considerable uncertainty about which metrics to use to gauge the effectiveness of the new media (Winer 2009).

2.2.2.7 Three levels of digital marketing

Orlikowski (2000) proposes viewing the use of technology as a process, suggesting that IT can play different roles in organizations, reflecting different levels of IT integration in organizations. These three roles are inertia, application, and change. *Inertia* represents that most basic level of usage in which users choose to use technology to *preserve* the status quo. The *application role* of IT refers to situations where people choose to use new technology to augment or refine the existing ways of doing things, to *enhance* the status quo. The most sophisticated level, *change*, occurs when people want to alter their existing way of doing things and *transform* the status quo. (Orlikowski 2000.)

Following Orlikowski's (2000) idea regarding the layers of IT usage, from the channel descriptions it can be seen that marketing communications can also operate on different levels serving different marketing communication outcomes. These three levels are named as: 1) being present, 2) meeting customers online, and 3) serving customers online (see table 8) following the three layers of the Internet as presented in section 2.2.2.1 and the idea of three interrelated models of online advertising (see Rappaport 2007).

TABLE 8 Three levels of digital marketing in different digital channels (based on the literature of section 2.2.2 e.g. Ankolekar et al. 2008; Barnes et al. 2012; Constantinides and Fountain 2008; Fuchs et al. 2010; Garrigos-Simon et al. 2012; Kaplan and Haenlein 2010; Morrison 2009; Rappaport 2007; Weinberg and Pehlivan 2011)

Levels of marketing	Meaning	Function	Website	Advertising	E-mail	Social media (owned)	Social media (sharing sites)	Measurement and monitoring
Being present	Static online presence	Communicate the product/service offerings and create awareness	Static website	Push ads	Advertising, newsletters	Blog, posting company related news kinds of content	Being present in social media (static site or advertising in these channels)	Measuring the effectiveness of company actions, i.e. click through rate/brand awareness
Meeting customers online	Interactive online presence	Create awareness through interactivity	Social media elements + interactive elements included	The on-demand model, The permission-based (opt-in) model	Personalized newsletters	Blog with commenting option	Meeting the customer in social media channels Dialogue	Collecting customer information and utilizing it to create more meaningful relationships with customer
Serving customers online	Understand customers on more meaningful level	Optimize customer experience/serve customer online and create engagement	Possible to personalize site	The advertising-as-service model	Customer service via e-mail	Serving customers by providing valuable content	Serving the customers Solving problems in social media channels	Optimizing customer experience

Being present can be seen as the basic level marketing that can be done via one-way online communication, providing web 1.0 options. It is informing the customers about the brand and product offerings, and this is similar to traditional marketing as was the case when websites were advertisements for companies (see e.g. Hwang et al. 2003; Karson and Fisher 2005; López and Ruiz 2011; Sicilia and Ruiz 2007).

The second level, being interactive, relies on the idea of a web 2.0 and the interactive possibilities that a digital environment provides. As explained before, interactivity within the Internet seems to have a positive impact on a company's online performance by focusing the attention of customers, developing stronger relationships, and increasing overall customer satisfaction (see e.g. van Noort et al. 2012; Simmons 2007). Being interactive, companies can create awareness, but more importantly, it opens up the opportunity to create deeper relationships with customers.

The third stage, serving customers online aims, not only to create meaningful relationships and understanding but actually to serve customers in the online environment following the idea of advertising as a service, for example (see Rappaport 2007). In addition to the potential of web 2.0., that of web 3.0 can also be realized.

The stages are interconnected and not sequential. Depending on the marketing goals, different levels can be applied. Each channel can serve marketing on multiple levels as the channel descriptions make clear, for example, websites can have the goal of simply creating awareness by adding interactive relationships to engage the customer, and by customizing the site, deliver customer service. As described previously, the modern view of marketing is that it is about serving customers, which means that companies need to carefully consider which of their online functions are driving customer service and which are not.

Amidst all the hype about digital marketing, the use of digital tools does not make communication more efficient or lead to benefits in all cases. In some cases, the use of digital tools can even do more harm than good. As noted, companies are increasingly adopting social media channels as part of their marketing. However, companies are not always welcome to participate. Social media was made for people, not for brands (Fournier and Avery 2011). For example, a study of more than 7,000 consumers suggested that consumers have little or no interest in having a social relationship with the marketer (Spencer and Freeman 2012). Furthermore, many SMEs struggle with the added workload of social media, and one-third of the surveyed SMEs would like to spend less time on social media (Moyle 2012).

As is well known, the effectiveness of communication depends on both the sender's and receiver's familiarity with particular communication medium codes and conventions (Belch and Belch 2007). Hence, when choosing a new channel, companies should carefully consider how the new channel could actually help the company communicate more efficiently. New channels are useless if they are not used by the target group of consumers (see e.g. Welch

2012). Although we live in a digital age and are communicating increasingly on digital media, traditional communication tools should not be dismissed. Face-to-face communication is still the ultimate tool to build relationships, with its richness and personality. When people engage in regular face-to-face contact, relationships start to evolve, and when people know one another, it is easier to communicate (Grunig et al. 2002).

2.3 Digital marketing operationalization

Despite the perceived importance and benefits that digitization has brought for company marketing, little attention has been paid to the real challenges that companies face when going digital (Leeflang et al. 2014). Considering digitization from a marketing perspective, this dissertation suggests that digitization of the communication challenges companies through the social changes it brings, and because of the new requirements for marketing strategy and usage level within the new environment and new digital tools. Hence, the factors influencing operationalization have been inspected from two levels: strategic and usage levels.

2.3.1 Organizational requirements for digital marketing

First, companies need to understand the requirements set by the changing communication and also make the organizational changes required from a communication point of view. Generally, a number of stage models have been developed to explain how companies adopt e-business (DTI 2001; Foley and Ram 2002; Karjaluoto and Huhtamäki 2010; Willcocks and Sauer 2000; Wynn et al. 2013) and e-commerce (e.g. Chau 2003; Rao et al. 2003). Many of these models suggest that progressing to the higher sophistication levels requires some organizational changes (DTI 2001) like the integration of skills and processes (Chau 2003; Rao et al. 2003; Willcocks and Sauer 2000). The ultimate level of digital sophistication is often presented as a transformed system (DTI 2001; Foley and Ram 2002; Wynn et al. 2013) that enables the complete exploitation of digital opportunities in the business. The various adoption ladders and identified factors influencing the adoption phases are presented in Table 9.

TABLE 9 Adoption ladders and factors influencing adoption

Author(s)	Model	Phases of model	Factors influencing of adoption phases
Willcocks, and Sauer (2000)	E-business stage model	1) Web presence, 2) Access information and transit business, 3) Further integration of skills, processes, technologies, 4) Capability, leveraging, experience and know-how to maximize value	Identified three gaps between stages: 1) Anxiety gap, 2) Organizational capabilities gap, 3) Value transform gap
DTI 2001	E-business adoption ladder	Five stages; 1. e-mail, 2. website, 3. e-commerce, 4. e-business, 5. transformed organizations.	Proceeding to the higher stages requires increasing organizational change and sophistication
Foley and Ram (2002)	PIT-model for e-business adoption	1) Publicize, 2) Interact, 3) Transform	Not discussed
Chau (2003)	Four-phase model for e-commerce utilization	1) Static presence, 2) E-commerce as adjunct to traditional business, 3) Integration of e-commerce to business processes, 4) Creating a virtual business structure.	Potential benefit derived from e-commerce and degree of business transformation
Rao et al. (2003)	Stage model for e-commerce development	1) Presence, 2) Portals, 3) Transactions integration, 4) Enterprises integration	Each phase has certain facilitators and barriers
Karjaluoto and Huhtamäki (2010)	Levels of e-channel utilization	Four stages: 1) Information, 2) Communication, 3) Transactional, 4) Integrated into business	Facilitators and inhibitors: 1) Environmental 2) Resource related 3) Firm-specific & owner managerial factors
Wynn et al. (2013)	CPIT-model for e-business adoption	1) Connect, 2) Publish 3) Interact, 4) Transform	Not discussed

In section 2.1.2, the requirements set by digitization for marketing communication were discussed in terms of their impact on marketing strategy. The requirements identified for marketing strategy were a) customer focus, b) interactivity, and c) consistency. These three aspects should be noted when creating marketing strategy in the digital age but these aspects also speak of the characteristics required for instance of company structure in the digital age. To clarify: companies need to be customer centric, be able to be interactive and also

communicate and act consistently in order to create a coherent image of themselves. These all require the integration of the internal structures of the company. The requirement for integration is in line with the ladder models of e-business/commerce adoption (see DTI 2001; Chau 2003; Rao et al. 2003; Willcocks and Sauer 2000). Furthermore, as Leeflang et al. (2014) suggests: Digital marketing requires organizations to be designed in a different manner, and marketing should be perceived and managed across functional boundaries. Although cooperation and integration are crucial for company marketing in the digital age, they do not automatically deliver the desired outcomes. If marketing becomes everyone's responsibility in an organization there might be a danger that nobody feels responsible, which might lead to less coordinated marketing strategies (Verhoef and Leeflang 2009). At the same time, if marketing is to become the job of everyone in the organization, it should be planned, managed and coordinated carefully.

2.3.2 Digital marketing adoption and usage

Secondly, companies need to understand the usage level factors that pose challenges to the digitization of their marketing practices. To shed light on how companies are able to grow and become digital, Fillis and Wagner (2005) developed a *conceptual model of small firm e-business development* that forms a path for e-business adoption. The path starts from macro-level -factors, and then progresses to industry sector factors, followed by firm and managerial factors and finally to attitudes towards e-business and the benefits and the barriers developed. Karjaluoto and Huhtamäki (2010) subsequently classified the reasons for adopting digital channels in the micro firm context for e-business under three main categories; 1) firm-specific and owner-manager factors referring to the expertise in the company, 2) resource-related factors that can be classified as human resources, financial resources and technological resources, and 3) environmental factors that are beyond the company's control including factors such as product or service type, competitive landscape, the industry sector, consumer/customer behaviour and external support. They also noted that these could act either as facilitators or inhibitors of adoption. This categorization considers both internal and external factors, but also differentiates knowledge (firm-specific and owner-manager factors) and capability (resource-related factors) related factors and hence is very capable of capturing the complex nature of digital marketing (for a more detailed description, see Paper III).

Furthermore, other important factors affecting adoption are the ease of use of the new channels (Davis 1989; Gefen and Straub 2000; Kaynak et al. 2005) and having an opportunity to try the channels in action (Levy et al. 2005), and also the company's technological orientation (Trainor et al. 2011). In the same vein, organizational readiness and experience with IT were identified as important factors in the B2B context (Brodie et al. 2007) which is in line with the previous research suggesting the adoption of eM improves the effectiveness and efficiency of existing business processes (see e.g. Min et al. 2002; Rust et al.

2002). The same is also noted in the work of Fillis and Wagner (2005), where SME manager interviews suggest industry factors and level of competency development within the organization play important roles in the level of e-business development achieved. Furthermore, Zhu et al. (2004) concluded that technology readiness emerges as the strongest factor for e-business value. The same study also suggests that when companies move to a deeper level of e-business transformation, the key determinant of e-business value shifts from monetary to organizational capabilities. In smaller companies, resource-related factors in particular are seen to exert the most influence on adoption, whereas external resources like how competitors act and customer behaviour are seen to have less effect (Hawawini et al. 2003; Lockett and Thompson 2001; Zhu et al. 2004). Similar results have also been reported in the B2B context: B2B services, and export intensity are shown to be important factors of adoption in B2B firms, but the influence of competitive environment was unclear (Brodie et al. 2007). The lack of human resources, time and expertise are suggested to be the greatest barriers to digital marketing usage in the industrial context among both SMEs and larger corporations (Järvinen et al. 2012; see also Michaelidou et al. 2011).

In the same vein, Leeflang et al. (2014) focused on the challenges digitization has brought for marketing executives. Their survey identified four major marketing challenges: 1) The use of customer insights and data to compete effectively; 2) The threatening power of social media for brands and customer relationships; 3) The omnipresence of new digital metrics and the subsequent assessment of the effectiveness of (digital) marketing activities; and 4) The increasing talent gap in analytical capabilities in firms (p.10). Three of these (1,3, and 4) seem to be related to a lack of necessary skills or knowledge to utilize tools, the second is more related to the general changes or external factors that social media has brought. In addition, Day (2011) has identified the lack of knowledge as a reason for why companies have not been able to respond to the challenges of digitization. He criticizes companies for not employing young talent in key positions, claiming that doing so would increase companies understanding of the changing communication landscape. Leeflang et al. (2014) suggest that marketing needs to adapt to changes by strongly focusing on developing 1) quantitative skills, 2) fact-based propositions, and 3) brand and customer relationship strategies.

3 RESEARCH METHODOLOGY

Next, the underlying epistemological and ontological assumptions, case study as a research strategy, and methods to analyse the data will be explained and described.

3.1 Scientific orientation

All research is influenced by epistemological and ontological assumptions. Ontology defines the nature of reality and what we can know from it, whereas epistemology describes the relationship between researcher and subject (Metsämuuronen 2005, 199). In practice, these assumptions define how results and conclusions can be interpreted and the research be evaluated. This section explains these assumptions. This discussion of meta-considerations first starts with the chosen method. According to Weber (2004), the research aim is to improve knowledge of some phenomena, and the most important thing is to choose a research method that best fits the research purpose. The chosen method and meta-considerations should be one consistent package. The purpose of the research is the starting point for everything that follows.

The purpose of this dissertation is to increase understanding of the implications that digitization have for marketing and to develop theory, as described in the introduction. The case study research strategy was chosen to fulfil the research purpose.

A case study is a research strategy that focuses on understanding the present dynamics in a certain setting (Eisenhardt 1989). It is not just one single method, but instead can be applied from different philosophical starting points to achieve different kinds of outcomes (see e.g. Easton 2010; Järvensivu and Törnroos 2010; Welch et al. 2010). Cases offer beneficial descriptions of events, especially when describing new ideas, relationships, and ways of doing things (Yin 2014, 2). Case study methodology is especially beneficial when the studied area is new and the research is unstructured, consequently helping to

understand phenomena deeply (Easton 2010). The flexibility that case research allows is one of its main advantages compared to other approaches (Easton 2010). Case studies can create descriptions of phenomena, and test and develop theories (Drake et al. 1998) as we see next.

Historically, the case study has been classified as an interpretive research method (Weber 2004) and has been equated with descriptive and exploratory research conducted from a constructivist perspective (see e.g. Stake 1995). From this viewpoint, the aim is to understand and describe the case or phenomena through a single case or multiple case settings.

However, a case study can do more than create thick descriptions; case studies have the power not just to understand but also to explain. For example, Yin emphasizes the explanatory nature of case research that uses deductive logic to test propositions (see also Welch et al. 2010). Unlike Stake, Yin is a psychologist and has a rather positivist worldview, inspired by natural experiments. Besides “how” questions Yin (2014, 9) emphasizes asking “why” questions and sees the explanatory nature of research to be the main strength of the method, also a “what” question is accepted if the goal is exploratory research aiming to develop pertinent hypotheses and propositions for further inquiry, in other words, case studies are well suited to exploratory theory building (Yin 2014, 10).

Building theories from case studies is one of the most effective bridges from rich qualitative evidence to mainstream deductive research (Eisenhardt and Graebner 2007). In fact, according to the academy of management journal (AMJ) editor’s team, and survey conducted for the AMJ board, studies focusing on theorizing from case studies are often regarded as the most interesting pieces of research (Bartunek et al. 2006). Building theory from case studies involves using one or more cases to create theoretical constructs, propositions, and or midrange theory from case-based empirical evidence (Eisenhardt 1989). In 1989, Eisenhardt presented an initial road map to build theories from case study research and like Yin, emphasized the importance of bringing concerns over validity and reliability into the context of case study research. Similarly to Yin (2014), Eisenhardt (1989) presents a positivistic view on case research, but is more focused on inductive theory building, whereas Yin is more focused on theory testing in case research. According to Eisenhardt (1989), this highly iterative process used to theorize from cases is especially suitable for new topic areas and the theory that is created, because the outcome of the process is novel, testable, and empirically valid. Hence, this type of approach would make it possible to study a novel unstructured research area (as digital marketing is) and to create a theory to be tested further.

Focusing on theory building, Welch et al. (2010) identified four different methods to theorize from case studies: Inductive theory building (positivistic: the empiricist approach that Eisenhardt (1989) represents), natural experiment (positivistic: the falsificationist approach that Yin (2014) represents), interpretive sensemaking (the interpretive approach that Stake (1995) represents) and contextual explanation (relying on critical realism that is a

emerging approach supported by scholars including Ragin (2009), Bhaskar (1998), and Easton² (2002; 2010). Their different philosophical origins mean these four methods differ from each other based on what kind of theory they have the power to create, and how that is created. The four methods differ in terms of whether they emphasize causal explanation and/or contextualization as presented in Table 10 (Welch et al. 2010). In terms of theory building, interpretive sensemaking offers a way to understand the phenomena in specific settings as an outcome of a “thick description.” Inductive theory building and the natural experiment method provide opportunities both to explain phenomena and to offer more general, “law-like” explanations. The main difference is in the strength of causality: the natural experiment method tries to explain causality and specify cause-effect relationships, whereas inductive theory building offers the option to create explanations in the form of testable propositions that can be seen as a weak form of causality. A contextual explanation is seen as the escape from the explanation–understanding juxtaposition that makes it possible to identify specific causal mechanisms and the contextual conditions under which they work (Welch et al. 2010).

TABLE 10 Four methods of theorizing from case studies (adapted from Welch et al. 2010).

Emphasis on contextual explanation	Strong	Interpretive sensemaking (e.g. Stake) - Understanding: “rich story” - Context necessary for understanding, particularization	Contextual explanation (e.g. Ragin; Bhaskar) - Explanation and understanding: Causal explanations but in a specific context - Context integrated into explanation
	Weak	Inductive theory building* (e.g. Eisenhardt) - Explanation: Regularities, proposing associations between events - Contextual description as a first step	Natural experiment (e.g. Yin) - Explanation: Causal, internally valid explanations - Causal relationships are isolated from context
		Weak	Strong
		Emphasis on causal explanation.	

*The position adopted in this dissertation is indicated with gray shading

In marketing, most academic research has adopted the positivist epistemology, and a number of case researchers have adopted a positivist position in their research, perhaps without realizing it (Easton 2010). This notion was also evident in Welch et al.’s (2010) study that analysed published theory-building case studies from *AMJ*,³ *JIBS*, and *JMS* between 1999 and 2008. Their results

² Easton is added by the author of this dissertation. Easton speaks for critical realistic case research especially in industrial marketing setting (see e.g, Easton, 2002; 2010).

³ *AMJ* = *Academy of Management Journal*, *JIBS*= *Journal of International Business*, *JMS*= *Journal of Marketing Science*

revealed that most case studies (123/199 of which 96 were classified as inductive theory building, and 27 as natural experiments that focused on theory testing) were all positivist in their assumptions; 52 were classified as interpretive sensemaking articles and the last 24 relied on critical realism thought: In all of these last 24 articles the philosophical assumptions were not revealed explicitly and in addition to critical realism, evidence was found relating to interpretivism and mild positivism (Welch et al. 2010).

Despite the strong emphasis on positivist case study research, the positivist approach has been strongly criticized since its nomothetic epistemological stance, idea of causality, and a constant conjunction of elements or variables that are not a causal explanation, and critical realism is seen 'to offer the way forward' (Easton 2010, 119, see also Töttö 2004, 276 and Welch et al. 2010).

The ontology of critical realism (adopting pragmatism as an epistemological basis) positions itself between positivist and interpretivist research, and resolves the tension between the two by suggesting that the world is socially constructed, but not entirely so (Easton 2010). Like positivists, critical realists believe that there is an independent reality and it can be approached through empirical observation. Unlike naïve realists (advocating strict positivism), critical realists see truth as contingent and assert that the ultimate truth cannot be incontrovertibly known. In fact, although Yin and Eisenhardt are presented in Welch et al.'s (2010) classification as positivists, their methodologies are based on critical-realistic premises (see e.g. Järvensivu and Törnroos 2010). In practice, Yin (2014) and Eisenhardt (1989) aim to discover the truth by adding more cases, in a manner that can be interpreted as a positivist goal and manner, but often the cases are constructed by researchers, which necessitates admitting the interpretive nature of the research.

For theory building case research, moderate constructivism has also been suggested to be a suitable starting point; one that is similar ontologically and epistemologically to critical realism but is more concerned with acknowledging the possibility of there being multiple community-formed knowledge bases (meaning contextual truths), whereas critical realism is concerned with moving closer to universal truth (Järvensivu and Törnroos 2010). In fact, in Welch et al.'s (2010) categorization, the description of contextual explanation, that highlights the contextuality of theories developed, seems to be closer to the moderate constructivism described by Järvensivu and Törnroos (2010) than to critical realism.

Often, positivistic ontology is associated with statistical methods, whereas interpretivism relies on softer interpretive methods such as hermeneutics and phenomenology, although the distinction is not clear-cut (Weber 2004). The nature of qualitative research may cause confusion. Some readers and researchers confuse different kinds of research that seem similar because they use qualitative data to meet the criteria of interpretative research, although they might be positivist in their standpoints (Eisenhardt and Graebner 2007). The chosen method is not a clear sign of the researcher's epistemological stance

(Weber 2004). The epistemological assumptions should be in line with how the method is used and how results and conclusions are interpreted, but choosing a positivist or post-positivist approach does not necessarily mean choosing a qualitative or quantitative approach.

As noted above, the case study methodology was chosen to meet the research purpose, to increase understanding of the implications that digitization brings to marketing, and to develop theory. The aim is not to create ultimate truth but to approach the truth through cases and offer a theory/explanation about the phenomena that can be tested further. This can be interpreted as a weak form of causality focusing on creating explanations in the form of testable propositions (see Welch et al. 2010). This aim positions this dissertation in the inductive theory-building group in Welch et al's (2010) categorization, which represented a positivist and empiricist approach. However, in light of the discussion above (see e.g. Easton 2010; Järvensivu and Törnroos 2010), this dissertation is positioned itself to follow the premises of critical realism. This allows for the creation of reliable assumptions and a general understanding of reality by combining different perspectives and theory, while accepting the research's conceptuality and subjectivity. Furthermore, this dissertation follows Eisenhardt's (1989) suggestion to theorize from cases.

3.2 Research process

Yin (2014, 28) describes a case study research design as a multiple-step journey. The research design is the backbone of the whole study. Table 11 presents Yin's (2014, 29) five components to guide case study research and Eisenhardt's (1989, 533) eight-step process to build theories from case study research. Within the presented guidelines, there are four central phases applied as a general research design structure in this dissertation:

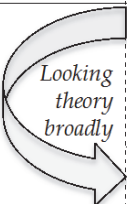
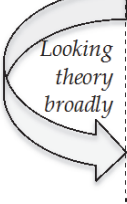
- 1) What to study (research purpose, defining the case)
- 2) How to study (collecting and analysing the data)
- 3) How to create theory (combining findings)
- 4) How to evaluate interpreted findings

Most textbooks on research methodology describe case studies as linear processes, so fail to see the opportunities that intertwined research processes provide for case research (Dubois and Gadde 2002). Although Eisenhardt (1989) described their method as 'the process of inducing theory using case studies' (p. 532), she concluded that building a theory from case study research is an iterative process in frequent overlap of data analysis and data collection (Eisenhardt 1989). However, this description more closely fits abductive than inductive logic.

In an inductive approach, the theory is systematically generated from the data (Dubois and Gadde 2002). It is akin to the grounded theory approach by

being data-driven. Dubois and Gadde (2002) see a purely inductive case study approach as leading to descriptive outcomes, or as not providing more than partial support for particular theories, frameworks, and theory-testing. The opposite of this is a deductive approach that develops theoretical propositions and tests them in the real world. It is a theory-driven approach, and is close to the research design that Yin (2014, 29) proposes.

TABLE 11 Research design

<i>Theory*</i>	This dissertation	Yin (2014, 29)	Eisenhardt (1989, 533)
	1) What to study (research purpose, defining the case)	1) Research question 2) Propositions, if any 3) Unit(s) of analysis (the "case")	1) Getting started (research questions and prior constructs),
	2) How to study (collecting and analysing data)		2) Selecting cases (based on theoretical understanding), 3) Crafting instruments and protocols (multiple data collection methods, multiple investigators), 4) Entering the field (overlapping data collection and analysis, flexibility), 5) Analysing data (within-case analysis, cross-case pattern search),
Sub-area 1 → Paper I Sub-area 2 → Paper II Sub-area 3 → Paper III Sub-area 4 → Paper IV 	3) How to create theory (combining findings)	4) The logic linking the data to the propositions	6) Shaping hypotheses (iterative tabulation of evidence for each construct, replication, logic) 7) Enfolding literature (in comparison with conflicting and similar literature) 8) Reaching closure (theoretical saturation when possible).
	4) How to evaluate interpreted findings	5) The criteria for interpreting the findings	

* The arrows illustrate the abductive logic used in this dissertation.

Doing abductive research does not just mix deductive and inductive approaches. It is its own approach to research. Its developer, Peirce, used it to contrast the polar opposites of inductive and deductive logic (see Coffey and Atkinson 1996, 155). Abductive reasoning implies starting from the specific and relating that to a broader context. This happens through repeated interactions between previous and new knowledge (Coffey and Atkinson 1996, 156). This idea is very close to hermeneutics and the hermeneutical circle. However, Coffey and Atkinson (1996, 155) state that agreeing with pragmatist philosophy is not required to productively and heuristically use the idea abductive research logic although it is often specified into the critical-realistic research (see e.g.

Easton 2010; Järvensivu and Törnroos 2010). Abduction is also closely related to grounded theory, but the theoretical emphasis of abductive logic differs from this approach. It is fruitful when the goal is to discover new things, generate new concepts, and develop theoretical models (Dubois and Gadde 2002; Coffey and Atkinson 1996, 155-156). Furthermore, abductive research logic is specific to critical-realistic research (see e.g. Easton 2010; Järvensivu and Törnroos 2010). For these reasons, abductive logic is adopted in this dissertation.

In practice, using abduction in this dissertation means that there is interplay with theory and findings in each phase of the analysis, from the specific towards a broader understanding. The following sections describe this in practice. Table 11 illustrates the abductive logic with arrows. The three first central steps, and how they are implemented in this dissertation, are explained next: Step 1 What to study see 3.2.1, Step 2 How to study see 3.2.2, Step 3 How to create theory see 3.2.3. The last step of how to evaluate findings is discussed at the end of this dissertation in section 5.3. It is also presented here as the final step of the research design, since most of the aspects relating to reliability and validity of the study need to be considered in the early stages of the research process.

3.2.1 Step I: Research purpose and defining the case

All guidelines start by reviewing prior knowledge and formulating research questions to guide the further steps of case selection and data gathering, while allowing flexibility (see e.g. Drake et al. 1998; Eisenhardt 1989; Yin 2014, 30). The strong connection with theory as the basis of research also differentiates explorative case study research from the grounded theory approach (Corbin and Straus 2008) or from ethnography (Lincoln and Guba 1985). Yin (2014, 9) suggests explanatory 'how' and 'why' types of questions, and exploratory 'what' types of questions are suitable for case research. Eisenhardt (1989) suggests defining a research focus (a research problem) that leaves enough flexibility to find new ideas. Yin (2014, 30) suggests making propositions, although this is not compulsory or perhaps even relevant, especially in the case of an explorative study, in which defining the purpose is suggested.

In both explanatory and exploratory research, the goal is to define the research focus, or the case, to keep the case research focused. A case can be defined as a phenomenon of some sort (in other words, an individual, role, group, community, nation, event, or time) occurring in a bounded context. In effect, the case is the unit of analysis (Miles and Huberman 1994, 25). It is important to identify the unit of analysis, since it explains what constitutes a case (Drake et al. 1998). As Yin (2014, 34) clarifies, the subject of the case study is the phenomenon and the case is the context. In other words, the case is something happening in the context of the case. The case is a subject of the study and the unit of analysis is the case as an entity. The cases may also have sub-cases embedded within them (Yin 2014, 33).

Literature typically distinguishes between single and multiple case studies (Dubois and Gadde 2002). There seem to be a general opinion that a single case

would be a great starting point for in-depth investigation and rich description ('how'), whereas multiple cases would provide better explanatory tools than single cases ('why', 'what') (see e.g. Dubois and Gadde 2002; Easton 2010; Eisenhardt 1989; Eisenhardt and Graebner 2007; Miles and Huberman 1994, 26; Stake 1995, 4). Single cases explore a significant phenomenon under rare, extreme circumstances (Eisenhardt and Graebner 2007) or provide an opportunity for unusual research access (Yin 2014, 52). In Stake's typology (1995, 3), single cases can be classified as intensive case studies.

Multiple case studies are utilized in a more instrumental manner. The choice is based less on the uniqueness of a given case but more on its contribution to theory development within the set of cases (Eisenhardt and Graebner 2007). Building a theory from case studies involves one or more cases to create theoretical constructs, propositions and/or midrange theory from empirical evidence (Eisenhardt 1989). For theory development, Eisenhardt (1989) suggests the ideal number is between four and ten cases. If there are fewer than four cases, it would be advisable to include several mini-cases (in this context, Eisenhardt (1989) means the number of cases as the unit of analysis). When the goal is to develop theory, not test it, theoretical sampling is appropriate. This means that cases should be selected based on their suitability for illuminating and extending relationships and logic among constructs (Eisenhardt and Graebner 2007).

In this dissertation, the phenomena-driven research justification was selected. In the beginning, the research focus was defined as *digitization in marketing*, which is also the main case in this dissertation. An explorative 'what' question was later formulated as the main research problem. A multiple case study approach was selected, as the goal was to develop theory. When theorizing from multiple cases, each case serves as a distinct experiment that stands on its own as an analytical unit. The theory-building process occurs via recursive cycling among the data from the cases, revealing theory and extant literature (Eisenhardt and Graebner 2007).

The main case consisted of six sub-cases, in which two cases looked at the phenomena on a strategic level (related to RQ1) and four cases did so on a usage level (related to RQ2). This descriptive level, with two 'how' research questions (as descriptive themes, see Chapter 3.2.3), was added between the main case and sub-cases to better structure the analysis and help synthesize the findings from the papers. The six sub-cases come from four case studies that were the analytical units (see Eisenhardt and Graebner 2007) representing different points of view on, and different aspects of, the phenomena. The cases are as follows: Paper I, Digitization in Branding (strategy and usage level); Paper II, Digitization in CRM (strategy and usage level); paper III, Digitization SMEs Marketing; and Paper IV, Digitization in IC. The four papers include six cases, as the inspection was done at two levels (strategic and usage), and Papers I and II include two cases instead of one. The unit of analysis is a case company. Two of the papers are single-case studies and two are multiple case studies.

To clarify, this dissertation consists of two phases. Case design Step II (how to study) as Phase I, and Case design Step III (how to create theory) as Phase II. In Phase I, the data for the papers are individually collected and analysed. In Phase II, they are combined to go one-step further and explore knowledge and theorize by synthesizing the knowledge in the four papers. This structure is illustrated in Figure 2 in the introduction, and is explained more comprehensively in practice in the next sections.

3.2.2 Step II: Collecting and analysing the data for each paper

The next step focuses on how to study. This section focuses on describing and explaining the method at the level of each paper. The level comprises the decision on case selection as the unit of analysis for each paper, and how and why the data were collected.

3.2.2.1 Selection of cases

The data for this dissertation comes from multiple perspectives and different Finnish companies. In Finland the internet penetration rate is high, at approximately 90% (ITU 2014) and people in Finland are actively using digital channels such as the Internet on a daily basis. Finland is a forward-looking country that has the prerequisites for effective, advanced utilization of digital tools.

The purpose of paper III was to look at the state of digitization in company marketing practices at a more general level, so companies were selected that were interested in digital marketing but had not fully adopted digital tools as part of their marketing initiatives. These companies represented average SMEs. Survey data were also collected to offer wider perspective on the multiple case study findings.

To look at digitization from specific perspectives (Paper I, Paper II, Paper IV), companies were selected on the basis of understanding digitization and their use of digital tools as part of their marketing practices. It is noteworthy most of these digitally aware companies were also large SMEs that were confronting the two chosen criteria. Only two companies were larger corporations (one in Paper II and one in Paper IV). Each selected company acted globally and was unique.

To understand branding in the digital age, a single-case study approach was selected. The case company, Delta, has adopted digital tools by integrating digital elements and incorporating them into its marketing strategy as a matter of routine. As a result, the firm has built a noticeable international brand and conducted a successful market entry. It is also a great example to other firms pondering how to benefit from digitization and successfully use social media channels in the industrial setting.

To shed light on CRM in the digital age, a multiple case study approach was selected. The three case firms for this research were selected by subjective sampling, since the purpose was to inspect how pioneering firms utilize and

understand CRM in the digital age. Each selected organization was successful, at the forefront of its particular field, and established in its market. Each also adopted and actively used digital tools in its CRM and social media for its marketing communications. All companies were different ages and represented different organization styles.

A single-case study approach focusing on a listed Finnish multinational industrial corporation was selected to focus on the use of digital communication tools for IC. A recent acquisition elevated the company to the position of global leader in its industry, with sales of approximately €12 billion and more than 19,000 employees worldwide.

In addition, the data for papers looking digitization from specific perspectives mainly came from B2B companies. This was for two reasons, as the introduction explains. First, there was a call for empirical research, particularly on B2B companies (see e.g. Järvinen et al. 2012; Michaelidou et al. 2011), on this topic. The second reason relates to the general nature of B2B business, as B2B markets are often global and fiercely competitive, and feature relationship-oriented marketing.

Owing to the complexity of products and services, and the special needs of buyers, the buying process is significantly different in the B2B sector than in B2C (Webster and Keller 2004). A buying centre (the group of people responsible for finalizing major purchasing decisions) is usually needed to facilitate transactions between organizations. Although business buying is derived from the strategic need to have an organization behind the actual buyer, individuals make the decisions (Webster and Keller 2004). It is important to recognize that business-sector relationships are usually established on two levels: Between a company's customer-facing personnel and the customer; and between the company itself and the customer. Both of these reflect the brand. In the B2B environment, the importance of personal selling and relationships is widely recognized (Andersen and Kumar 2006). As discussed in Chapter 2.1.1, customers' impressions of a brand image depend on multiple contacts with the company (see e.g. Nandan 2005), which requires consistent company marketing actions. In B2B, the employee role of projecting the brand in a way that is consistent with the company's intentions (Leek and Christodoulides 2011) is highlighted even more than in B2C markets.

Despite the differences between B2B and B2C businesses and since the selected focus and the nature of the phenomena in this dissertation, to inspect implications that digitization of the changed communication had on marketing strategy and usage levels, it would not have been productive to emphasize the B2B context, although it should not be ignored. As Day (2011) noted, the evolution of the Internet has been suggested as the force behind the widening gap and the best source of solutions in both B2B and B2C markets. Furthermore, the main definer was that of how the companies harnessed technological advantages to their advantage (see e.g. Borges et al. 2009; Carr 2003; Day and Bens 2005). The key factor was that the selected companies expected meet the two requirements stated above.

3.2.2.2 Data collection and analysis

In theory-building research, data are typically collected by different methods and multiple sources are combined (Eisenhardt 1989; Eisenhardt and Graebner 2007). Data and method triangulation are generally considered to be essential for a case study (Dubois and Gibbert 2010) and both quantitative and qualitative data can be used. However, qualitative data, such as interviews, observations and historical sources, have their strengths in terms of developing theory (Eisenhardt and Graebner 2007). As Mintzberg (1979, 587) noted: "Theory building seems to require rich description, the richness that comes from anecdote. We uncover all kinds of relationships in our 'hard' data, but it is only through the use of this 'soft' data that we are able to 'explain' them, and explanation is, of course, the purpose of research."

In this dissertation, data and method triangulation was applied. For all papers, the main data came from semi-structured, theme interviews with key informants. Interviews are often used qualitative method to collect data when direct observation is not possible. Eisenhardt and Graebner (2007) suggest collecting interview data from knowledgeable informants who view the focal phenomena from diverse perspectives. The informants selected from each company were recruited by a snowball-sampling method, which made it possible to recruit interviewees with the most knowledge. This resulted in interviews with people in managerial positions both from within and from outside the firm. The interview structure inspecting the phenomena from each perspective was created based on existing theoretical knowledge. However, the interviews were conducted in an unstructured manner that allowed informants to talk about the phenomena in a natural way. The interviewers did however ensure that all questions were answered and the key aspects addressed. The interviews were recorded and transcribed verbatim. The transcript materials were read several times, and notes were taken to help parse the data.

The interview data were analysed by thematization consisting of the three-step procedure Miles and Huberman (1994, 10) advocated. The procedure included data reduction, data display, and the drawing and verification of conclusions. In line with the chosen interview approach, the focus during the analysis phase was on facts. As a process of analysis for qualitative data, this is more cyclical than linear (Miles and Huberman 1994, 12), which allows deeper, more reliable conclusions to be drawn. In addition, complementary data supported the findings in the papers and clarified the results. The role and nature of complementary data for each paper are explained below, with short descriptions of the data collected for each paper.

The role of theory and the theoretical framework in the papers was first, to help identify relevant findings (see suggestions by e.g. Drake et al. 1998; Eisenhardt 1989; Miles and Huberman 1994, 18; Yin 2014, 44, 30) without being too strict to "blind the researcher to important features in the case or cause misreading of local informants' perceptions" (Miles and Huberman 1994, 16); or too loose, which might lead to "indiscriminate data collection and data over-

load” (ibid., p. 17). Secondly, the role of theory was to frame and locate research in a wider field of interest (see e.g. Eriksson and Kovalainen 2008, 41). More precisely, in each paper, the theory was used to guide the data collection (i.e., the interview themes for each study were built based on previous theories), to assist data reduction (i.e., to see the relevant findings) and display (i.e., the interview data were first organized under the discussed themes into the matrices) and also to help to see and draw conclusions and to verify results. The theory and theoretical framework did not govern the research process but acted as an inspiration for it and offered a guideline to implement research which position papers to follow abductive research logic (discussed in section 3.2). Table 12 summarizes the empirical data collected for this dissertation.

TABLE 12 Empirical data

Paper	Approach	Characterizations	Data collection	Data analysis
I	A Single-case study	<ul style="list-style-type: none"> • New B2B company • SME • Operates internationally • Understands digitization • Utilizes digital tools in marketing 	<ul style="list-style-type: none"> • Theme interviews from company marketing/communication managers and an advertising agency (n=5) • Social media content (Twitter tweets, Facebook post, Newsletters, Blog, Talking Point) • Other materials (web site, webcasts, annual reports) 	<ul style="list-style-type: none"> • Thematic analysis (Data reduction/ display/ Conclusion drawing/ verification) for interview data • Content analysis for social media content • Other materials used to support the findings
II	Multiple case study (n=3)	<ul style="list-style-type: none"> • Established B2B companies • Two SMEs, one larger • Operates internationally • Understands digitization • Utilizes digital tools in marketing 	<ul style="list-style-type: none"> • Semi-structured theme interviews (n=10) 	<ul style="list-style-type: none"> • Thematic analysis (Data reduction/ display/ Conclusion drawing/ verification) • Cross-case analysis
III	Multiple case study (n=13), Survey	<ul style="list-style-type: none"> • “Average SMEs” (b2b/b2c) from Central Finland • Are interested in digitization but not fully leveraging it yet 	<ul style="list-style-type: none"> • 13 semi-structured-theme interviews with 16 CEOs and marketing managers • Analysis of web presence of each case company • A seminar where the results were discussed • Survey of 421 respondents 	<ul style="list-style-type: none"> • Thematic analysis (Data reduction/ display/ Conclusion drawing/ verification) and content analysis for interview data • Quantitative analysis for survey data
IV	A Single-case study	<ul style="list-style-type: none"> • Established B2B multinational company • Understands digitization • Utilizes digital tools in marketing 	<ul style="list-style-type: none"> • Semi-structured theme interviews (n=9) • A workshop where the results were discussed 	<ul style="list-style-type: none"> • Thematic analysis (Data reduction/ display/ Conclusion drawing/ verification)

Paper I: A single-case study of brand building using digital media

Empirical data for Paper I were collected through semi-structured, theme interviews with Delta's key players (the Sales and Marketing Manager, Communication Manager, and Marketing Manager) and its advertising agency (CEO-A, and CEO-B) that had been involved in building the company's brand. All interviewees had affected and implemented Delta's brand and branding decisions.

The same themes were discussed with each of the interviewees, but the detailed clarification questions varied according to the different positions and expertise of the interviewees. The five themes selected were based on the guiding principles of branding presented by Kotler and Pfoertsch (2007): Decision to brand (overall decision to build a brand); Brand and branding (what, to whom, why and how); Digital environment and tools (what, why, how); Maintenance (brand management and development) and; Evaluation of success (strength and weaknesses).

The transcript materials were read through several times, and notes were taken to help parse the data. The analysis employed thematization consisting of the three-step procedure advocated by Miles and Huberman (1994, 10) (explained above). For data reduction, all the material was organized under the themes and the entire transcript was analysed as a single unit. For data display, the interview data were organized in matrices, an illustrative display format suitable for understanding the chronology flow, location and connection of events (see Miles and Huberman 1994, 93), in order to create an overall picture of the different phases of branding and their guiding principles (see Kotler and Pfoertsch 2007). Special attention was paid to digital branding actions, and to how the brand was delivered through digital channels. The latter was also added as an individual theme.

Complementary data were collected by conducting content analysis from Delta's digital content, including blogs, talking points, newsletters, Facebook and Twitter (Table 13). The unit of analysis varied in each medium, owing to their different nature. The units of analysis in each medium were analysed individually and inductively. Initially, the collected units were reduced and the relevant sub-units in each medium were identified for further analysis. After this, each sub-unit was analysed inductively by coding the units of analysis and classifying similar codes into the bigger groups. The number of codes in each group was quantified in order to create understanding of the sub units of each medium—in practice to know how each medium was used, what kind of content had the main role, etcetera.

Delta's website was also systematically analysed using the framework created by de Chernatony and Christodoulides (2004) that defined six aspects to be considered when taking a brand promise online (locating the brand and speed of download; site appearance; navigation; differential rewards; personal support; and physical delivery and return). Other available materials relating to the company (official documents, annual reports, news articles, company presentations, video clips, and 360° conference videos) were used to obtain the

best possible impression of its brand building and added to the findings of the main and complementary data.

The complementary data were also used to bolster the interview data. A thick description of each phase, and that specifically relating to digital brand delivery, was written. The written description was sent to the case company's Sales and Marketing Manager and advertising agency representatives for data verification, and they commented on the findings and verified the interpretation of the researchers.

To link the theory and empirical data, explanation building, which is one particular type of pattern matching, was used (see Yin 2014, 143). In practice, we created theoretical propositions before the empirical data collection, compared them with the empirical findings, and revised them based on empirical knowledge. In the written article, only the end product of the process has been presented.

TABLE 13 Units of analysis for complementary data on paper I

Medium	Empirical unit of analysis	Sub-units	Amount of collected units	Sample technique	Timeline
Company blog	Blog text	Writer, purpose of the story, content, comments	14	Census	9.12.2009-15.9.2011
Talking point	Article	Purpose of the story, content, expert	21	Census	20.2.2008-7.12.2011
Newsletters	One newsletter story	Content, special features, pictures	150	Census	1/2008-4/2011
Facebook page	Wall posting	Writer, content, comments, reactions	141	Census	11.9.2009-16.12.2011
Twitter	Tweet	Content	952	Convenience sample	3.1.2011-15.12.2011

Paper II: A multiple case study of CRM usage

The main empirical data were collected by semi-structured theme interviews on the case firms' CRM-related activities with key players. Based on theory, four central themes related to the CRM process (see e.g. Greenberg 2010, Nguyen and Mutum 2012) were identified and selected. They were: 1) the role of CRM in the companies, 2) the usage of social media and other digital tools for CRM, 3) acquiring customer insight, and 4) engaging customers. A total of ten people in managerial positions in three firms were interviewed. The data were collected until nothing new appeared. Only two people in Firm B volunteered to talk about CRM, but they had strong knowledge and long experience of the aspects of CRM affecting their firm.

The analysis employed thematization consisting of the three-step procedure advocated by Miles and Huberman (1994, p.10). To aid data reduction, all the material was organized under the same themes discussed in

the interviews. Under the themes, sub-themes that seemed important to the topic and that arose in several interviews were inductively identified. For example, under theme two, two sub-themes emerged, a) usage of social media tools in general, and b) usage of social media tools specifically for CRM. Irrelevant material was discarded.

The original transcripts were simplified into short but thick descriptions of the content to facilitate further analysis. Next, all the descriptions were tabulated and organized into matrices. The existence of the link between the created description and original quotation was confirmed, which facilitated moving back to the original transcript material when needed. (see suggestions by Miles and Huberman 1994, 241-242.) During this data display phase, each sub-theme was first analysed individually at the firm level in order to create an overall picture of what was happening in a single case company to enable cross-case analysis. Then cross-case analysis was applied to identify possible similarities and differences between the case firms. A thick description was produced quoting the interviewees to support the findings. Data verification involved the conclusions drawn being reflected once more against the raw material from the interviews to verify they were well supported.

Prior knowledge and theory guided the data collection and analysis but did not govern it. Finally, existing theory was reflected against the empirical findings in order to see how prior theoretical knowledge, suggestions, and assumptions appeared in light of the empirical findings of the study.

Paper III: A multiple case study and questionnaire

The empirical data for this paper were collected in two phases, semi-structured theme interviews, and a survey. The objective of the interviews was to gather information on the companies' digital marketing activities, their usage of digital channels, any difficulties encountered during such use, and on the companies' attitudes towards digital marketing. Prior theoretical knowledge and a literature review on the topic guided the formulation of interview themes. A total of 13 semi-structured theme interviews in SMEs with 16 managers were conducted. The managers had various titles, but all were responsible for the company's marketing activity (including digital marketing). In addition to the interviews, the web presence of each company was carefully analysed and the company's activity in each medium they employed was tabulated to obtain a comprehensive picture of the usage of digital marketing within each case company.

The interview data were first analysed using thematization consisting of the three-step procedure advocated by Miles and Huberman (1994, 10) (explained above). For data reduction, all the material was organized under the themes and irrelevant material discarded.

To aid data display, the transcript data were simplified into thick descriptions and organized into matrices to support further analysis. The data from the web presence analysis were also added to the tabulation. The data were first analysed at the firm level and then, the data collected under each

theme were compared among the companies. Content analysis was also used to clarify the usage of different marketing channels and the benefits of and barriers to usage. First, the marketing channels used, their benefits, and the barriers to their use for digital marketing were identified inductively in the interviews. Then content analysis and counting was undertaken to see “what is there” (see Miles and Huberman 1994, 245, 253) in order to elicit conclusions. In practice, the count recorded how many of the companies interviewed were using each channel, and how many mentioned the identified themes in terms of being benefits or barriers. This method helped identify the most common channels, benefits, and barriers.

The data were verified by sharing impressions with other researchers involved in the data collection who were familiar with the case companies. In addition, after the interviews, each company was sent a summary that identified the greatest development need related to digital marketing and these interpretations were verified by company staff. The main results were also presented to and discussed with the case companies in a seminar.

For the second phase of data collection, a survey sample was collected. The survey charted digital marketing usage from a wider perspective and contextualized the results from the interviews. The knowledge gathered from the interviews was used along with that derived from prior studies (Järvinen et al., 2012; Michaelidou et al., 2011) as a basis for the development of the survey instrument. The items related to marketing budget allocation, the utilization of, and objectives set for, digital marketing channels in SMEs, and the key drivers of adoption. Because the role of the quantitative data was to describe the phenomena in a broader sense, analysis was conducted using a parametric analysis of variance (T-test and ANOVA) to identify any differences between the respondent groups. In addition, cross-tabulation was used to analyse the data.

Paper IV: A single-case study of IC in MNC

Data for the study were drawn from nine semi-structured theme interviews among managers from different positions and verified in a workshop during which the interview results were presented by two researchers and discussed with eight representatives responsible for developing IC in the firm.

The interviews were transcribed and read through several times before a more careful analysis was undertaken. Again, the interview data were analysed using the three-step procedure advocated by Miles and Huberman (1994, 10). To aid data reduction, all the material was organized under the same themes discussed in the interviews, and irrelevant material was discarded. The themes discussed involved general questions related to IC (challenges, role, formal/informal communication etc.), intercultural communication (challenges, influence on IC etc.), and channels used for IC (digital channels, preferred channels, channel usage, challenges, opportunities). To aid data display, each theme was analysed individually; then matrices were constructed so as to concisely assemble information, and to facilitate drawing conclusions. The data

were also organized inductively according to the digital tools brought up in the interviews. First, the tools used for internal communication were identified. Next, researchers collated the interviewees' descriptions of the role and usage of each digital tool and also their stated advantages and the issues with them. Thick descriptions of each channel's usage were produced to create an overall picture of how channels were used. Next, the advantages and issues surrounding use and suggested solutions to the issues were collected and organized in a table on the basis of internal communication, intercultural communication, and corporate culture. Finally, to perform the data verification, we synthesized our interpretations of the themes and presented them in a workshop for the case company's representatives to review. In the workshop, the researchers presented the ways in which digital communication tools were used for IC, and the benefits of and issues with their usage in such a large corporation. The workshop also discussed the implications of the findings for the case firm, and confirmed that the results obtained by the researchers were sound in terms of managerial relevance. The firm's representatives reaffirmed that the findings obtained represented the views of the majority of the company's employees.

3.2.3 Step III: To create theory, synthesizing findings

This dissertation applied the ideology of meta-synthesis as its method to combine the four selected papers. The goal in this dissertation was not to conduct a full meta-synthesis on the topic, but to retell it as a way to systematically combine the results from each paper. As Strike and Posner (1983 in Thomas and Harden 2008) explain, meta-synthesis is usually an activity, or the product of activity, in which some set of parts is brought together into a whole. The idea of meta-synthesis going beyond primary studies is a critical component of synthesis that distinguishes it from other ways to summarize findings (Thomas and Harden 2008). Meta-syntheses are integrations that are more than the sum of their parts. They are new interpretations of findings that cannot be found in any one research report, but are derived from taking all of the reports in a sample as a whole (Thorne et al. 2004). Doing meta-research is more familiar in the context of quantitative research, but there are also methods developed to synthesize qualitative research.

In qualitative research, the researcher should clarify whether it is primary or secondary data (already analysed and interpreted data) that is intended to be combined. Meta-research methods, such as secondary analysis of primary data, cross-case comparison, grounded theory, and interpretative phenomenological analysis all use primary data as the basis of analysis. In comparison, examples of techniques that utilize interpretive data as the basis of analysis include meta-analysis (quantitative), systematic review, literature reviews, meta-ethnography, and meta-interpretation (Weed 2005).

Of the qualitative methods, the meta-ethnography developed by Noblit and Hare (1988) is the most famous and is often described as the basis of other methods such as meta-study, critical interpretive synthesis, meta-synthesis, and

thematic analysis (see e.g. Thomas and Harden 2008). Furthermore, Thomas and Harden (2008) presented thematic synthesis as one approach to translate methods for analysing thematic primary research.

Thomas and Harden's (2008) thematic synthesis consists of three main stages, coding text; developing descriptive themes; and generating analytical themes. The goal for stages one and two is to summarize findings from the primary studies. The third stage takes the analysis one level beyond the primary findings by generating new conclusions. First, each area is considered in the light of the research question posed by the review. Thematic analysis is then applied to draw out the cross-cutting analytic themes (Kavanagh et al. 2011). These statements are the final product of a thematic synthesis. Similar stages are developed in meta-ethnography, which aims to develop third-order interpretations that go beyond the content of the original studies (Thomas and Harden 2008). In the same vein, Eisenhardt and Graebner (2007) use tables and aids that summarize the case evidence to emphasize the rigour and depth of the empirical grounding when combining the cases to build theory.

As explained before, this dissertation aims to combine the data from the four chosen papers in which the thematic analysis is used. Thomas and Harden's (2008) guidelines were useful as an inspiration to the extent that they were relevant to the scope of this dissertation. In this dissertation, Stages 1 and 2 were conducted by identifying the most appropriate results of the selected papers. These descriptions are presented in the results section as the summarization of each paper. The results of the papers were noted to approach the research problem from two different levels (strategy and usage), and six sub-cases were identified. The two identified levels are descriptive themes in this dissertation and are presented as two research questions. Theoretical knowledge that looked at the phenomena on a broader level and formulated research problems together with research questions made it possible to take the findings from papers beyond the descriptive level. The primary data identified in six sub-cases were organized in tables under the related descriptive theme to make clear the chain of evidence. This phase is presented as the answers to the research questions. Finally, the research questions were combined and the research problem answered as the final product of the synthesis.

4 SUMMARY OF THE RESULTS OF EACH PAPER

This section summarizes the results of each paper. The main results of each study (the sub-cases) are summarized in relation to the RQs in section 5.1.

4.1 Paper I Creating a brand using digital media

The first paper described the overall branding logic of an international B2B company operating in the renewable energy industry, and through that, responded to calls for empirical research on brand management in the new media environment by shedding light on the understanding of an effective marketing strategy in the digital age. Hence, the paper contributes to the strategic-level discussion on digitization (see RQ1) from a branding perspective (sub-case 1) and also sheds light on the usage level discussion (see RQ2) from a branding perspective (sub-case 3).

This case suggests that the building of a brand in a digital environment should be undertaken in a consistent manner and can become a strategic asset by integrating genuinely different operational functions. Branding should be market driven, but take into account the company's internal capabilities and affairs. The findings of the case study reveal that the case company has built its brand based on market insight, which has probably contributed to its success, since it has been able to find a niche and build the brand accordingly. Despite its market-oriented approach to branding, Delta also recognized the importance of internal factors to its branding choices. Hence, the branding process was not purely outside-in, but also adopted an inside-out perspective.

To keep the brand relevant and active, branding should be seen as an ongoing process requiring continuous adjustment of the brand through monitoring the environment and reacting to weak signals. In Figure 11 that illustrates the digital branding model, this process is portrayed by the arrow going from the brand's identity, via the company's identity, and back to the brand's identity. The model sees branding as a central strength of the whole

organization. The company perceives and receives signals from the environment, considers how it should respond to them, and transforms the signals as a part of the brand's identity in light of the company's identity.

The need for specific digital tools to monitor the environment and deliver the brand was another finding identified in the case study. Organizations can monitor the new media environment and gain important brand input by monitoring stakeholders' actions; for example, by analysing clickstream data or inspecting the postings on Facebook, Twitter or other online discussions. Further information on brand input can also be acquired by monitoring general conversations and trends on social media. Listening to internal stakeholders is also important, since that group usually has tacit knowledge of the customers and current trends, and that can be done through digital channels, like an intranet or CRM software.

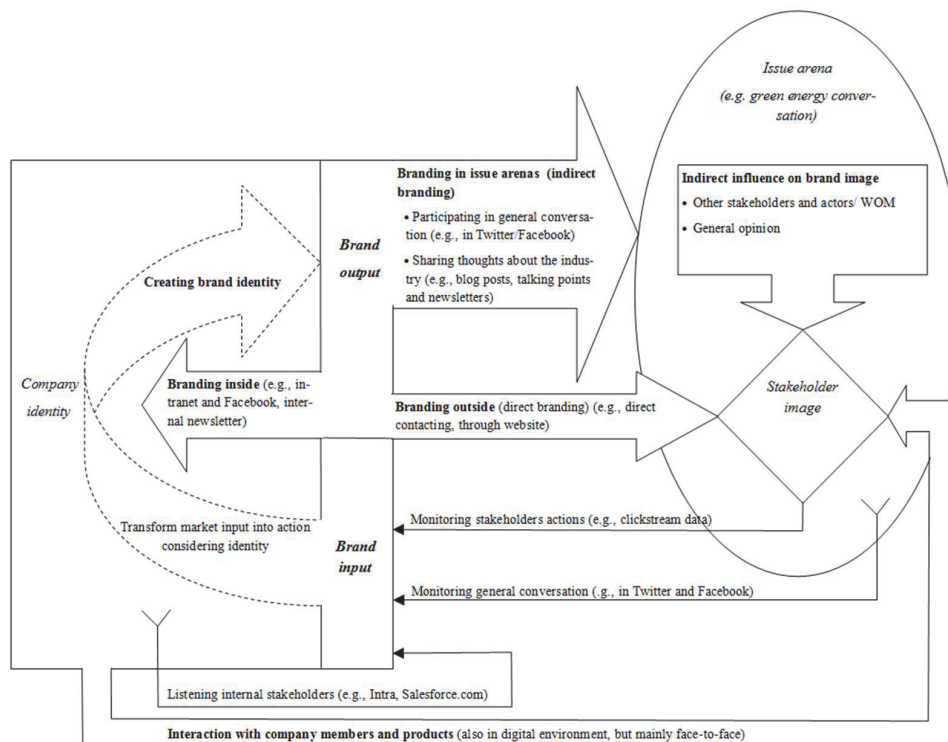


FIGURE 11 The digital branding model

The digital branding model proposes that branding includes three main areas: *delivering the brand internally* (branding inside), *delivering the brand externally* (branding outside), and *positioning the brand* in relevant conversations. All three areas affect brand value concurrently.

Delta's powerful and extraordinary branding seems to have inspired the whole organization to be proud of the company, which is also visible outside the organization. Hence, the first communicative part of the digital branding

model is *branding inside*, which refers to nurturing a strong internal knowledge of the brand to such an extent that the idea of the brand should shine like beacon through the organization, reflecting every interaction with every employee. In this process, the role of IC is crucial. The brand can be delivered through digital tools inside the organization using an intranet, internal newsletter, or CRM software (in this case, the Chatter function), or a social media application, like Yammer, Instant Messaging, or Facebook, that the internal stakeholders use.

The next communicative step, *branding outside*, focuses on communicating the brand to the external stakeholders such as suppliers, customers, investors, media, and society in a consistent manner. Although the company cannot control its environment, it can influence the perception that is formed of it by being an active player in its network, for example, by participating in topical conversations online. A strong human focus was evident in all the company's marketing and communication actions, although the delivery channels were primarily digital. The brand could almost be said to have given the company a soul. Delta has almost accidentally acted in accordance with the requirements of the digital environment. Instead of doing what could be called traditional marketing, its actions have facilitated conversation around the brand.

The third communicative step, *branding by positioning the brand in relevant conversations* means monitoring the public sphere and being an active and accurate player within it by initiating and taking part in relevant conversations. The company can strengthen its market position by creating a position strategy in different issue arenas and clarifying its position with key message strategies in each arena. The brand can be delivered beyond the organization for example, through the company website, and through issue arenas by participating in general conversations in social media. A company can also brand itself by sharing thoughts and creating content about the industry in the form of a blog, or through publishing talking points or a newsletter.

4.2 Paper II CRM in digital age: Implementation of CRM in three contemporary B2B firms

The second paper examined the shift from a company ecosystem towards a customer ecosystem from the CRM perspective and discussed what constitutes CRM in today's socially aware firms, how it is applied, and how firms utilize social media for CRM. The paper shed light on the strategic-level discussion of digitization (RQ1) from a CRM perspective (sub-case 2) and also on the usage level discussion of digitization (RQ2) from the CRM perspective (sub-case 4).

First, the findings indicate that these socially aware B2B organizations were well-aware of the fundamental change from company ecosystem to customer ecosystem that was happening, as they moved towards a more customer-centric orientation. The theoretical suggestions of a customer-centric

corporate culture (Acker et al. 2011; Kim et al. 2012) and customer orientation (Teo et al. 2006) as success factors of CRM in the future were taken seriously in these companies. The role of CRM was identified at a strategic level, rather than viewing CRM as just a tool to communicate with. It seems that the strategic position of CRM in the organizations is strengthening rather than diminishing. Despite the customer orientation and understanding the shift towards a customer ecosystem, the focus of CRM in all the companies studied was still on managing the customer, rather than being on managing dialogue as theory suggests it should be (Baird and Parasnis 2011). In addition, literature suggested CRM was moving from a customer centricity towards an entirely multi-stakeholder approach (see Boulding et al. 2005; Ernst et al. 2011; Fan and Ku 2010), but this study showed CRM above all else to still be a sales and customer-oriented concept. The results of this study suggest that CRM in the B2B sector is becoming more holistic in the age of the social customer. Its main goal, to enhance customer relationships, might not change, but CRM will become everybody's business to an even greater extent than it is currently. Understanding the customer is vital and requires careful listening, and also monitoring the environment, and hence solid cooperation between different functions.

There was a clear desire to engage customers in a collaborative conversation. However, hard numerical data played the most important role. 'Soft' data were not necessarily recorded in the CRM system, but formed a body of tacit knowledge held by the sales personnel. The central role of personal contact in B2B communication was not seen to be diminishing in any realm in the advent of digital developments.

Marketing/communication personnel (or in the biggest organization, a business intelligence unit) collected data on a more general level to support the CRM process and were also tasked with monitoring the environment and communicating the changes and weak signals to the sales team, who could then serve the customers better. By sourcing knowledge from the sales function, the marketing and communication functions were better able to meet their own need for information on their customers and prospects. Representatives from each of the firms recognized the importance of close collaboration between these functions. The existing barriers were considered disadvantageous and old fashioned. Communicating and serving customers in the digital age seemed to require dismantling silos and cementing cooperation with different functions.

Social media played a minimal role in the CRM process. Public social media was not a relevant platform from which to collect information about customers or to offer a place to conduct dialogues with the customer. This is mainly because, unlike in B2C, in B2B the relevant conversations are held behind closed doors. The findings of the study did reveal that online dialogue in private groups had been used and it was believed that such dialogue might be used to a greater extent in future. A closed social media platform was recognized as a relevant place to communicate with customers and access the benefits brought by digitization in the form of the potential of digital tools to

encourage participation. Internal social media channels or private channels might offer B2B companies more valuable information. It might also be beneficial to establish some private online platform for customers to meet and discuss the seller's products and other important issues. Such a platform could provide a supplier firm with valuable information on how its customers' perceive its product, and help the firm to develop its operations in a more customer-oriented direction.

Information gathered via social media channels were seen as generally irrelevant, and the small amount of relevant information to be too time consuming to obtain relative to its value. It might also be beneficial to organize some sort of filtering between the CRM and customer data gathered. That is a task perhaps best performed by a business intelligence unit or the communication and marketing functions, which could monitor the internet environment and refine the information drawn from the web for CRM purposes.

4.3 Paper III The usage of digital marketing channels in SMEs

The third paper examined digitization on more general level from the perspective of SMEs in a region well-developed in terms of digitization (Finland). The paper contributes to the emerging digital marketing literature by providing an overview of the usage and objectives, and also drivers and challenges related to digital marketing in SMEs and hence sheds light on RQ2 from an SME perspective (sub-case 5).

First, this paper contributes to the understanding of the usage and objectives of digital channels. The results show that the SMEs examined had not widely adopted digital tools for marketing purposes. The unplanned digital marketing activities and the ad hoc nature of marketing implementation reported in the interviews with SME marketing representatives speaks of a lack of knowledge of the whole digital marketing concept. The results indicate that many SMEs do not use the full potential of the new digital tools and hence are not fully exploiting the opportunities that they can bring. When viewed in the light of the penetration of the Internet and social media usage in Finland, the results of this research are surprising. The results indicate that regional development of the Internet and the usage of digital tools for marketing purposes in companies are not as coordinated as might be expected.

Although digital channels were not actively used, online visibility can be considered the most important element of the digital marketing mix as the website and SEO were the two channels most often used. The usage of more advanced digital channels such as online advertising and company-generated blogs remained lower. In the same vein, increasing sales to existing customers was seen as the second least important reason to adopt digital tools. That might be because SMEs are not fully aware of the various online sales options, which might often be perceived to require more advanced IT skills than are available or affordable.

This study did not identify e-mail as among the top digital channels used in survey results, but among the interviewed companies sending e-mail newsletters was considered the second most important tool. Social media was claimed to be the third most important channel. However, the findings further indicate that social media is not understood as a two-way communication channel capable of serving relationship building, as had been suggested by the literature (Ahuja and Medury 2010; Cho and Huh 2010; Hennig-Thurau et al. 2010; Kaplan and Haenlein 2010; Liu et al. 2011; Malhotra et al. 2013; Singh et al. 2008). In addition, the study confirms that regardless of firm size, SMEs use social media in the same way they use other digital channels; as a form of one-way broadcasting while attempting to drive sales. In addition, opportunities for dialogue were considered the least important reason to adopt digital marketing tools, though interactivity within the Internet was seen as having an important impact on a company's positive online performance. Employing digital marketing as a non-dialogical tool and seeing increasing sales as one of the least important reasons to adopt digital tools might mean that firms are not using social media and other digital devices efficiently and so might not be fully exploiting the potential of the new tools. SMEs seem not to be keeping pace with digital development.

Second, this paper contributes to the understanding of drivers of and challenges to digital marketing usage. With regard to the reasons influencing adoption, the study suggests that external factors support the adoption of digital channels in marketing but firm-specific, owner-manager factors and resource-related factors delay the adoption. Furthermore, the greatest barriers to adopting digital channels in marketing are a lack of resources; mainly the lack of knowledge and time. In particular, lack of knowledge of different digital channels, and also of the new norms governing digital media, were perceived as formidable obstacles. The pivotal factor in the usage of digital tools seems to be whether the marketing manager has a strong knowledge of the digital options and actively pursues his/her personal interest in the tools. In companies where the person in charge of marketing was active on social media on a personal level, the company was too. However, the outsourcing of the utilization of social media tools was considered a good option and a facilitator of digital marketing usage. In addition, another sizable barrier to the adoption of digital channels was their perceived usefulness. The interviewees were not familiar with the real benefits of the channels for marketing purposes.

4.4 Paper IV Digital channels in the IC of a multinational corporation

The fourth paper examined usage of digital communication tools in IC. The paper illustrates the role of digital channels in IC, the benefits they bring and

the difficulties involved in using them and hence shed a light on RQ2 from IC perspective (the sub-case 6).

In most instances in the case corporation, digital channels represented a single-tone style of communication, used for formal communication purposes. Informal communication was viewed as something that happened for example during coffee and lunch breaks, not via digital channels. The digital channels studied in this research are more likely to be suitable for developing awareness and understanding than for fostering commitment and a sense of belonging. After all, IC is not just communication carried out as efficiently as possible, but is an important element of building a company capable of encompassing the artefacts, values, and assumptions that make the organization unique.

The findings call for better organization of the new tools and their usage. This is an important aspect to bear in mind, especially as the number of potential digital IC channels is growing rapidly and business leaders are showing interest in these new tools (e.g. Verčič et al. 2012). The introduction of new technology should be considered carefully, despite the new, easily available, tempting options available to address the IC challenges facing MNCs. Communication effectiveness depends on both the sender's and receiver's familiarity with the codes and conventions of a particular medium (Belch and Belch 2007). For example, for younger employees, IM programs seemed to be familiar, and something that facilitated communication. The usage of IM among younger employees found in this study is in line with the notion that a medium is more likely to be used if it is accepted by and familiar to the employee: if it is not, the new tool will be useless (Welch 2011).

Although digital channels make a significant contribution to IC in MNCs, the importance of face-to-face communication was very evident from the interviews. Face-to-face communication was seen to be important in creating relationships and thus facilitating work. This is also consistent with the notion that when people are in regular face-to-face contact, relationships develop and it becomes easier to communicate (Grunig et al. 2002). The interviewees felt that they were better able to build relationships through face-to-face communication than via digital channels.

5 DISCUSSION

The present dissertation contributes to existing literature on digital marketing from company perspective. The aim of this dissertation was to shed light on marketing approaches in the digital age, the usage of digital tools, and the factors influencing the operationalization of digital approaches. As a corollary, it therefore improves the understanding of the requirements that digitization has brought for marketing. The aim of this section is to sum up the contributions of this dissertation and offer a critical point of view on the study.

First, the two research questions are answered. Then the answer to the main research problem is summarized together with main theoretical contributions of this dissertation, and the managerial suggestions to help companies to participate more effectively in digital development are provided. Finally, a critical point of view on the research is offered that includes an evaluation of the study and its limitations, and outlines avenues for further research.

5.1 Review of the results to the research questions

The aim of this section is to bring together the main results (sub-cases) from different papers presented above and answer the research questions.

5.1.1 The digitization of the communication: Strategy-level implications

First, the implications of digitization were examined on the strategic level from the empirical side in papers I and II. Addressing RQ1, (*How is the digitization of communication visible in strategic level marketing approaches?*) the findings related to the strategic level are summarized in Table 14 and explained below.

TABLE 14 Summary of the strategic level results

Sub-case	Summary of the results	Paper
<i>Sub-case 1: strategic level implications from branding perspective</i>	<ul style="list-style-type: none"> - Role of brand: Holistic branding approach: Brand as strategic asset - Communicative approach: Human focus – facilitating conversation through content marketing - Marketing approach: Market driven but company’s internal capabilities and affairs (identity) are accounted for: The branding process was not purely outside-in (customer oriented), but also adopted an inside-out (focus on brand identity) perspective - Branding as an ongoing process: continuous adjustment of the brand through monitoring the environment and reacting to weak signals - Requirements: <ul style="list-style-type: none"> o Strong IC and integration of different operational functions o Complement consistent external communication o Brand delivery conducted in different issue arenas by participating in current conversations. 	I
<i>Sub-case 2: strategic level implications from CRM perspective</i>	<ul style="list-style-type: none"> - Role of CRM: Strategic-level tool, the role is strengthening. CRM becoming even more central process in company, and everybody’s business to an even greater extent than currently - Marketing approach: Companies moving in a more customer-centric direction - Focus: managing the customer relationships: CRM above all else still a sales- and customer-oriented concept - Understanding of the customer is crucial requiring: <ul style="list-style-type: none"> o Careful listening, o Monitoring the environment o Stronger cooperation between different functions (dismantling silos and cementing cooperation with different functions) 	II

To sum up, on research question one, this study concludes that the digitization of the communication is visible in strategic-level marketing requiring companies to adopt flexible and adaptive marketing approaches in order to stay competitive in the digital age.

In both studies, it was evident that the changing marketing communication had required new approaches to marketing. First, strong customer orientation was highlighted in both branding (Paper I) and CRM (Paper II) perspectives. From a branding point of view, in Paper I, the key for the company was to find its own niche in the markets and build the organization to serve that niche, and to continuously develop the brand and the whole organization to better respond to market requirements. In Paper II, all organizations studied were moving in a more customer-oriented direction, if they were not already customer oriented. The shift was especially evident as companies were removing silos to better respond to customer needs. Furthermore, the branding paper revealed a company that had organized its sales, marketing, and communication functions from the beginning to work together in an integrated manner. The requirement to integrate different organizational elements, or at least establish stronger cooperation between

different functions in order to serve customers in the digital age was seen as crucial from both perspectives.

Second, the results clarified the special roles of branding and CRM. From a branding point of view, the results highlight the role of the branding approach as an external communication strategy to distinguish the company in the eyes of the market, which is in line with previous research suggesting branding is a critical success factor in an increasingly competitive market environment (see e.g. Helm and Jones 2010; Hsiao and Chen 2013; Kotler and Pfoertsch 2007; Wallance et al. 2013). The description matches the digital environment completely, and especially when a company is new to the market and lacks a reputation. Through consistent brand communication, a company can influence its brand image, and position itself as a player in the market, as is described in Paper I. The situation in the CRM paper (Paper II) was slightly different. At the time, all the companies studied were established in their markets and had gained at least some degree of reputation. Focusing on the role of CRM, the results shows that within the studied organizations, CRM was moving towards a more strategic function, but its role was above all seen as a sales- and customer-oriented concept. This despite the ideology of social CRM requiring a firm pays attention to all its stakeholders, not just its customers. Traditionally, customer orientation is seen as one important part of market orientation (see Narver and Slater 1990) and the studied companies seemed to adhere to that view.

Third, the results shed light on the roles and relationships of branding and CRM. The role of marketing was broader than merely being customer focused, and the brand (in the single-case study) was seen to target several stakeholder groups. The results suggest that the brand as a concept is broader and the role of CRM is primarily to serve as a way of accessing customer knowledge, and is a concept focusing on satisfying customer needs and wants. The idea of social CRM provides a powerful concept helping understand customers on a more meaningful level. That understanding helps the company concerned develop its brand and the whole organization to be more accurate and market oriented. The branding as a wider concept should be seen as the central force of an organization and social CRM as a support function helping the company to stay customer focused.

Fourth, the results enhance the understanding of the strategic role of digital tools in company marketing. Digital marketing has an important dual role owing to its interactive nature that directs it away from static one-way marketing. Digital tools allow firms to gather feedback on different marketing actions and also make it possible to monitor the environment and thereby to access even weak signals from the market. This is in line with the previous suggestions that have established that market orientation and the Internet are interrelated (Palacios-Marques et al. 2013) and the use of ICT could lead to a stronger market orientation (Borges et al. 2009).

Finally, the empirical evidences confirms the three central requirements for marketing strategy, a) customer focus, b) interactivity, and c) consistency,

identified from theory, and also helps to understand how these three requirements work together in practice. As theoretical claims showed, *customer focus* and *interactivity* were seen as requirements that were natural for a market-oriented approach whereas the requirement for *consistency* was peculiar to a brand oriented approach. Digital marketing on the strategic level is all about balancing customer orientation and brand orientation. Hence, this dissertation proposes hybrid orientations as the basis of competitive strategy. The *corporate level marketing* philosophy (Balmer and Greyser 2006), where the concepts of corporate reputation and image, total corporate communication, corporate brand, corporate and organizational identity are seen as integral concepts, and so form a *corporate brand orientation* (Balmer 2013) (or here more specifically, a *corporate brand & market orientation* or a *market & brand orientation*) might provide a suitable foundation for strategic marketing in the digital age.

Social CRM and branding should not be seen as philosophically diverse and rival approaches but more as approaches that complement each other and together make it possible to create a coherent and relevant customer experience in the digital age.

5.1.2 The digitization of the communication: Usage-level implications

The second level of the examination of the effects of digitization on company marketing was conducted on the level of usage. This was done from a general perspective in Paper III, from a brand perspective in Paper I, from a CRM perspective in Paper II, and from an IC perspective in Paper IV. In relation to RQ2, (*How is the digitization of communication visible in the usage of marketing communication channels?*) the main findings (the sub-cases) related to usage level from each paper are summarized in Table 15 and explained below.

To sum up the answer to RQ 2, this study concludes that the digitization of the communication was visible on the usage level as new tools to communicate the brand externally, internally and to gather knowledge from customers and from the market in general, but also as a confusion of new channels and tools. However, it should be noted that, in general, digitization has not significantly changed how firms conduct their marketing. It seemed that companies found digital tools to serve the traditional marketing outcomes, to create awareness but not to advance other marketing outcomes.

TABLE 15 Summary of the usage level results

Sub-case	Summary of the results	Paper
<i>Sub-case 5: usage level implications from SMEs perspective</i>	<p>How digital tools are used</p> <ul style="list-style-type: none"> - Tools driving online visibility (website, SEO) were the most important tools. More advanced channels not often used. - Social media was used as channel to inform (one-way) (not for interactive communication). <p>Aspects related to usage</p> <ul style="list-style-type: none"> - The studied SMEs did not utilize digital marketing tools very actively - Regional development of the Internet and the usage of digital tools for marketing purposes in companies do not go hand in hand - Cost effectiveness, easy to use, possible to try, perceived tangible benefits, and external help were important factors in channel utilization <p>Advocates:</p> <ul style="list-style-type: none"> - External factors advocate (customer behaviour) <p>Delays:</p> <ul style="list-style-type: none"> - Firm-specific, owned-manager factors: Perceived usefulness (not aware of the business benefits brought by digital tools) - Lack of resources identified as the main barrier: Lack of knowledge (norms of digital media and utilization of new channels, IT skills) - Time (to use i.e. for social media) 	III
	<i>Sub-case 3: usage level implications from branding perspective</i>	<p>How digital tools are used</p> <ul style="list-style-type: none"> - Getting brand input: Monitoring through digital tools <ul style="list-style-type: none"> o Clickstream data analysis o Monitoring general conversation o Listening to internal stakeholders (intra, CRM software) - Delivering the brand: <ul style="list-style-type: none"> o Branding inside (intranet, newsletter, CRM software, Yammer, IM, Facebook) - Branding outside: Website, newsletters + other digital tools <ul style="list-style-type: none"> o Positioning the brand in relevant conversations by creating content
<i>Sub-case 4: usage level implications from CRM perspective</i>	<p>How digital tools are used</p> <ul style="list-style-type: none"> - Personal dialogue with customers key to acquiring relevant information - Social media not a suitable channel for data gathering – too much irrelevant information <p>Aspects related to usage</p> <ul style="list-style-type: none"> - Relevant information in B2B is shared in secret: Digital tools suitable for monitoring environment BUT information overload in public digital channels. Need to curate relevant information. 	II
<i>Sub-case 6: usage level implications from IC perspective</i>	<p>How digital tools are used</p> <ul style="list-style-type: none"> - Digital tools used for more formal communication - The digital channels are more likely to be suitable for developing awareness and understanding than for fostering commitment and a sense of belonging, which are key goals of IC - The importance of face-to-face communication and other more traditional IC channels in building relationships should not be ignored <p>Aspects related to usage</p> <ul style="list-style-type: none"> - The findings call for better organization of the new tools and their use. <ul style="list-style-type: none"> o A medium is more likely to be used if it is accepted by and familiar to the employee; if not, the new tool will be useless o Informal communication occurred mostly through non-digital channels <ul style="list-style-type: none"> → possible consequences e.g. for corporate culture should not be ignored 	IV

First, the results of this dissertation confirm that companies are utilizing digital channels on different levels as suggested in section 2.2.2.7. However, despite the interactive nature of digital channels, they were not used in an interactive manner, as the SMEs largely treated digital tools as traditional communication channels. Although the companies seemed to drive awareness through digital channels, the dual role of digital channels, in their ability to provide feedback, was not utilized. Many SMEs did not even use the most basic monitoring tools on their websites. The dual role of the digital media was better understood in larger organizations, as was apparent from the CRM (Paper II) and brand (Paper I) papers. The notion reported in previous research about the influence of firm size on adoption (Bordonaba-Juste et al. 2012; Barnes et al. 2012; Teo 2007) was also evident in this study.

Second, the results advance the understanding of the role of digital channels in company marketing practices. The ability to gather feedback from company actions online and to monitor the environment were seen as important contributions of digitization in branding (Paper I) and CRM (Paper II) studies. Digital channels enabled companies to gather important information and develop their communication and overall strategy to better respond to the requirements of their customers, but there were some issues revealed in the process. The availability of digital options was felt to cause information overload and it was important to really distinguish the relevant information from the total information available, something that requires a specific skillset. The subjects were aware of the need for some sort of filter between the data and decision maker, especially from the decision making point of view. In some organizations, the filtering role was performed by an intelligence unit, but in some cases, the marketing department was responsible for the utilization of digital channels and also had access also to the feedback on their use. Furthermore, and especially in the B2B context, or as in the case of IC whenever forging personal relationships is central, the importance of more traditional channels like the telephone or face-to-face connections should not be ignored. With regard to CRM, relevant information that really mattered was mainly collected in personal meetings and public channels like social media were seen as not being very useful. Social media was seen as more appropriate to gather information at a more general level such as that related to current trends in the field. The importance of personal face-to-face interaction was also highlighted in the case of IC where digital tools were seen as suitable to create understanding, commitment, and a sense of belonging.

Third, the results highlight the importance to viewing the customer as at the centre of everything. The results from the IC study (Paper IV) served notice that a medium is more likely to be used if it is accepted by and familiar to its users, if it is not the new tool will be useless. These notions offer an important lesson for the utilization of fancy new digital tools. As they have become part of our daily routines, it is crucial to understand how people of different ages and backgrounds position digital channels as part of their personal communication palette. From a company communication point of view, companies should

research how their target group acts and perceives things in relation to different channels, rather than making assumptions. Again, it is not about the channels but how a channel is utilized from the perspective of both the company and of the target of communication.

Furthermore, with regard to adoption and the factors influencing it, the SME study (Paper III) showed that external factors support the utilization of new tools, but internal factors inhibit adoption and also determine position. This finding was supported in both papers I and II where all the organizations concerned had retained or recruited knowledgeable marketing people who were keen on the utilization of digital channels and aware of the opportunities they offered.

5.2 Contributions

5.2.1 Theoretical contributions

This dissertation contributes to the current theoretical discussion on the influence of digitization on marketing (see e.g. van Bruggen et al. 2010; Deighton and Kornfeld 2009; Fournier and Avery 2011; Hennig-Thurau et al. 2010; Kaplan and Haenlein 2010; Kietzmann et al. 2011; Mangold and Faulds, 2009; Schultz and Peltier 2013; Simmons 2007; Simmons et al. 2010; Weinberg and Pehlivan 2011; Winer 2009; Wymbs 2011) by increasing our understanding of the requirements that digitization has brought. The main research problem, *What implications does the digitization of communication have for marketing?* is partially answered through the research questions and the answer to the research problem is summarized together with the main theoretical contributions.

It seems that digitization has challenged organizations to view marketing activities from a broader perspective and review how they operate, not just how they conduct marketing. The empirical evidence of this dissertation confirms the suggestion made in the introduction that digitization has challenged companies on both strategic and usage levels. To help understand the implications of digitization for marketing and build a foundation for these four empirical studies, this dissertation suggests a solution presented in the form of *the four digital marketing factors* illustrated in Figure 12. The first two factors and contributions of this dissertation continue a strategic level discussion of digitization in company marketing practices and the following two support the discussion around usage level.

First, this dissertation contributes to the discussion on an effective marketing approach that addresses the challenges set by digitization. This study agrees with those of Day (2011) and Urde et al. (2013) in calling for more adaptive marketing strategies to respond to the challenges brought about by the increasing complexity of markets, that the changing communication also is, and suggests hybrid orientations to be the most suitable starting point. This is

because they meet the requirements of a) customer focus, b) interactivity, and c) consistency, and hence are capable of effectively fulfilling the requirements of the changed communication landscape. Both hybrid orientations focus on satisfying customer needs but all the actions are controlled by brand identity to maintain a consistent company image that is identified, as Urde et al. (2013) described. Furthermore, *the digital branding model* was presented to operationalize a hybrid orientation and put it into practice. This adds an important contribution about transferring an orientation to practice. The orientation itself does not provide competitive advantage, which relies on how it is operationalized (Baumgarth 2010). At the core of *the four digital marketing factors* is clear common understanding of the core business and the benefits the company provides. This involves having a clear understanding about the brand to guide organizations forward and keep on the right track without forgetting to be market oriented: *a hybrid orientation*.

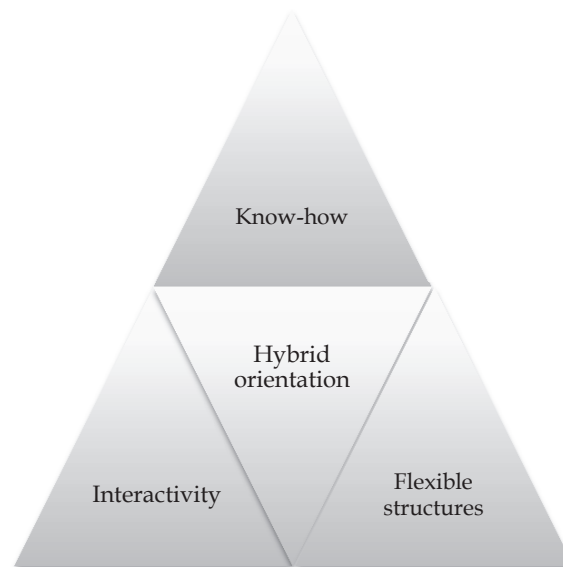


FIGURE 12 The four digital marketing factors

Second, this dissertation adds to the discussion on the requirements that digitization places on an organizational structure (e.g. Chau 2003; DTI 2001; Leeflang et al. 2014; Rao et al. 2003; Willcocks and Sauer 2000). It seems that firms are dismantling their silo structures and moving towards more collaborative working styles in order to serve their customers better. Empirical evidence in this dissertation indicates that digital marketing seems to require organizations to be designed in a different manner, and to manage marketing across functional boundaries, so confirming the ideas of Leeflang et al. (2014). Furthermore, the results are in line with previous research suggesting the integration of skills and processes in the e-commerce and e-business contexts as a prerequisite to enable organizations to fully exploit the benefits of digitization

(Chau 2003; DTI 2001; Rao et al. 2003; Willcocks and Sauer 2000). Hence, *flexible structure* is placed at the right-hand corner of *the four digital marketing factors*.

Third, the empirical evidence confirms the suggestion made in this dissertation that digitization challenges organizations' knowledge through the understanding of the special characteristics and unwritten rules of a new environment (like social media and the Internet) and also through the technical skills required to fully utilize the new tools. Furthermore, the results of this dissertation highlight the notion that technology is only a tool (Day and Bens 2005) and does not in itself provide competitive advantage for companies (Carr 2003), and agrees with Borges et al.'s (2009) notion that competitive advantage arises from having a strategic understanding of the best way to use IT. It is not about technological opportunities but understanding how they should benefit the company. The results of this dissertation highlight the importance of viewing digital tools and channels that can serve different levels of marketing outcomes in terms of how they are utilized (see section 2.2.2.7). The theory argued strongly that digital tools should be an integrated part of marketing, not a separate function (see e.g. Brodie et al. 2007; Prasad et al. 2001; Trainor et al. 2011; Tsiotsou and Vlachopoulou 2011). This is agreed also in this dissertation. Digital tools need to be integrated into business processes in order to derive the benefit from the utilization. The lack of knowledge was evident in the failure to derive the benefit from the dual role of digital marketing; a finding in line with Leeflang et al. (2014), who highlight the growing talent gap in analytical capabilities within firms as an important challenge facing marketing executives. The current research reported how a knowledgeable marketing manager was seemed to be important to defining the adoption level and success of the utilization of digital marketing. Using digital tools in the most beneficial two-way manner demands considerable time and resources. Incorporating digital marketing activities and fostering the necessary mindset should be seen as worthy of investment. Hence this dissertation contributes to the discussion on usage by suggesting *know-how*, the third of *the four digital marketing factors* comprises both 1) the understanding of digitization and 2) the skill to utilize new tools.

The fourth main theoretical contribution of this dissertation relates to the discussion about the role of the marketing function within the organization (see e.g. Verhoef and Leeflang 2009). The findings of this dissertation suggest the role of the marketing function has the potential to expand to make a greater strategic contribution at board level. The interactive nature of digital media can empower marketing, if it is utilized in two-way manner. The companies studied here seem to have realized digital tools can serve traditional marketing by creating awareness, but digital tools can do more. Compared to the traditional marketing channels, digital channels provide an additional opportunity to access the customers' world by using digital tools for listening. From the usage perspective, digital marketing communication tools will only deliver their full potential when the marketing role is seen to involve being a listener and communicator in equal measure. Although Verhoef and Leeflang's (2009)

results do not support the notion that a customer-connection would influence the position of the marketing department in the firm, it does not detract from the fact that marketers are front line personnel in companies because their role involves essential connections with customers and channels (Day 2011). This study also showed that marketing can play an important part in communicating important market-wide, not just customer focused, information to support strategic decision making. This suggests that marketing as a function can do better than just creating awareness and serving customers. Furthermore, it would be most productive for marketing to be treated as an umbrella function, as the 'market voice' informing the organization's strategic decision making, and for sales to be one part of marketing. The changed communication landscape requires interactivity in company marketing in order to fully leverage the benefits that digitization brings. Hence this dissertation suggests *interactivity* is last of the *four digital marketing factors*.

5.2.2 Managerial contributions

As argued throughout this dissertation, digitization sets challenges to company marketing practices and requires some specific changes to how a company wishing to meet the needs of its customers in the future has to operate. The digitization of consumer behaviour is not just a concern of the marketing function, but of the whole organization. As Paul Willmott (2014) CEO of McKinsey's London office states, digitization often requires the CEO to be personally involved in the process because of the inevitable impact on several different functions across the organization.

This dissertation has illustrated how digitization is visible in company marketing practices from both the strategic and usage perspectives. It has also presented *the four digital marketing factors* (see Figure 12) to summarize the effect of digitization on company marketing. The four factors set provide a benchmark of aspects companies should consider as they move into the digital age and can be used to make direct suggestions of company policy.

Digitization requires companies adopt a hybrid-oriented approach to marketing in order to meet the three central requirements of digitization for marketing strategy customer focus, interactivity, and consistency. In order to reflect a consistent image in a fragmented media environment there should be a clear understanding of the company brand inside the organization, whether it is an SME or a larger entity. A clear understanding of their brand helps companies focus actions to serve their desired purposes and hence to work more efficiently. Thinking about brand is not just something that huge B2C companies should do - branding is also for SMEs and B2B companies and especially any that need to distinguish themselves from the competition.

Finnish companies have been accused of lacking marketing skills. Many Finnish companies have winning technology, but lack the marketing skills and courage to think big and use marketing tools to push the company forward (see e.g. Tikkanen and Frösén 2011). Focusing on branding would provide an effective starting point and would also help companies to think clearly about

their business, and address the key question on digitization posed by Paul Willmott (2014) CEO of McKinsey's London office: 'Are they in the right businesses to start with?'

The results section of the current dissertation also offered a digital branding model depicting how to put the hybrid orientation to digitization into practice and also how to integrate digital tools to support the process. The results also confirm that both flexible structures inside the organization and collaboration are important. Companies should analyse how their functions are organized, and assess whether they are working together and communicating efficiently so as to serve the customer as efficiently as possible. Customers do not relate to different functions in the organization: for them it is just one organization that must meet their needs. As Finne and Grönroos (2009) point out, marketing communication should pay more carefully attention to the receiver and the meaning created by the receiver and to the overall experience that the company produces.

Furthermore, digitization poses a challenge to organizational knowledge through the understanding of the special characteristics and unwritten rules of the new environment (like social media and the Internet) and also through the technical skills required to use the new tools. Companies should understand that this is something that marketing managers need training on, on the technical side but more importantly in relation to the new rules on how the digital environment works. External support can be a valuable facilitator of the initial digitization of a company; however, for a good start it is important to ensure continuity too. It should also be remembered that digitization challenges the old IT-structures, which requires resources are allocated to reinvent IT (see e.g. Andersson and Tuddenham 2014).

Marketing managers might benefit from allocating some time to reading blogs and surfing the web to stay abreast of the constant changes in the field of digital marketing. However, it should be noted that the most important task remains tracking how the company's target group uses digital tools. Regardless of the hype around digitization, the current findings encourage firms to give strategic consideration to adopting digital tools. Digital tools really need to be integrated into company operations in order to exploit their benefits.

Digital tools do not lead to better outcomes in all cases as was illustrated by the IC case, where digital tools were to be more suitable for more formal communication. This is an important finding for managers tasked with setting the goals for digital channels. The readiness of the target of communication and their digital behaviour should always be the starting point when selecting the channel. Another important consideration is the consequences of the utilization of digital tools in the long-run.

The interactive opportunities provided by digital tools should be utilized to their full extent. Particularly in terms of the listening and monitoring aspects there seem to be many under-utilized options. By utilizing the rich data that digital environments provide, it is possible to get valuable information about the markets and current trends, and by using that knowledge to better respond

the customers' needs in the future. Furthermore, this dissertation challenges top management to see the potential of marketing as a more strategic level actor equipped with the tools and ability to really stay in tune with the market and customer.

On the last point, digitization and the changed communication landscape requires company marketing functions to act courageously: to have the courage to see and learn about digital opportunities; the courage to exploit the benefits that digitization provides; and the courage to step up and reclaim the position as a strategic level function, and contribute to strategic decision making. Again, it is not about tools and benefits, but how they are harnessed.

5.3 Evaluation of the study

There is no generally accepted set of guidelines to evaluate theory-building case study research, however several criteria seem appropriate (Eisenhardt 1989). The research should always be evaluated in light of the goals set and the extent to which they were achieved. In theory-building cases studies, the goal is to create a theory and hence it would be appropriate to expect that the research present 'new insights' and 'a good theory which should be parsimonious, testable, and logically coherent, and emerge at the end, not beginning of the study' (Eisenhardt 1989, 548). In addition to the evaluation of end product, the path - how the end product is produced - should be evaluated. In this dissertation, that means assessing how the case studies were conducted and cases synthesized.

In general, the case study as a research method has been criticized for lacking rigour, especially concerning the validity and reliability of the study (Dubois and Gibbert 2010). Thus, issues concerning validity, reliability and generalizability need to be approached carefully when implementing case study research. Validity refers to the absence of systematic error in the measurement process and reliability refers to the absence of random error (Dubois and Gibbert 2010). Research should always be evaluated from the chosen ontological and epistemological standpoints. In this dissertation, the critical-realistic case study was selected as a research approach relying abduction and mainly on qualitative data. Hence, the evaluation criteria suitable for this kind of case study research should be applied.

Yin (2014, 45) presents case study research criterion to consist of four pieces: construct validity, internal validity, external quality and reliability. He also presents some tactics for each aspect, which should be considered when implementing case study research. Yin's (2014, 45) description is often used as starting point for evaluating case study research (see e.g. Beverland and Lindgreen 2010), but adopts a deductive perspective and hence, is not suitable to judge studies relying on an abductive approach (Dubois and Gibbert 2010). In practice, criteria that also understand the specific nature of abduction and qualitative research logic would suit better. Eriksson and Kovalainen (2008, 291)

note that the concepts of construct, internal, and external quality and reliability can be used to evaluate qualitative research, but have different meanings than in the context of quantitative research. In qualitative research, they are often labelled 'trustworthiness' or 'goodness' criteria. Lincoln and Guba (1985) suggested the trustworthiness criteria for research should incorporate four aspects to consider: dependability (parallels with reliability, p.317), transferability (similar to external quality, p. 316), credibility (parallels with internal quality, p.316) and conformability (parallels with objectivity p.369) that are modified from quantitative criteria to better fit qualitative interpretive research. Furthermore, Miles and Huberman (1994, 277) wanted to achieve the authenticity of naturalistic research and the trustworthiness of its interpretative side to assess the quality of qualitative research and end up with five terms, proposed as more viable alternatives. These are objectivity or conformability; reliability, dependability or auditability; internal validity, credibility or authenticity; external validity, transferability or fittingness; and utilization, application or action orientation).

Yin's (2014, 45) criteria is chosen as basis to serve to evaluate the quality aspects of the dissertation, but the explorative, abductive, and qualitative aspects of this dissertations and its chosen critical-realistic ontology are better measured by a modified version of Yin's criteria that is presented next. Table 16 summarizes how to assess the research quality of this dissertation and how the factors are applied in this dissertation.

Construct quality

Construct validity measures if a procedure reflects the quality of the conceptualization or operationalization of the relevant concepts (Dubois and Gibbert 2010). Yin (2014, 46) states the aim is to secure that correct operational measures are used for the concepts studied. According to Dubois and Gibbert (2010) two measures should be used to establish construct quality in case studies, 1) establishing a clear chain of evidence (see also Yin 2014, 47, 127-128) and, 2) triangulating (i.e. examining the phenomena from different angles, using different data collection strategies and sources and multiple observers) (see also Eishenhardt 1989). To establish a clear chain of evidence means that an external observer would be able to follow how the conclusions are derived from the evidence (Yin 2014, 127). For this, Yin (2014, 127-128) suggests 1) adequately referring to the collected empirical data to support the findings, 2) explaining the circumstances under which the evidence has been collected, 3) ensuring that the circumstances are consistent with the case study protocol, and 4) ensuring that the protocol demonstrate the link between the protocol questions and the original study questions. In addition to the two measures applied to establish construct quality, Yin (2014, 47) recommends interviewees are given the opportunity to review the draft of the case and give feedback.

TABLE 16 Criteria for assessing the research quality of this dissertation

Construct	Tactics to consider	How applied in this dissertation
Construct validity: To secure that correct operational measures have been established for the concepts that are being studied (Yin, 2014, 46).	<ol style="list-style-type: none"> 1. Use multiple sources of evidence (Dubois and Gibbert 2010; Eisehnhardt 1989; Yin 2014, 47) 2. Establish a chain of evidence (Dubois and Gibbert 2010; Yin, 2014, 47) 3. Have key informants review the draft case study report (Yin 2014, 47) 	<ol style="list-style-type: none"> 1. Data triangulation was used and different perspectives on the case were adopted 2. The author has attempted to illustrate the chain of evidence and the progression of the study clearly. The quotas and cross-tabulations were used in each individual paper. Tabulation was also used to synthesize the findings from selected papers. How and why the data were collected was made explicit in the methods section. 3. Whenever possible, the empirical data were discussed with the informants to gather feedback and preclude misunderstandings or factual errors (specified in description of analysis)
Credibility: To assesses the 'truth value' of the research (Miles and Huberman 1994, 278).	<ol style="list-style-type: none"> 1. Know the research topic: start with theory (Eriksson and Kovalainen 2008, 294) 2. Provide a clear chain of evidence (Eriksson and Kovalainen 2008, 294 (see construct validity)). 	<ol style="list-style-type: none"> 1. In each phase, the researcher became familiar with the previous theory before data collection. The interview protocols were based on previous theories. An abductive research approach was chosen and applied throughout the whole process.
External validity: To prove that the domain to which a case study's findings belong can be generalized (Yin 2014, 48)	<ol style="list-style-type: none"> 1. Aim for analytical generalization (Yin 2014, 41) 2. Use theory in single-case studies (Yin 2014, 45) 3. Apply replication logic in multiple case studies. (Eisenhardt 1989; Yin 2014, 45) 4. Provide a description of the context and justification of the case selection (Cook and Cambell 1979; Lincoln and Guba 1985, 316). 	<ol style="list-style-type: none"> 1. The results were positioned against and discussed in light of theory and the usability of the results was revealed. 2. The theory basis was used in the single case studies. 3. A multiple case study research approach was applied. 4. A justification for the case selection was provided and the context of the case companies was described.
Reliability/ Dependability: Demonstrating that the findings from a case study can be replicated if the case study procedures are followed (Yin 2014, 48)	<ol style="list-style-type: none"> 1. Use case study protocol (Yin 2014, 45) 2. Develop case study database (Yin 2014, 45). 3. Be precise and transparent: use standardized methods, do precise field notes, use transcriptions (Silverman 2011, 367). 	<ol style="list-style-type: none"> 1. The idea of case study protocol was used however, no explicit case study protocol was developed because it fell to only one researcher to collect the data for each paper. 2. The empirical data (notes, documents, interviews) were collected in a case study database, which enables subsequent investigation of the same case. 3. Field notes were taken before, during and after the interviews, and all were transcribed and the data analysed using established guidelines.

Credibility

In qualitative research, the idea of credibility is used to replace internal quality (Lincoln and Guba 1985, 316), which assesses the 'truth value' of the research (Miles and Huberman 1994, 278). Internal validity is a concern for explanatory or causal case studies, not for exploratory or descriptive cases (Yin 2014, 47), as used in this dissertation, hence the concept of credibility is adopted. Key questions to evaluate research address 1) the researcher's familiarity with the topic, 2) whether the data supports the claims, 3) if the links between observations and the are categories strong, and 4) if another researcher could replicate the findings (or even get close) (Eriksson and Kovalainen 2008, 294). The last three essentially refer to providing a clear chain of evidence, as discussed in the case of construct quality (see Yin 2014, 46). It is clear that the idea of credibility in qualitative research overlaps that of construct validity, hence only the researcher's familiarity with the topic is added to the evaluation from this perspective.

External validity

External quality refers the generalizability of the results. However neither single nor multiple case studies allow statistical generalization (Dubois and Gibbert 2010). Since statistical generalization is not an option, the focus should be on analytical generalization. Analytical generalization generalizes empirical observations to the theory (or general policies) (Yin 2014, 41). In relation to theory development, Eisenhardt (1898) argues that case studies are good starting points for theory development and adding more cases (4-10 are recommended) provides a good basis for theoretical generalization. In order to reflect external validity, Yin (2014, 45) suggests using theory in single-case studies and using replication logic in multiple case studies. In addition, Cook and Cambell (1979, 83 in Dubois and Gibbert 2010) recommend providing a clear rationale for the selection of the case study, and sample details about the case study context to allow the reader to evaluate the choices made. This is close to the idea in qualitative research about external validity, which is replaced with the idea of *transferability*. To consider transferability, the researcher should provide a thick description of the case to enable others to evaluate whether the results are transferable to other context (Lincoln and Guba 1985, 316).

Reliability

Reliability refers to transparency and replication, the absence of random errors (Dubois and Gibbert, 2010). The aim is to demonstrate that the findings from a case study can be replicated if the case study procedures are followed (Yin 2014, 48). It answers the question 'have things been done with reasonable care?' (Miles and Huberman 1994, 278). In qualitative research, *reliability* is replaced with the term *dependability* but the content is the same. Dependability can be addressed in qualitative research by using standardized methods, taking precise field notes, using transcriptions, and through triangulation (Silverman 2011, 367). Yin (2003) advised using case study protocol and building a case study database. The key is to make the research process transparent and

controlled. In the case study protocol, the data collection (why, how) is described explicitly, and it is especially important when there are multiple researchers since it is a way to confirm that the data were collected consistently (Yin 2014, 84). A case study database is essentially a well-structured folder that includes all raw-data used to interpret the findings and should enable another researcher to rework the case study from scratch (Yin 2014, 123-125).

5.4 Limitations and avenues for further studies

Although the aspects related to construct quality, credibility/internal validity, external validity, and reliability/dependability were taken into consideration during the whole research process as discussed above, research always has its limitations. The first limitation of this dissertation relates to the choice of the sample frame. The results and conclusions made in this dissertation are based on case studies for which the data mostly come from the B2B environment. Although the B2B focus was not seen to greatly influence the results, this is something that should not be ignored. The data also come from one country, Finland, and that might also have influenced the results. Furthermore, there are also a rather limited number of cases used in this dissertation, which brings its own limitations to the interpretation and the generalizability of the findings. Second, the data were also collected and analysed mostly by one researcher, which raises the question of the subjectivity of the interpretations; however, the results and implications were discussed with other researchers and when possible, with the case organizations. Although the aim was objectivity, this is also something that needs to be understood.

The findings of this dissertation open several avenues for future research in terms of examining both strategic level and usage level aspects. First, its findings lead to several suggestions, including *the four pillars of digital marketing*. Although the theory created is robust, it remains a suggestion for a theory that requires further testing, and more research is encouraged to develop and test the suggested model especially in order to tie the four areas better together. The next step would be to collect and add more cases related to the topic including from a B2C perspective, and to test the theory with quantitative methods. In addition, using the action research method to apply the theory of *the four pillars of digital marketing* to see how it really works in practice would provide valuable knowledge. Data from companies and better considering the context would also be valuable. A good option to follow in future studies might be to adopt a moderate constructivism point of view (see Järvensivu and Törnroos 2010) highlighting how the findings are contextualized. Continuing the discussion about the hybrid orientations (see e.g. Urde et al. 2013; Wallance et al. 2013) and their implications in relation to digitization and in different contexts would also provide valuable information on the functionality of strategic approaches in current marketing practice.

An additional suggestion for future research is that more case studies from both B2B and B2C perspectives and also on companies in different situations would be beneficial in order to develop the findings of this dissertation. It would also be beneficial to study companies that have tried to utilize digital tools but have been disappointed with the results. Such work could improve understanding of how much it is worth adopting digital channels by continuing the critical discussion on the usage of digital marketing (see e.g. Fournier and Avery 2011; Moyle 2012; Spenner and Freeman 2012).

The paper dealing with SMEs revealed that despite operating in a country where internet penetration is high, the companies were not utilizing digital channels for marketing. A study offering comparative data from different countries would be welcome to clarify the effect of the context the company operates in.

This dissertation also established that the fact the tools are interactive does not guarantee that they are utilized interactively. However often when measuring the effectiveness of digital marketing, interactivity is taken as given (see e.g. Brodie et al. 2011); however, this is not the reality in the companies studied. This is something that requires further investigation and clarification. More attention should be paid to the levels of utilization of digital tools and to the benefits delivered by utilization at different levels. Research on this aspect would improve the understanding of how digitization can really serve marketing and business objectives (see e.g. Brady et al. 2008; Brodie et al. 2007; Tsiotsou and Vlachopoulou 2011). Furthermore, this dissertation also described how the interactive nature of digital marketing can be applied to develop the whole organization and keep it up to date with the discussion on digital marketing opportunities for the whole organization (see e.g. Aziz and Omar 2013; Palacios-Marques et al. 2013). In future it would also be valuable to look the benefits brought by digitization since it seems that more knowledge is required of the potential offered by digital marketing within organizations.

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ORIGINAL PAPERS

I

INDUSTRIAL BRANDING IN THE DIGITAL AGE

by

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Structured Abstract:

Purpose: This study describes the overall branding logic of an international industrial company operating in the renewable energy industry and responds to calls for empirical research on 1) how to build a B2B brand in the digital age, and 2) how digital media can be used for branding. A digital branding model is also developed.

Design: A single case study of a company at the forefront of digital media usage is used to develop the model. The main data comes from semi-structured theme interviews and on content analysis of the channels used to create a brand on the Internet.

Findings: In the digital age, firms seem to benefit from having a strong market orientation and a holistic branding approach with robust integration of their different functions. Branding in the digital age requires strong internal communication as well as consistent external communication, but also positioning of the brand in topical conversations. For an industrial organization, becoming an opinion leader is a strategy well suited to branding and can be supported by creating relevant content subsequently delivered through various social media channels.

Research limitations: The results of this study are based on a single case study and hence are not generalizable.

Originality: This study is among the first to respond to the calls for empirical research on industrial brand management in the digital age and contributes to the emerging B2B branding and branding on digital age literature.

Keywords: Industrial brand, industrial branding, i-branding, digital media, social media

Article Classification: Research paper

Industrial branding in the digital age

Introduction

Digitization, globalization and so forth has increased competition, which in turn has forced B2B companies to find new ways to distinguish themselves in the market. Increasingly companies are focusing their efforts on specialized activities like manufacturing and branding to stay competitive (Hsiao and Chen, 2013). It has been suggested that B2B branding and brand management are now even more critical success factors for organizations than they were before (Helm and Jones, 2010; Kotler and Pfoertsch, 2007).

A majority of the available B2B branding studies have focused on testing causal links between brand-related variables and their outcomes while several studies have emphasized the importance of B2B branding (see e.g. Aspara and Tikkanen 2008; Balmer and Greyser, 2006; Baumgarth, 2010; Kotler and Pfoertsch, 2007; Leek and Christodoulides, 2011). Despite the increased understanding about the importance of B2B branding, B2B branding literature has been described as *embryonic* (Roberts and Merrilees, 2007 p. 140). A recent literature review on B2B branding reveals the topic is still nascent and fragmented (Keränen et al., 2012). Specifically, firms seem to be neglecting key strategic and tactical issues in relation to building, managing and refreshing B2B brands (Lindgreen et al., 2010).

The social revolution brought by digitization and its influence on the interaction between people and the marketing practices of firms is widely acknowledged by both practitioners and academics (Greenberg, 2010; Kietzmann et al., 2011). Naturally, this transformation has also had important consequences for firms, products and brands (Muntinga et al., 2011). Among the existing Internet branding (i-branding) models, that of de Chernatony and Christodoulides (2004) listed attributes to be considered when taking the brand online and Simmons (2007) provided a framework for branding in the Internet environment by presenting “the four pillars of i-branding” (marketing communications, understanding customers, interactivity, and content) and later explained how businesses manage i-branding to create brand equity (Simmons et al., 2010). Both models provide a cornerstone for branding online but do not actually describe branding as an action. In general, the knowledge of branding in the digital age is in its very early stages and a comprehensive understanding of how the different tools available on the Internet might come together to support the successful development of a brand would be valuable (Simmons et al., 2010). There is a call for more concrete guidelines to help managers develop fully integrated communication practices (Keller, 2009).

As might be expected, research related to B2B branding and focusing on digital tools and their usage is even more scarce. Among the few exceptions are Andersen (2005), who investigated online brand communities, and Michaelidou *et al.* (2011), who studied social networking sites in a B2B setting. Michaelidou *et al.* (2011) reported that one important reason given for delaying adoption of

social networking sites in B2B SMEs is the uncertainty over how such sites can support SME brands.

Against this background, research has been silent in dealing with 1) how to build a B2B brand in the digital age, and 2) how digital media can be used for branding. Digital development has now been ongoing for some time and it is good time to slow down and learn from those who have been able to successfully harness digitization. To study these questions, we implemented a single case study of an international industrial company Delta^[2], which had chosen i-branding as its competitive strategy to forge a breakthrough in the renewable energy industry. Delta has been a brave adopter of digital tools; integrating digital elements on a daily basis and incorporating them into the company's marketing strategy.

The remainder of the article is organized as follows. The next section presents the literature review to facilitate understanding of the strategic decisions to be considered when applying branding insights in the digital age. This will be followed by a discussion of the study methodology and the empirical results. Finally, the findings and theoretical implications are discussed, followed by an assessment of the limitations of the study and suggestions for further research.

Branding strategy formation in the digital age

Requirements of digital age for branding

Branding in a digital environment has its own characteristics and dynamics that have to be understood in order to be able to select effective branding tactics and strategies. With the rise of digital media, brand building has become multidirectional, interconnected and partly beyond marketers' control as consumers and business customers have extensive options to participate in the discussions, create and share content and talk to each other (Hennig-Thurau et al., 2010). Previously, companies were able to control the information emanating from them, but this is no longer true, at least not to the same degree (Hennig-Thurau et al., 2010; Jones et al., 2009; Kaplan and Haenlein, 2010). Digital media, especially social media, requires authentic stories to be told, not just marketing messages to be sent (Fournier and Avery, 2011). In this new communications environment, i-branding should be related to managing customer relationships (Hennig-Thurau et al., 2010) by facilitating conversations around the brand (Christodoulides, 2009), rather than pushing marketing messages through. Today's marketing is more about fitting in than domination and control (Deighton and Kornfeld, 2009). The role of the brand manager has shifted from one of guardian to that of a brand host (Christodoulides, 2009). The customer relationship point of view and symmetry of communication are also highlighted on the current Internet branding models (de Chernatony and Christodoulides, 2004; Simmons et al., 2010).

The importance of consistent branding actions and genuineness has also been highlighted in i-branding models (see de Chernatony and Christodoulides,

2004; Simmons et al., 2010). As the number of touch points with stakeholders has increased enormously (Helm and Jones, 2010), companies need to pay special attention to producing consistent branding actions in online and offline environments. New media has forced companies wanting to communicate effectively with their various audiences to be more transparent and honest (Jones et al., 2009). Gaps between image and identity have become a bigger risk (Nandan, 2005). The company should clearly know who it is and what it stands for and genuinely act accordingly.

In the digital age it is important to understand that the brand is something which is built, but at the same time, something which is formed in stakeholders' minds. Branding models like the Stakeholder Model for Brand Equity (Jones, 2005) acknowledge the complex nature of brand image formation and suggest that multiple relationships are important sources of total brand equity. The Network Actor Participation Model extends branding theory towards a network approach by defining and describing the direct and indirect activities performed by network actors which are relevant for branding (Mäläskä, et al., 2011). The elements not under the company's control, such as media publicity and word-of-mouth (see e.g. Mäläskä et al., 2011), and environmental factors, like salient issues, macroeconomic factors, political climates and legislation (see e.g. Jones, 2005), should also be seen as influencers of the total brand image. Organizations should see themselves as one player among others in different issue arenas (Luoma-aho and Vos, 2010), which can be seen as places of interaction. Survival not only depends on finding the key stakeholders but also on finding the relevant issue arenas in which to participate.

Developing the digital branding model

In light of the changing media landscape and the calls from research fields, we suggest that branding in the digital age requires a branding strategy that makes it possible to create a uniform and unique image of a company in a fragmented media environment even in the absence of comprehensive company control. The digital branding model builds a theoretical foundation for managing a brand and creating brand value in the digital age (Figure 1). The model proposes that the brand value is formed 1) directly between the brand and its stakeholders; 2) indirectly in the relationship between the internal and external stakeholders; 3) in the interactions among the various network actors, and also 4) through the themes in which the brand is connected. Hence, branding should include three main areas: delivering the brand internally (branding inside), delivering the brand externally (branding outside), and positioning the brand in relevant conversations.

Owing to the complex and fragmented external environment, organizations need to manage perceptions about themselves by reflecting a coherent image, which requires them to invest in the consistency of their internal environment (see e.g. Baumgarth and Schmidt 2010; Burmann et al., 2009; Roper and Davies, 2010; Webster and Keller, 2004). Branding inside refers to nurturing a strong internal knowledge of the brand. The brand should shine

like a beacon through the organization, illuminating every interaction with every employee. Branding outside focuses on marketing the brand to the external stakeholders like suppliers, customers, investors, media, and society in a consistent manner. This requires identifying the key stakeholders from the network, establishing the value of the relationships in order to prioritize the relationship and confirming the nature of the exchange (Jones, 2005).

Although the company cannot control its environment, it can take part in the conversation and be an active player in its network and through that influence its perceived image. Branding by positioning the brand in relevant conversations means monitoring the public sphere and being an active player within it by initiating and taking part in conversations. As Luoma-aho and Vos (2010) explain, an energy company for example may communicate with various stakeholders on an environmental issue and hence, position itself in a certain light in the market. The company can strengthen its market position by creating a position strategy in different arenas and clarifying its position with key message strategies in each arena.

All three areas concurrently affect the brand value and all these areas have to be taken into consideration in order to build a strong and consistent brand. It is also important to note that branding is a constantly evolving process, which requires continuous monitoring of the environment and tuning of the brand (Mäläskä et al., 2011; Jones, 2005).

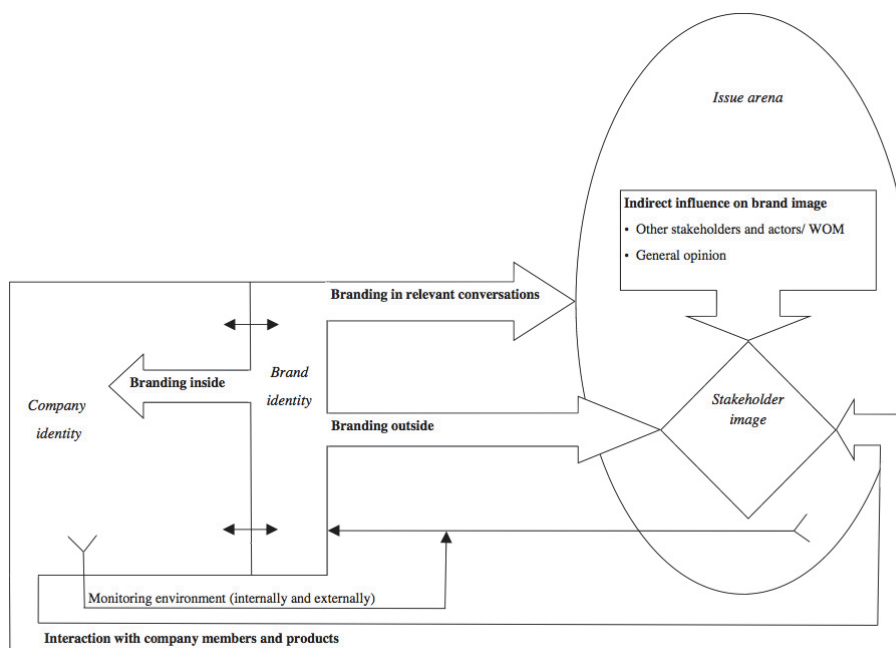


Figure 1 Developing the Digital Branding Model

Methodology

Case study and the case company

This study is explorative in nature and uses a single case study as a research strategy (Yin, 2009), where the main focus is on in-depth knowledge of a certain phenomenon. A specific example of when single case studies can be extremely successful is when they are presented during the early stages in the development of a field (Eisenhardt, 1991). The topic of this research is fresh, timely, and under-researched, and so supports the adoption of the single case research method.

The industrial company Delta is a component supplier of megawatt-class permanent magnet generators and full-power converter packages for wind power and other new energy applications. It is a young but growing company founded in Finland in 2005. The company can be characterized as 'born digital'. Despite the general European recession, it has been able to grow rapidly throughout its existence, and currently has a turnover of around EUR 100 million. The company is an attractive choice for the current study because 1) it has adopted digital tools as part of its daily routines from the beginning, 2) it has created a brand at the pre-establishment stage, 3) it is possible to track how the brand was built, 4) the brand could be identified as a key factor of successful market entry.

Research methods and data analysis

Data and method triangulation was applied in data collection in order to obtain a complete picture of the branding process. The research was conducted from the company's perspective and the data collection continued until nothing new emerged. The main empirical data was collected through semi-structured theme interviews with key players in Delta and its advertising agency, which has been involved in building the company's brand (see Table 1).

Date	Interviewee	Representative of	Length
16.11.2011	CEO-A (Advertising agency-A)	Advertising agency	50min
19.12.2011	Sales and Marketing Director	Delta	1h28min
19.12.2011	Communication Manager	Delta	37min
27.1.2012	CEO-B (Advertising agency -B)	Advertising agency	46min
14.2.2012	Marketing Manager	Delta	44min

Table 1 Semi-structured theme interviews

All interviewees had both affected and implemented Delta's brand and its branding decisions. The selected themes were based on the guiding principles of branding presented by Kotler and Pfoertsch (2007). The same themes were discussed with different interviewees, but the clarification questions varied according to the roles and expertise of the interviewees. The interviews were

recorded and transcribed verbatim before analysis commenced (producing 85 pages of transcript materials). Since the same themes were discussed in each interview, all the material was organized under the themes and the entire transcript was analyzed as a single unit.

The main complementary data was collected by performing content analysis in order to understand how the company had delivered its brand online. The unit of analysis varied in each medium, owing to their different natures (see Table 2). The data were analyzed using the Miles and Huberman (1984) three-phase process, comprising: 1) reducing, 2) grouping, and 3) abstraction. First the collected units were reduced and the relevant sub-units were collected for further analysis. Then the similarly reduced sub-units were grouped into main groups. The number of sub-units in each group was quantified in order to get a better understanding of the most important content. The analysis ended at the grouping level, since the abstraction did not provide further relevant information given the purpose of the analysis. Delta's website was also systematically analyzed applying the guiding principles of de Chernatony and Christodoulides (2004). Other available materials about the company (official documents, annual reports, news articles, company presentations, video clips, 360° conference videos) were used to get a better view of the brand building and support the findings drawn from the main and complementary data.

Medium	Empirical unit of analysis	Sub units	Amount of collected units	Sample technique	Timeline
Company blog	Blog text	Writer, purpose of the story, content, comments	14	Census	9.12.2009-15.9.2011
Talking point	Article	Purpose of the story, content, expert	21	Census	20.2.2008-7.12.2011
Newsletters	One newsletter story	Content, special features, pictures	150	Census	1/2008-4/2011
Facebook page	Wall posting	Writer, content, reactions	141	Census	11.9.2009-16.12.2011
Twitter	Tweet	Content	952	Convenience sample	3.1.2011-15.12.2011

Table 2 Units of analysis

Validity of the case study

After organizing the data, a thick description (totaling 55 pages including tables and figures) was written using quoted material from the interviewees and other evidence to support the findings. A member check was performed as the full

description was passed on to the Sales and Marketing Director and the Advertising agency representatives in order to verify interpretations and establish the credibility of the findings. Furthermore, other issues concerning constructs, internal and external validity, and reliability were approached carefully in the course of the research considering the suggestions of Yin (2009), and Dubois and Gibbert (2010) (see Table 3).

Construct validity	Data triangulation was used and also different perspectives on the case were adopted
	The clear chain of evidence and the progression of the study were described carefully
	The empirical data analysed were also sent to the case company and advertising agency for comment in case of misunderstandings or factual errors
Internal validity	A clear research framework and triangulation were used
	In this research, the theoretical base matched the empirical findings rather well
External validity	A clear justification for the case selection was provided
	The theoretical basis was used to guide the research
Reliability	The empirical data (notes, documents, interviews) were collected in a case study database, which enables later investigation of the same case
	The transparency of the study was enhanced by producing, clearly describing and following a case study protocol
	The qualitative data were strengthened with quantitative methods

Table 3 Criteria for assessing research quality

Results

Basis of the brand

The influential channels in the renewable energy industry are rather different from those in many other businesses, since the decision to build a wind farm involves several groups of people including component suppliers like Delta, turbine manufacturers, wind farm developers, energy companies, engineer agencies, politicians, and energy park builders that directly or indirectly influence the selection of a certain generator. The case company selected a branding strategy in order to be able to be recognized in a market where most companies have long traditions and strong reputations. Delta's brand building efforts were mainly targeted at customers but the firm understood the importance of targeting the industry in general too. Delta was at an initial stage of its development when the branding of the firm started. The founders recognized that what kind of player would be needed in the market and the whole company was built according to the selected brand vision.

When we entered the market as a latecomer, we thought that with creating a good brand, we would be able to separate ourselves from the market and gain the attention we needed. (Sales and Marketing Director)

The image goal was to be recognized as an aggressive but positive and agile player in the field. Delta wanted to resonate within the industry and be a topical actor with strong innovative opinions and something relevant to say. A strong tone of voice and avoiding neutrality were seen as important.

Usually in our field, B2B companies brand themselves in a neutral way, which we have tried to avoid. The most important thing for us has been to be for or against in a way that arouses some feeling or creates a stimulus. (Sales and Marketing Director)

The company had organized its marketing, communication, and selling functions into one unit led by a Sales and Marketing Director and cooperating closely with HR and the CEO. The structure encouraged a very integrated way of operating. The brand has been seen as a strategic asset and as a natural part of the overall company strategy. The brand has demonstrated consistency in channel choices, messages, chosen color ways, and the selection of people, all the way through to the overall strategy and products. Delta has chosen a very integrated way to communicate, which can be seen in the consistency apparent across all the communication channels scrutinized.

Digital tools as a strategic decision

In the beginning, the company made a strategic decision to use electronic tools and channels as much as possible. The interviews revealed four main reasons for placing a strong emphasis on using digital tools: 1) The ability to facilitate communication and so transmit the message into the field efficiently using speedy, low-cost and effective digital tools; 2) The ability to facilitate company operations; in that digital tools made it possible to integrate different functions within the company; 3) Image reasons; in that the use of digital tools supported the image goal as a modern forerunner business; and finally 4) Measurability; in that digital tools made available direct feedback on different actions, and hence made it possible adjust branding continuously.

The digital emphasis is not just there for its own sake but because we thought that it this it was very good way to go. (Advertising Agency A)

Branding outside and in relevant conversations

Delta's website was the most important tool for delivering the brand on the Internet. The website provided a home for the brand in the digital environment and was the source of the content delivered through other digital channels. On the website, two sections—the blog and 'talking points'—were considered the most important to the delivery of the brand since they made it possible to share thoughts on current events in the industry and to take sides. The blog and talking points were mainly written in a way that they first discussed some

general burning topic in the industry and then considered how Delta would approach the issue.

We have tried to create an image of ourselves as an opinion leader in the industry and for that, the blog kinds of content have been the main tool. (Sales and Marketing Director)

To deliver the brand through content, Delta delivers e-mail newsletters and has been active in social media channels, namely Facebook, LinkedIn, Twitter and YouTube. By sharing information and news about itself, as well as spreading and commenting on general news about the renewable energy industry in various field-specific platforms, the company strengthened its image as an active player in the field and as a source of newsworthy content. Among the social media adopted, Delta's Twitter account was targeted at the industry in general while its Facebook page aimed to communicate with its closer circle of employees and the like and to emphasize the company spirit.

For example when we have our own announcements, we post them and highlight newsletter stories and of course we tweet if they are positive things written about us, and if there is none, we tweet interesting industry news and occurrences like something positive related to wind and solar power industry in general. (Communication Manager)

Branding internally

The internal stakeholders were seen not just as the target of the brand, but also as a key component of it. Delta has clearly internalized the importance of its personnel as brand ambassadors. The importance of the staff to the firm is also evident in all its publications. Every person featuring on the website, in the annual reports and other brochures are real people from Delta. The company also has its staff tell their stories in company publications in a move that highlights how the firm is proud of its great people.

They [the personnel] all know the brand, it is in their backbone. And then they have [the] kind of spirit that we will beat the world, and although we are a small house, we are able to beat the big international houses. (Advertising Agency B)

The main digital channel for internal communication is an intranet. The tone of the internal communication is intended to be light. The same themes that are communicated outside the organization are also communicated within it. The management intended Delta's spirit to be conveyed through open, warm and encouraging communication.

We are communicating the same themes internally that we communicate externally and also trying to highlight the employees. I have goal of relating success stories through teams and telling who the people behind the success are. (Communication Manager)

Branding as an evolving concept

Delta has also developed a massive database with information not only on clients, but everything related to the industry. The detailed database provides an opportunity to automate marketing and communication functions and also to tailor messages, which improves the efficiency of marketing communications.

We salvage and categorize everything... From the beginning, the idea has been to create a strong database that can be used as an engine for our communication. (Sales and Marketing Director)

The company measures the actions it takes and also carefully analyses the industry and follows market analyses. The digital environment provides plenty of tools to monitor actions on the internet. Delta monitors the new media environment and gains important brand input by monitoring stakeholders' actions; through for example, analyzing clickstream data or inspecting postings on Facebook, Twitter or other online discussion forums. Delta monitors the number of visitors to the web pages and relates the figure to specific news released about the company or the industry. It counts how many people have opened the newsletter, which topic has been most popular and how much time the visitor has spent in a certain place. In addition, the company monitors general conversations and trends on social media. Listening to internal stakeholders is also important, since that group usually has tacit knowledge of the customers and current trends, and this can be done through digital channels, like the intranet or customer relationship management software. The main purpose of monitoring is to acquire information about what viewers see as interesting. This reveals to the company which topics are hot and which not, and the information is used to improve its own communication and to keep the management team informed about the current trends and weak signals in the industry.

We react to the "clicks" in a way that we communicate forward in the business which topics are interesting and also take them account in the future. (Communication Manager)

The topicality of the brand is subject to ongoing discussion between the CEO and marketing functions.

We are just tuning the brand in a way that the brand promise answers the relevant questions, not of course all the time, but in a way that the brand is always relevant. (Sales and Marketing Director)

The Digital Branding Model revisited

The empirical findings suggest that the building of an industrial brand in a digital environment should be undertaken in a consistent manner and as a

strategic asset by integrating genuinely different operational functions. Branding should be market driven, but should also take into account the company's internal capabilities and affairs. The company detects signals from the environment, considers how it should respond to them, and transforms the signals as a part of the brand's identity in light of the company's identity. In Figure 2, this process is portrayed by the arrow going from the brand's identity, via the company's identity, and back to the brand's identity. The empirical findings confirm the theoretical suggestions of the Digital Branding Model in the industrial branding context: Branding in the digital age requires strong internal communication alongside consistent external communication, and must not neglect brand delivery by participating in topical conversations. To keep the brand relevant and active, branding should be seen as an ongoing process requiring continuous adjustment of the brand through monitoring the environment and reacting to weak signals.

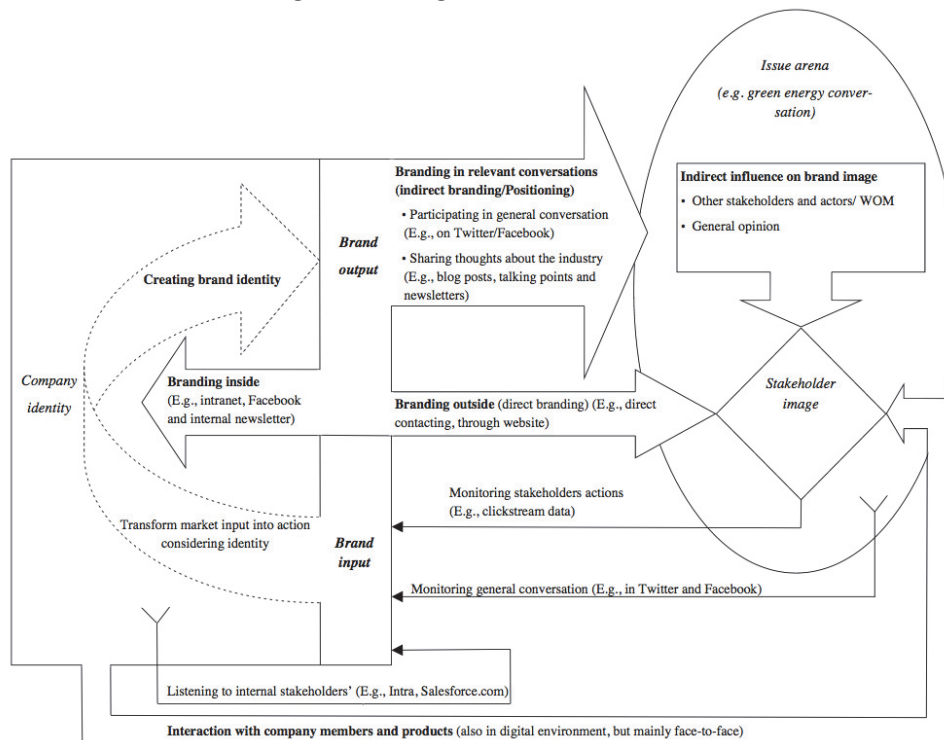


Figure 2 The Digital Branding Model revisited

Discussion

Discussion and theoretical contributions

The purpose of this study was to explore brand building in the industrial context in the digital age. Using a single case study method, this study contributes to the literature of both B2B branding and digital branding and describes how to build an industrial brand in the digital age and how digital

media can be used for such branding. The current research also marks a first attempt to create a comprehensive digital branding model for the industrial context, capable of taking account of the dynamic and novel nature of digital media.

For the case company, its brand has been like a glue bonding everything together and has made it possible to create one strong image of the whole company in the midst of a fragmented media environment. To Delta, the brand is a strategic asset driven forward by the top management. Delta has organized its functions in such a way that marketing, communication and sales work closely together like a single unit while maintaining close links with HR and senior management, especially the CEO. Delta's approach resonates with suggestions from previous research that firms would benefit from integrating communication and marketing functions in the digital environment (Fournier and Avery, 2011), but perhaps urges even more comprehensive functional integration.

The findings of the case study reveal that the case company has built its brand based on market insight, which has probably contributed to its success, since it has been able to find a niche and build the brand accordingly. This notion is in line with previous research, which emphasized the importance of strong customer orientation in the digital age (de Chernatony and Christodoulides, 2004; Hennig-Thurau et al., 2010; Simmons et al., 2010). Despite its market-oriented approach to branding, Delta also evidently understands the importance of internal factors to its branding choices. The importance of internal stakeholders, especially employees, acting as brand ambassadors has been emphasized in previous studies (see e.g. Baumgarth and Schmidt 2010; Burmann, et al., 2009; Roper and Davies, 2010; Webster and Keller, 2004). Delta's powerful and extraordinary branding seems to have inspired the whole organization to be proud of the company, which is also visible outside the organization.

Delta has almost accidentally acted in accordance with the requirements of the digital environment. Instead of doing what could be called *traditional* marketing, its actions have facilitated conversation around the brand. This supports the notion that i-branding today is mainly about managing customer relationships (Hennig-Thurau et al., 2010), facilitating conversations around the brand (Christodoulides, 2009) and building interesting and relevant content (Fournier and Avery, 2011). This communication style supports the literature suggesting that in the digital age, PR principles provide more suitable tools than traditional marketing ideas (Fournier and Avery, 2011). Hence, it might be relevant to consider adopting a communication and PR perspective when operating in the digital age. An issue arena approach (Luoma-aho and Vos, 2010) might also provide new venues for brand building in the digital age.

Finally, this study suggests that branding models relying on integration and treating the brand in a holistic manner might be topical and relevant in the age of digitization. Digital tools provide new opportunities for branding not just in terms of brand communication but more importantly to monitor weak

signals from the market. The information acquired can help to develop the brand and the whole company in a more customer oriented direction. The brand in the digital age can be considered as a central power, the philosophy underpinning the whole organization that keeps everything together and ensures the company is relevant and on course.

Managerial implications

Three important implications for managers arise from this study. First, a clear understanding of who the company is and what it stands for becomes even more critical in the digital environment. The brand should be seen as the foundation for all the company's actions in the digital age. Second, this study suggests that the strong integration of different functions is necessary in B2B organizations to be able to fully exploit the opportunities provided by i-branding in the new media environment. The key is to integrate the functions in a way that a coherent image will result without the necessity for excessive company control. Hence, branding inside the company and nurturing the internal environment is crucial. Third, companies cannot really manage their brands; they can only influence the branding process. The first requirement of influence is to be *present* in different channels and follow what is happening there, and the second part is to be *active* there. The company itself can announce who it is and what it stands for through communication and positions itself in different conversations. In the new media environment, it is better to make an announcement yourself than let audiences arrive at conclusions based on fragmented information. For an industrial organization, becoming an opinion leader is a strategy well suited to branding that can be supported by creating relevant content on a company blog and participating in relevant conversations within the field.

Limitations and further research

The results must be evaluated in the light of certain key limitations. The first limitation relates to the choice of the sample frame. The findings are based on a single case study, and hence the results cannot be generalized. The case company operates in the renewable energy industry, which is markedly different from other industries.

As a suggestion for future research, more case studies of B2B companies at different stages of maturity, ranging from start-ups to well-established companies that have successfully utilized digital tools in their branding would be beneficial. It would also be beneficial to know about B2B companies that have tried to utilize digital tools in branding but have been disappointed with the results. Companies that have not operated with digital tools from the beginning would probably offer examples of different challenges than those affecting "born digital" companies.

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[1] In the following sections, we use the pseudonym, Delta, to preserve the anonymity of the subject firm.

II

CRM IN DIGITAL AGE: IMPLEMENTATION OF CRM IN THREE CONTEMPORARY B2B FIRMS

by

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Structured Abstract:

Purpose: This research contributes to the current discussion about the digitization in companies' marketing practices by increasing our understanding of how the change from company ecosystem to customer ecosystem appears in B2B companies' marketing practices from a CRM perspective and how social media can serve CRM in the B2B context.

Methodology: The data comes from semi-structured themed interviews with key marketing/sales managers from three contemporary B2B firms.

Findings: CRM seems to be becoming a more strategic function, closer to the company's core, but its main goal, to enhance customer relationships, might not change. CRM will become everybody's business to an even greater extent than it is currently. Understanding the customer is vital and requires careful listening, and hence stronger cooperation between different functions to ensure the customer really is at the centre of everything.

Research limitations/implications: The results are based on case studies and so are not generalizable.

Practical implications (if applicable): It seems likely that firms will benefit from a collaborative working style over the traditional silo approaches. For B2B firms, public social media is not the most suitable source to serve CRM but private social media channels have potential in the future.

Originality/value: The lack of empirical examination of the change from company ecosystem to customer ecosystem from a CRM perspective, and the lack of research on social media for CRM in the B2B context, determines the purpose of this study. Furthermore, digitization is a rather new and unstructured phenomenon and many companies are still considering how to reconcile their policies to the change and how to take advantage of new social tools.

Keywords: CRM, Social CRM, B2B, Industrial marketing, digital media, social media

Article Classification: Research paper

CRM in the digital age: Implementation of CRM in three contemporary B2B firms

1. Introduction

Digitization has challenged marketing in the last decade and on the latest in the names of social media. The power has shifted from the hands of marketers to customers, which has important consequences for firms, products and brands (Hennig-Thurau et al., 2010; Muntinga et al., 2011). Today customers are social customers, who are consciously connected to the people and companies around them and require transparency and authenticity from those companies and people (Greenberg, 2010). The empowerment of the customer has naturally generated new challenges for customer relationship management (CRM). As Saarijärvi et al. (2013) concluded, 'CRM must adapt to a business environment where new forms of exchange are emerging and where traditional customer and firm roles quickly become out-dated and are recreated' (p.152).

The demarcation lines between internal and external company environments have become blurred and the customer has been included in the value creation processes. Serving customers has been called the 'new marketing' (Kietzmann et al., 2011) and in essence, the customer has become more central to the company – closer to company's core. Companies are seeking new ways to get closer to customers (IBM, 2010). The evolution has prompted the development of a new strategic approach, 'social CRM' (see Greenberg, 2010), to better capture the dynamic change from company ecosystem to customer ecosystem. Social CRM represents a new strategy taking CRM one step closer to CRM as a strategic function, an overall company philosophy, softer outcomes, emotional metrics, and also an awareness of stakeholders other than just the customer, and highlighting engagement as the main goal of customer relationship management instead of just managing customers (see Greenberg, 2010). Generally, in CRM literature, engagement has been welcomed as having the potential to offer a new perspective on CRM (see e.g. Baird and Parasnis, 2011; Greenberg, 2010; Verhoef et al., 2010). The core of this approach is to engage the customer in a collaborative conversation and to understand the customer on a more meaningful level (Greenberg, 2010).

In addition to new approaches that the digitization of the communication requires from marketing functions, technological development has offered new opportunities to manage and facilitate communication. Computer-mediated exchange and shared electronic resources have enormous potential to encourage participation in practice (Beirne and Cromack, 2009) and hence offer new opportunities to support CRM. Increasing interest in customer engagement has paralleled the continued evolution of the internet and new digital technologies like social media (Wirtz et al., 2010). The rise of social media is even claimed to bring a new technological paradigm in sales research (Andzulis et al., 2012). Social media has made it possible to build and maintain relationships (Pagani and Mirabello, 2011), and create value interactively through digital channels (Booth and Matic, 2011; Brasel, 2012; Sashi, 2012). Social media can be seen as a tool offering companies real opportunities to get

closer to customers (Baird and Parasnis, 2011), and engage them (Greenberg, 2010), and through that, access relationship performance outcomes (Trainor et al., 2014). In a recent study of social media and CRM, Trainor et al., (2014) found that investment in social media could bring relationship management benefits, but the use of social media alone does not have a direct effect on relationship performance; the usage of social media tools can develop capabilities that allow firms to better serve their customers. It is not about the technology, but how it is harnessed in practice.

In general, research on social media is limited and focused largely on the B2C domain (Michaelidou et al., 2011) although it has been suggested that social media is also important for B2B companies (see e.g. Järvinen et al., 2012; Kho, 2008; Michaelidou et al., 2011; Sharma, 2002;). A survey conducted in the UK among B2B SMEs, reported a quarter of them using social networking sites to achieve their marketing objectives and the most important goal for social networking sites was attracting new customers and cultivating customer relationships (Michaelidou et al., 2011) which suggests the internet and social media are important tools to build relationships even in the B2B context (Kho, 2008; Michaelidou et al., 2011; Sharma, 2002). The increased interaction between buyers and sellers that has evolved recently has particularly captured the interest of managers seeking to better understand and serve their buyers through new technologies and tools (Sashi, 2012). Despite the benefits and great advantage of the new tools, there is limited knowledge on how social media and other digital marketing communication applications could be used in CRM in the B2B environment. New technologies are an integral part of future CRM and merit further study (Nguyen and Mutum, 2012). To clarify, social CRM is not the same as social media (see e.g. Baird and Parasnis, 2011; Greenberg, 2010) although in some cases it has been defined as such (see e.g. Rodriguez et al., 2012). Social CRM is a company's strategic approach and social media is a great platform or tool to serve the goals of social CRM.

The lack of empirical examination of the change from company ecosystem to customer ecosystem in contemporary companies' marketing practices from a CRM perspective and the lack of research on social media for CRM in the B2B environment provides the purpose for this study. This research contributes to the current discussion about digitization in company marketing practices from a CRM perspective by shedding light on the future of CRM by increasing our understanding of how the change from company ecosystem to customer ecosystem appears in contemporary B2B companies' marketing practices from a CRM perspective, and how social media can serve CRM in the B2B context. Understanding is created by looking at the role, goal, and implementation of CRM and the use of digital communication tools, especially social media tools, to support data gathering for CRM purposes in three B2B companies that are aware of the challenges brought by digitization and utilizing social media tools in their marketing practices.

The paper is structured as follows: First CRM and the shift towards social CRM and engaging customers will be discussed following a discussion of the

social media and its potential in the context of CRM implementation in a B2B operation. Following that, the methodology will be described and the study results presented. The paper ends by drawing conclusions from the research.

2. Theoretical background

2.1 CRM, social CRM and engagement

CRM can be defined a) *narrowly and tactically* to be about the implementation of specific technology, b) as *a wide-ranging technology* referring to the implementation of an integrated series of customer-oriented technology solutions, and c) *broadly and strategically* as a holistic approach to managing customer relationships and creating shareholder value by developing profitable, long-term relationships with key customers, customer segments and other key stakeholders combining the potential of relationship marketing strategies and IT (Payne and Frow, 2005).

This study adopts the strategic point of view. The CRM as strategy approach makes it clear that CRM should no longer be seen as customer focused but as incorporating all the stakeholders as value creators (see e.g. Boulding et al., 2005; Ernst et al., 2011; Fan and Ku, 2010; Piercy, 2009), which is also a one key point of the ideology of social CRM (see Greenberg, 2010).

The ideology of social CRM takes CRM forward by capturing the social change brought about by the digitization of the communication. It is the firm's response to the customer's ownership of the conversation. Social CRM can be defined as a 'philosophy and a business strategy, supported by a technology platform, business rules, processes and social characteristics, designed to engage the customer in a collaborative conversation in order to provide mutually beneficial value in a trusted and transparent business environment' (<http://crm20.pbwiki.com> in Greenberg, 2010, p. 413). As the definition implies, social CRM uses CRM as the overall philosophy of the company and highlights the co-creation of value, engagement and managing dialogue rather than managing customers.

In general, customer engagement has been suggested to offer a new perspective on CRM (Verhoef et al., 2010) that offers a more strategic way for a firm to see its customer and stakeholder relationships (Economic Intelligence Unit, 2007, p. 2). Customer engagement can be defined as a manifestation of the brand or firm that is more than a transaction (Verhoef et al., 2010) or just purchase behaviour (van Doorn et al., 2010) and which goes beyond satisfaction, retention and loyalty (Sashi, 2012). It is 'a psychological state that occurs by virtue of interactive, co-creative customer experiences with a focal agent/object (e.g. a brand) in focal service relationships' (Brodie et al., 2011, p.9). The key point of customer engagement is that it exists as 'a dynamic, iterative process within service relationships that co-create value' (Brodie et al., 2011, p.8). Customer engagement expands the customer's traditional role by involving them in the value-adding process and sees the customer as an active partner in value creation.

Customer engagement includes the establishment of a deeper and more meaningful connection between the firm and the customer that continues over time (Economic Intelligence Unit, 2007). Customer engagement as a concept helps firms to understand customer needs, fosters customers' participation in the product development process, makes customers available to provide feedback on strategies and products, and turns them into product or brand advocates (Sashi, 2012). Engaged customers can play an important role when creating new services and products (Hoyer et al., 2010). At its best, getting customers engaged in a product or service development process can add value for the company. Other evidence of customer engagement would include word-of-mouth endorsement, blogging, customer recommendations, referrals, and other behaviours influencing the firm and its brands (van Doorn et al., 2010; Verhoef et al., 2010).

Engaging customers requires the firm to generate trust and commitment (Sashi, 2012). The key element in successful CRM is information (Nguyen and Mutum, 2012) for both purposes: to understand customers, and to create value (Payne and Frow, 2005). Social CRM highlights the importance of personal information, which requires more descriptive data on customers, whereas traditionally CRM has focused primarily on measuring transactional data (Bijmunt, 2010; Greenberg, 2010). It has been predicted that non-transactional customer behaviour will become more important in the future (Verhoef et al., 2010). Furthermore, a customer-centric corporate culture (Acker et al., 2011; Kim et al., 2012), customer orientation (Teo et al., 2006) and cross-functional involvement (Lambert, 2010) of processes, people, operations, and marketing capabilities have all been proposed to be crucial factors for successful CRM in the future and are enabled through information, technology, and applications (Payne and Frow, 2005). In addition, building customer engagement today requires adapting the marketing mix to take advantage of new technology tools to better understand and serve the customer (Sashi, 2012) at every touch point of the process. Obtaining relevant customer insight is not that easy and especially in this respect, social media and other digital tools might provide real benefits in the B2B environment.

2.3 Social media as a tool to support CRM

The idea behind social media is neither new nor groundbreaking, although it seems to create some confusion among managers and academics (Kaplan and Haenlein, 2010). Social media has in fact taken internet usage back to its roots as a platform to share and be connected (Kaplan and Haenlein, 2013). Social media is not just one channel but a collection of channels that come together to form the basis for Web 2.0. Social media channels can be described as arenas for participation (Aula, 2010) or places for communication. Today, social media includes a wide range of online, WOM forums including the basic blogs, discussion boards, chatrooms, forums, moblogs (sites containing digital audio, images, movies, or photographs), and social networking websites (Mangold and Faulds, 2009). Kaplan and Haenlein (2010) have identified six different

types of social media: collaborative projects (e.g. Wikipedia, OhMyNews), blogs (blogs, podcasts, and Twitter), content communities (e.g. YouTube and Flickr), social networking sites (e.g. Facebook and LinkedIn), virtual game worlds (e.g. World of Warcraft) and virtual social worlds (e.g. Second Life and Habbo). In addition to external social media tools, there are also internal social media applications such as Salesforce.com that are used in companies (Andzulis et al., 2012).

Social media may help to realize the promise of marketing to satisfy customer needs by providing the tools to better satisfy customers and build customer engagement. It can do so because it is capable of facilitating relationships (Sashi, 2012). It is interactive in nature, providing opportunities to receive feedback from customers, for dialogue, and to develop relationships (Kaplan and Haenlein, 2010). For example in social media and other collaboration platforms, consumers have shown themselves willing to compare, discuss, review and comment on products and services (Acker et al., 2011). In line with these benefits, social media offers opportunities to create customer values through interacting with customers and building and fostering customer relationships in the B2B context (Michaelidou et al., 2011). Social media can therefore offer a useful tool to advance CRM (see e.g. Kho, 2008). In the area of idea generation and enhancing innovativeness by utilizing social media (or Web 2.0), Vuori (2012) presented an important notion about the difference between the usage of the tools in the B2C and B2B contexts by examining Nokia, which utilized open networking sites to engage crowds, but closed network settings to engage business partners in idea generation. Despite the potential of social media for relationship building, in the B2B context, digital tools in general are used in pursuit of goals like creating awareness and attracting new customers, rather than enhancing existing customer relationships (Järvinen et al., 2012). In the same vein, informal interviews of 12 salespeople and managers suggest that the main perceived benefit of social media tools in a B2B setting occurs at the beginning of the sales process, in the period dominated by lead generation and prospecting, but the potential of social media was apparent at each step of the selling process (Andzulis et al., 2012). The discussion above illustrates that social media could support data gathering, interaction, relationship building, co-creation, and lead generation among B2B companies, but that in reality the role of social media in CRM processes in B2B companies is as yet unclear.

3. Methodology

This research adopts a research strategy based on a multiple case study. The three case firms were selected on the basis of their knowledge of digital marketing tools and social media in the B2B context. Each company had used the tools and social media in their external marketing communications, indicating knowledge of how to harness the benefits of the social media channels. Furthermore, the selected companies were all at the forefront of their particular fields at the time.

The empirical data were collected through semi-structured themed interviews with key staff responsible for CRM activity and also with marketing staff (see Table 1). Several interviewees were selected from each case firm to avoid the subjective perceptions of a single interviewee dominating. The subsequent use of a snowball sampling method made it possible to recruit the interviewees with the most knowledge, resulting in ten personal interviews with people in managerial positions. The data were collected until no new aspects were emerging from the interviews. In the case of Firm B, only two people volunteered to talk about CRM, but those two had considerable knowledge and long experience of the aspects of CRM affecting their firm.

Interviewee	Position	Duration of the interview (min)	Firm	Field of operation	Number of employees
Michael	Key Account Manager	20	A	Power generator and converters manufacturer	248
Jonas	Marketing and Sales Director	25			
Jack	Key Account Manager	40			
Patty	Marketing and Communications Manager	60	B	Precast concrete production provider	220
Peter	Sales Director	26			
Anders	Process Development Manager	30	C	Ship machinery, propulsion and maneuvering solutions	18 887
Steve	Sales Director	25			
Nick	Sales Director	35			
Sarah	Social Media, Communications and Branding Manager	35			
Frank	Application Manager	30			

Note: All participants are key managers in the corporation with decision-making responsibilities. They have been assigned pseudonyms.

Table 1. Study Sample.

The interviews were recorded and transcribed verbatim before analysis commenced. The analysis employed thematization consisting of the three-step procedure advocated by Miles and Huberman (1994, p.10). This comprises data reduction, data display and drawing conclusions and verifying them. To aid data reduction, all the material was organized under the same themes discussed in the interviews, and irrelevant material was discarded. Next all the transcript material was analysed first by case firm unit to identify possible similarities and

differences between the case firms and then, as a whole. During the data display phase, each theme was analysed individually at the firm level before a cross-case analysis was applied and matrices constructed to aid analysis. During data verification, the conclusions drawn were reflected once more against the raw material from the interviews to verify they were well supported. Finally, a thick description was written using quoted material from the interviewees to support the findings.

4. Results

4.1 The role and goal of CRM

As expected, all the firms studied reported CRM held a strategic position in the organization. It was clear that for the interviewees CRM meant not only a technical solution to assist the customer process, but also served as a *modus operandi* to take care of customers. The interviewees expressed their concern over what would happen if their CRM system were ever to fail, which highlights the importance of CRM to the firms concerned.

CRM is one of the cornerstones of the business; we have this kind of customer-centric way to operate which is at the centre of everything in our company. I don't know how to say it, but everything is built around that idea and there is nothing more important than to be customer centric. (Jonas, A)

In the smaller firms (A and B), CRM as a philosophy was more evident than in firm C, which was a far bigger organization. This might also be because of the size and bureaucracy of the bigger organization where CRM was not the only tool used to support strategic decision making related to the customers but there were also other ICT-solutions to support the process. The difference emerged clearly in the sections of the interviews addressing how customer centric the firm was. The smaller organizations were evaluated as far more customer centric, whereas the biggest firm was evaluated to be more product oriented, although the last was progressing towards a more customer-centric arrangement.

The goal of CRM for each of the companies was to build long-term profitable customer relationships and increase customer loyalty while also targeting customer engagement. The companies shared a philosophy that the only way to get customers to commit to the firm is to provide value for those customers. The respondents recognized that the way forward was to provide great products and market them well. Naturally, the companies arranged various customer events and were willing to offer special terms to their best customers, but were aware that everything starts with taking care of the core product and serving customers as well as possible by being customer centric.

The most important thing is that we have high quality products that are excellent for our customers and that we then provide to them at a good price, in a smooth process and when they need them. (Jack, A)

The discussions around the meaning of customer engagement in the B2B context were also interesting. Purchasing B2B products is always a high-involvement activity, as they often require considerable investment. Before completing the purchase, the buyer has to have decided whether to form a long-term attachment with the seller. As one interviewee pointed out, it is different if the customer is engaged or attached.

We just conducted customer research and it revealed that our customers are attached but they are not committed. We work together well but if they get a better offer, they are ready to change. This is common in our field. (Jonas, A)

4.2 Information gathering and social media in CRM

The interviewees singled out selling projects and the evaluations of the future business with the customers as the most important content of the CRM system. The core information was related to the basic facts on the customers. CRM for the firms also involved gathering memos from meetings, relevant e-mails, and information gleaned from customer visits. The goal of information gathering was to create one coherent idea of what was happening with the specific customer and what is likely to happen. Firm C collected the most factual data. The data collected in Firm B were more engineering oriented, and Firm A collected the most descriptive data. However, despite the data primarily being in numerical form, the importance of descriptive information was recognized in each firm. In addition to hard sales-oriented facts, Firm A collected soft facts like rumours and news relating to its customers and information relating to the industry in general. The language used in the memos of Firm B was described as sometimes being colourful and even included informal elements like tips on how to approach a certain customer. Those interviewed nevertheless highlighted that all the information was formed from a subjective assessment made by a sales person in the organization. Company A, which collected the most descriptive data, was also the most customer centric.

It is kind of general qualitative things on our customer's business, what it does and where it goes, what products they have and which market they are operating in and if it is qualitative and our own customer data, it is customers own businesses and future foresights and classifications for ABCD customers – this evaluation is qualitatively flavoured with numbers and probability estimations. I would say that it is half and half (numbers and descriptive data). (Jack, A)

It is difficult to estimate (the share of numerical vs. descriptive data) but there is much descriptive data, if memos and that kind of thing are counted as descriptive data, it plays an important role, there is also the e-mail exchange that has happened between customer and seller so I would say that at least half of the information is 'soft' descriptive data. (Peter, B)

Dialogical communication was seen as the most important way to get to know the customer. Naturally, it fell to the sales people to collect most of the

data in the CRM system since the relevant information was as a product of conversations between the customer and sales person. In addition to the data logged in the CRM system by the sales staff, in Firms A and B, the communication and marketing functions also played their part in the collection of data on customers; that data largely related to general trends or general market information. In these smaller firms, CRM was seen as everyone's business, not just a sales team assignment. In Firm C, the communication unit did not have access to the CRM system but the organization had a business intelligence unit (BI) that collected much of the same data as the communication and marketing functions in the smaller companies. None of the companies was willing to offer access to their CRM systems to their customers. However, there were plans afoot to use other digital systems to communicate with customers in the future.

We get the news summaries every day ...of course we follow customer web sites, which is a more ad-hoc kind of activity and sure, we get different kinds of studies and other reports occasionally related to general market information. (Michael, A)

Although all the firms actively used and monitored social media, it played almost no part in CRM. The interviewees reported finding almost nothing of value for sales or any new information on their customers' public websites or social media channels. The information the firms collected had to be of sufficient quality to form the basis of a range of estimations. The representatives of Firm C described how its BI unit would refine the information derived from the social media channels into a form relevant to the sales team. Social media was seen as a channel providing more general knowledge of trends and events, rather than as offering strategically important customer knowledge.

You can utilize it (social media) a bit to get information, mostly LinkedIn, but rarely will customers share relevant information there. (Jonas, A)

Internet sources were used to monitor the general atmosphere in the field and, for example, to spot an increase in the number of visitors from some particular part of the world that indicated a potential for targeted marketing communication. The purpose of social media usage in these B2B organizations was mainly to create familiarity within the field and also to attract talent for the future. As several interviewees pointed out, the role of social media in CRM in firms might grow when the younger generation takes the reins.

Step by step, it (social media) might come to play some role but it is now far from the most important channel. (Patty, B)

The firm had also recognized the potential of social media as a source of leads or at least a way to persuade a prospect to go to the firm's web page to complete the contact information form. Although the firms were able to generate leads through their web pages, the quality of those leads was rated as

very poor. In B2B, the sales organizations are usually well aware of prospective clients and are able to reach them through means other than social media channels. Traditional trade shows and personal contacts were reported to be the best sources of quality leads.

We get one to two leads per day through our web site. We have a contact information form there where the potential customers can enter their contact information if they are interested in our products. The number of leads is quite large but the quality is lousy. It is extremely rare to get a good lead through the web site. (Jack, A)

Although the firms did not see public social media tools as relevant to their businesses, the closed social media channels, those that, for example, could be integrated into a CRM system, were seen as relevant from the customer relationship management perspective. At the time of the interviews, Firm C was launching a platform integrated into their CRM system for the use of a few favoured customers that used the technology the firm produced. The thinking behind the initiative was that the users of the new technology could share experiences and the firm would get information of value to improve the system. In the same firm, the social media channels were also widely used to facilitate internal communication. An example was a kind of discussion board where staff could raise questions.

People ask many things and raise topics that we do not have direct answers to and the 'ask the doers' portal makes it possible for the community to give answers. You do not have to write to some specific person that might take a long time to answer. People post a question there and might get an answer very quickly. The whole staff follows it and who knows, someone might answer the question. (Sarah, C)

5. Discussion and conclusions

5.1 Conclusions

This paper contributes to the current discussion about digitization in companies' marketing practices. The purpose of this study was to increase our understanding of how the change from a company to a customer ecosystem appears in the marketing practices of contemporary B2B companies from a CRM perspective, and how social media can serve CRM in the B2B context, and through that to shed light on the future of CRM in B2B context.

This study suggests that CRM as a strategy (see e.g. Payne and Frow, 2005), is closer to B2B companies' reality than the ideology of social CRM (see Greenberg, 2010). The reality in these studied companies was that CRM was still about managing customers rather than the management of dialogue that was raised as an important aspect of social CRM (see Greenberg, 2010). Engaging customers was seen as a desirable aim, but also as something self evident, as for the respondent companies, the whole concept of engagement and co-creating value with the customer seemed to be a prerequisite for purchasing. Before the main process even starts, the customer makes a conscious decision to commit to long-term cooperation with a service provider.

Engaging customers seemed to be nothing new as the process is social from the outset. To really engage customers in the longer term, the interviewees saw only one way to proceed: knowing what their customers want, and delivering it in the best possible way, at as good a price as possible.

In addition, the literature suggested CRM was moving from customer centricity towards an entirely multi-stakeholder approach (see Boulding et al., 2005; Fan and Ku, 2010; Greenberg, 2010; Ernst et al., 2011; Piercy, 2009), but this study shows CRM in the surveyed companies above all else remains a sales- and customer-oriented concept. The marketing function of each company was targeting multiple stakeholders and the goal of sales and CRM was limited to taking care of the customers.

The companies reflected the ongoing change from company ecosystem to customer ecosystem by recognizing that successful future CRM would involve breaking their silo structure, developing a customer orientation (Teo et al., 2006), encouraging flexible cooperation among functions (Lambert, 2010; Payne and Frow, 2005), and by moving in a more customer-centric direction (Acker et al., 2011; Kim et al., 2012). In addition, technological solutions were applied to facilitate the process (see Payne and Frow, 2005).

With regard to the information collected for the CRM system, representatives from each firm recognized the importance of including some descriptive information, as was also suggested in the theory (see Greenberg, 2010; Verhoef et al., 2010). However, hard numerical data played the most important role. The 'soft' data were not necessarily documented in the CRM system, instead remaining the tacit knowledge of sales personnel. The central role of personal contact in B2B communication was not diminishing in the face of the advances in digital communication, and the data gathered by the firms was mainly sourced through real dialogue with the customer. Establishing a dialogue with their customers remained a goal of each company, and was viewed as a prerequisite to engaging customers in a collaborative conversation: something that was in line with the theory (see Greenberg, 2010).

Despite the potential of social media to assist dialogical communication, the studied companies gathered their CRM data in old-fashioned ways. In line with Michaelidou et al., (2011) the companies in this study saw the potential of social media tools in interacting with customers and building and fostering customer relationships, but as a future possibility and hence social media was not harnessed for interaction with the customers. Public social media was not seen as a relevant platform from which to collect information about customers and nor was it seen as a place to conduct dialogue with customers. Information gathered via social media channels were generally seen as irrelevant, and the little relevant information that was available as being too time consuming to harvest in relation to its value. In this study, social media channels were not even seen as capable of generating good leads, in contrast to reports from salespeople and managers suggesting they viewed social media to be a viable lead generation tool (see Andzulis et al., 2012). This finding might be accounted for by the specifics of the B2B environment (see e.g. Vuori, 2012), where, unlike

in the B2C world, most relevant conversations take place in private. The findings of the study did reveal that online dialogue in private groups offered a potential way to interact with customers and foster B2B relationships in future. They also showed public social media tools might have greater potential to create awareness and attract new customers rather than to enhance relationships with customers, so reflecting the findings of Järvinen et al. (2012) in the context of the goals of digital marketing in general.

To sum up the findings and shed light on the future of CRM, this study suggests CRM is becoming a more strategic function in order to serve customers better. Furthermore, the main goal of CRM, enhancing customer relationships, might not change, but CRM will become everybody's business to an even greater extent than it is currently. Understanding the customer is vital and requires careful listening, and hence stronger cooperation between different functions to ensure the customer truly is the centre of everything. The role of personal relationships will not necessarily diminish despite the advent of new digital tools, but closed social media systems might have potential in the future.

5.2 Managerial implications

As digitization is a rather new and unstructured phenomenon and many companies are still considering how to reconcile their operations to the change, and how to take advantage of new social tools, the results of this study have several managerial implications.

First, CRM might remain a purely selling tool, but organizations that manage to incorporate marketing and communication into the CRM system might be able to offer a more holistic service to their customers. As CRM increasingly targets harder outcomes like increased profit, marketing and communication might play a major role in supporting softer outcomes by providing an understanding of long-term consequences and a global understanding of the customer's business. The two functions should genuinely support each other, but achieving that objective would require facilitating an open atmosphere to foster efficient communication between different functions and also among customers. It is worth noting that the staff of the organization described as the most customer centric in this study worked for the firm assessed as having the most efficient internal communication and collecting the most descriptive data in its CRM system. This result should also encourage companies to invest in internal communication practices and pay attention to the internal coherence of the company.

Second, the results suggest a cautious approach to the use of public social media channels to enhance relationships or generate leads in the B2B context would be most appropriate. Social media, however, can fulfil other important roles in B2B relationships like creating public awareness. It might also be beneficial to organize some sort of filtering between the CRM and customer data gathered or leads generated from digital channels. That is a task perhaps best performed by a BI unit or the communication and marketing functions,

which could monitor the web environment and refine the information gathered for CRM purposes. Again, efficient internal communication and an open atmosphere of communication seem to be central. It would also be wise to clarify the goals of using public social media channels. Although they enable online dialogue, companies should carefully consider how much effort they expend on serving existing and prospective customers through the social media channels. Companies must really know their stakeholders, and how that group utilizes digital channels, and then direct their efforts to serving the most important stakeholders strategically. A policy of simply generating as many leads as possible is unlikely to deliver lasting success, but careful use of digital and traditional strategies can increase the number of quality leads.

As a final suggestion, internal social media channels or private channels might offer valuable information to B2B companies. It might also be beneficial to establish some private online platform for customers to discuss the seller's products and other important issues. Such a platform could provide a supplier firm with valuable information on how their customers' perceive its product, and help the firm to develop its operations in a more customer-oriented direction. Furthermore, as the interviews at the heart of this paper confirmed, the only way to engage customers, and hence get them to participate in product development is to serve them in the best possible way so as to create value for those customers. This is something that can never be outsourced or digitized.

5.3 Limitations and opportunities for further research

The results of the current research should be evaluated in light of certain key limitations. First, they are based on a multiple case study and hence results cannot be generalized. In addition, the low number of interviewees from each firm could be considered a limitation. However, it is believed that the results provide valuable explorative insights into an emerging area—digitization in company marketing from a CRM perspective—that justify the approach.

Furthermore, this study also opens several new avenues for future research. It would be beneficial to inspect just how social media tools can really create relational value, in which context, and under what circumstances. This would extend our knowledge of how social media tools can be utilized beneficially in the B2B context for CRM, because according to Michaelidou et al. (2011), some B2B companies do seem to be able to facilitate relationships through social media channels, even if that was not evident among the studied companies in this research. It would also be interesting to know if engagement really matters in the B2B context. Future research might examine how social media tools drive engagement on open or closed platforms, and how that might influence purchasing decision making. Future research might also try to uncover what being engaged really means in an industrial marketing setting. Internal digital solutions that have been found to increase interactions with customers would also merit further study. One final suggestion for further research arising from the current study would be an analysis of lead generation through digital channels in the B2B setting. As noted in this study, the quality

of leads from digital channels was poor, but the questions arising then are why; and whether the quality could be enhanced.

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III

THE USAGE OF DIGITAL MARKETING CHANNELS IN SMES

by

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Abstract

Purpose: The study provides insights into the utilization and goals of digital marketing, and examines factors that influence the adoption and use of digital marketing channels in SMEs.

Design/methodology/approach: The data comprises semi-structured theme interviews in SMEs among 16 managers and 421 survey respondents in Central Finland.

Findings: The results of this study reveal that SMEs seem not use the full potential of the new digital tools, and so are not deriving benefit from the opportunities they provide. Furthermore, the results also raise the question of whether SMEs have understood the fundamental change in the nature of communication brought about by digitization.

Research limitations: The data comes from one region and thus the research context limits the generalizability of the results.

Practical implications: SMEs seem not to be keeping pace with digital developments, mostly due to the lack of knowledge of digital marketing. Most of the studied SMEs do not apply the full potential of the new digital tools and hence are not benefitting fully from them.

Social implications: Discussions on the future regional development of SMEs have called for training programmes to help SMEs exploit digitization. This is something that the government should take note of.

Originality/value: Whereas the adoption process of new technologies such as IT in general and the internet in particular have been examined in the SME literature, this is among the first studies examining adoption and usage of digital tools from the marketing perspective.

Keywords: digital marketing, channels, tools, marketing communications, technology adoption, social media, small- and medium-sized enterprises, resources

Article classification: Research paper

The usage of digital marketing channels in SMEs

Introduction

Digitization has become part of our daily routines. It is shaping the traditional ways in which consumers and businesses interact with each other. Digitization, and especially social media, have been claimed to transform consumer behaviour (Kaplan and Haenlein, 2010), with important consequences for firms, products and brands (Muntinga *et al.*, 2011). Consumers are increasingly spending their time online and using social media (Forrester Research, 2008; Nielsen, 2012). They use online services for browsing, storing and playing music, to email, to access Facebook, Twitter, and apps with various connected devices such as smart phones, tablets and laptops and that is transforming the way the internet is being used (Ericsson Consumer Lab, 2012). The adage, '*If a company cannot be found in Google, it does not exist*' seems to typify consumer behaviour today. It should be clear that the utilization of digital channels is important for brands, and it should be a progression that SMEs should follow too if they want to stay competitive and grow. However, it seems that many SMEs do not use the full potential of these new digital tools (see e.g. Gilmore *et al.*, 2007). SMEs are a significant part of the world economy. For example, in Europe 99 % of companies are SMEs (of which 92 % are micro-enterprises) and those companies provide more than 75 % of private sector jobs (European Commission, 2011). The importance of these companies cannot be ignored.

Literature shows that digitization in its various forms is positively related to small business growth, performance and competitiveness. Digital marketing and social media provide opportunities for small businesses to attract new customers and reach existing customers more efficiently. Even the starting point of digitization, broadband access, has been shown to bring significant opportunities to SMEs such as reaching new target audiences, increasing performance and efficiency, and improving growth and competitiveness (Galloway, 2007; Shideler and Badasyan, 2012; Spurge and Roberts, 2005). In addition, internet use can benefit SMEs by reducing costs (Chong and Pervan, 2007; Kaynak *et al.*, 2005; Lohrke *et al.*, 2006)

and facilitating both internal and external communication (Bharadwaj and Soni, 2007; Chong and Pervan, 2007; Eriksson, Hultman and Naldi, 2008; Kaynak *et al.*, 2005). More recent developments in digitization, namely the social aspects of the web (e.g. Web2.0/social media) have confirmed the positive relationship between utilization and outcomes. In a recent study of 12 SMEs in the UK, social aspects of the web were found to improve efficiency and enhance external communication (Barnes *et al.*, 2012).

The marketing reality of SMEs is far from that of large corporations and hence digitization is a greater challenge for them. Literature argues that traditional marketing theories are not even applicable to SMEs (Reijonen, 2010). SME marketing techniques are informal, reactive and spontaneous (Gilmore *et al.*, 2004), and there is a considerable gap between marketing activity in a typical SME and the best practice advanced by marketing theory (Parrott *et al.*,

2010). SMEs are characterized as strongly sales focused (Hill, 2001; Reijonen, 2010) and the main goal of their marketing is just to create awareness of the firm and products (Reijonen, 2010). In general, marketing in SMEs has been characterized as disorganized and unplanned, although some SMEs do engage in formal and conventional marketing practices like marketing planning (Hill, 2001). Those SMEs that do make and follow a marketing plan should benefit as the activity has been found to be one of the key factors of successful marketing in SMEs (Parry *et al.*, 2012). Hill (2001) predicted that formal marketing planning in SMEs would increase as a younger generation with a more specialized management education became managers.

The research related to the adoption process of new technologies in SMEs has been widely covered (Carroll and Wagar, 2010; Chatzoglou *et al.*, 2010; Dholakia and Kshetri, 2004; Lohrke *et al.*, 2006; MacGregor and Vrazalic, 2005; Parker and Castleman, 2007; Proudlock, 1999) but knowledge of how SMEs utilize digital channels in their marketing requires more in-depth knowledge.

This study contributes to the understanding of SMEs marketing practices by investigating digital marketing in the marketing mix of micro and small companies in a regional economy (Central Finland). The study provides insights into the utilization of digital marketing tools, and examines factors that facilitate or inhibit the adoption and use of digital marketing channels in SMEs in Central Finland. In general, Finland is ranked tenth in the world in terms of internet penetration rate (ITU, 2013) with an internet penetration rate of around 90%. This means that people in Finland are actively using digital channels like the internet on a daily basis. On a more general level, the study contributes to the discussion on SME marketing practices (e.g. Gilmore *et al.*, 2007; O'Donnell, 2011; Reijonen, 2010; Simpson and Taylor, 2002).

The study proceeds as follows. In the next section we discuss the term digital marketing and its sub-components, and review literature on the enablers of and barriers to the usage of digital tools in SMEs. In the subsequent section we present our methodology. This will be followed by a presentation of the study results. Finally, a discussion of the findings will be presented alongside the study's contributions, limitations and suggested avenues of future research.

Digital marketing and social media utilization in SMEs

Digital marketing

Digital marketing is a new approach to marketing, not just traditional marketing boosted by digital elements (Järvinen *et al.*, 2012; Liu, Karahanna and Watson, 2011; Rowley, 2008). It has its own characteristics and dynamics, which should be understood in order to be able to select effective marketing tactics and strategies. Digital channels can be classified in various ways. One way to classify the channels is to present them based on the viewpoint of which party controls the communications (the company or the target audience) and whether communications is one-way or two-way (see Table 1).

	High company control	Low company control
One-way	Website Email newsletters Online directories Banner adverting	SEO (Search engine optimization) SEA (Search engine advertising)
Two-way	Company generated blogs Company's own communities	Social Media

Table 1 Classification of digital marketing channels

One-way communication channels

Websites and email can be seen as examples of one-way online tools with high company control. A company's website can be described as the home of the brand in the online environment (Christodoulides, 2009). Email can be used for various marketing purposes including sharing information, promotion, building and maintaining relationships, and guiding customers to websites (Simmons, 2007). Although email is a two-way communication channel in its nature, it is often used as a one-way channel to deliver newsletters or advertisements. These two basic forms of digital marketing are often used in SMEs. Already in 2008, Eriksson *et al.* (2008) found that 90% of the Swedish SMEs they surveyed (N=160) used a website and email to market their products and services. However, they noted that many of the SMEs were at an early stage of digital channel utilization and that their usage of the more advanced digital channels remained low. Online directories where a company buys its listing for a certain period, and online advertising, can also be considered digital mediums of the one-way type marked by high company control.

Search engine optimization (SEO), the process of improving the website's search engine rank in organic search results, and search engine advertising (SEA), paid advertisements on a search engine's results page related to some keywords, are both one-way communication channels. Their purpose is to inform people of the products or services available, and they are crucial to a company's visibility on the web. Both SEO and SEA are commonly used among larger firms, but at least few years ago, their potential was not fully understood among SMEs (Karjaluoto and Leinonen, 2009).

Two-way communication channels

The rise of social media has turned the marketer-customer relationship upside down; in so far as the power has shifted from marketers to customers (Hennig-Thurau *et al.*, 2010). The essential nature of social media requires company marketing to take the form of two-way communication with customers instead of monologues from the company. Naturally, in social media channels the company has less control over its brand. In social media, audiences do not expect sales pitches and marketing messages but real information generated by conversations around the brand (Christodoulides, 2009; Weinberg and Pehlivan, 2011), and they expect authentic stories to be told (Fournier and Avery, 2011). It has been stated that post-internet branding is about '*soft selling*',

co-creating value and managing customer relationships not attempting to directly drive sales (Hennig-Thurau *et al.*, 2010; Rowley, 2008).

Social media has become an important part of an organization's marketing communications and branding (Bruhn *et al.*, 2012). For example Facebook has become an important channel in engaging consumers and creating brand awareness (Malhotra *et al.*, 2013). Blogging is said to be a good relationship tool for both marketing and PR (Ahuja and Medury, 2010; Cho and Huh, 2010; Singh *et al.*, 2008) and many large companies have adopted blogging as part of their routines. Blogging is great way to create content on the web although it requires that one has something important to say and the ability to express it. It is also a form of social media where the company retains a relatively high level of control since the blog usually resides on the company's own website allowing, the content to be edited and the comments monitored and filtered.

According to a recent study on 462 SMEs in the USA, many SMEs struggle with the added workload of social media (Moyle, 2012). The study also indicates that SMEs are spending up to six hours each week on social media. Of the tools available, Facebook (90% use) and Twitter (70% use) are the most popular, whereas the adoption of blogging and use of LinkedIn (used by around half of the surveyed SMEs), Google+, and Pinterest remain slow. According to the study, one-third of the surveyed SMEs would like to spend less time on social media.

Interactivity within the internet seems to have a positive impact on a company's online performance by increasing customer's attention, developing stronger relationships and thereby increasing overall satisfaction (Simmons, 2007). Social media seems to be a successful tool for brand building as well as engaging customers and building unique customer relationships. In addition to the softer outcomes, a recent study indicates that in some cases, utilization of social media can also drive straight sales-related outcomes; customers who are committed through social media to the company are more profitable than those who are not committed to the brand on social media (Rishika *et al.*, 2013).

Nevertheless, opposing views have also been presented. Brands have been claimed to be uninvited intruders in social media, mostly because companies do not conform the norms of social media (Fournier and Avery, 2011). According to a study of more than 7,000 consumers in the USA, UK, and Australia (Spencer and Freeman, 2012), marketers have placed too much emphasis on online social networking with their customers. The aforementioned findings show that consumers have little or no interest in having a social relationship with the marketer that extends beyond the transactional.

Enablers of and barriers to digital marketing usage in SMEs

Not surprisingly, studies suggest that SMEs are in general at an early stage of adopting digital channels (Eriksson *et al.*, 2008) and that firm size has a strong influence on the adoption, in that micro firms are the slowest adopters (Bordonaba-Juste *et al.*, 2012; Teo, 2007). Large businesses are more likely to have the required resources and knowledge to successfully adopt new digital

channels and tools (Barnes *et al.*, 2012). Past research has investigated the adoption of digital marketing in SMEs from both the internal (firm-specific factors, strategy, attitudes and experience) and external (infrastructure and environmental factors) perspectives (Dholakia and Kshetri, 2004). In the small business context, the widely applied resource-based theory of the firm (Barney, 1991; Grant, 1991; Lockett and Thompson, 2001) suggests that resources are the dominating factor explaining decision making in small businesses, and that external factors play a relatively small role (Lockett and Thompson, 2001; Hawawini *et al.*, 2003). Karjaluoto and Huhtamäki (2010) have classified the reasons to adopt digital channels in micro firms under three main categories; 1) firm-specific and owner-manager factors, 2) resource-related factors, and 3) environmental factors. They note that these can act either as facilitators or inhibitors of adoption. This classification is followed in this study to understand the adoption of digital marketing in SMEs.

Firm-specific and owner-manager factors

Firm-specific and owner-manager factors such as capabilities, motivation, background and experience are focal factors determining the strategic business choices of SMEs (Barbero *et al.*, 2011; Delmar and Wiklund, 2008; Wiklund and Shepherd, 2003) such as the usage of digital channels (Dholakia and Kshetri, 2004; Karjaluoto and Huhtamäki, 2010). These factors are related to expertise and the skill to use new technologies; knowledge of how to benefit from them in business; and also the attitude of the manager(s) and employees to the channels and motivation to use the channels (see e.g. Karjaluoto and Huhtamäki, 2010).

In particular, the technological knowledge of the company owner has been proved to be an important factor (Chao and Chandra, 2012). Based on the last study, owners with a solid knowledge of IT were better able to adopt useful IT solutions and deploy them in ways that ensured that investments supported the achievement of strategic goals. Other factors that support the adoption of digital channels in SMEs related to the perceived benefits of the new channels. Such benefits might relate to the usefulness of a technology (cf. Davis 1989; Karahanna and Straub, 1999), individual notions of the strategic importance of digital channels (Bharadwaj and Soni, 2007) and other tangible benefits that the company has identified in its business (Chong and Pervan, 2007; Kaynak *et al.*, 2005; Levy *et al.*, 2005). Furthermore, other important factors affecting adoption previously suggested are the ease of use of the new channels (Kaynak *et al.*, 2005; cf. Davis, 1989; Gefen and Straub, 2000) and having an opportunity to try the channels in action (Levy *et al.*, 2005).

Resource-related factors

Karjaluoto and Huhtamäki (2010) classified resources-related factors into human resources, financial resources and technological resources. They suggested that whereas human and financial resources were strong determinants of adoption, technological resources played a minor role for micro

firms. Gilmore *et al.* (2007) stated that SMEs lacked sufficient human resources, capital and knowledge to adopt digital channels fully. The lack of human resources, time and expertise are the largest barriers to digital marketing usage in the industrial context among both SMEs and larger corporations (Järvinen *et al.*, 2012; see also Michaelidou *et al.*, 2011). In the same vein, the skills of the employees to utilize the channels have been identified as a significant enabler of (or barrier to) adoption of digital channels in SMEs (Chen and McQueen, 2008; Gabrielli and Balboni, 2010; Sayre *et al.*, 2012)

A lack of financial resources/capital is typically considered a barrier to the growth of SMEs (Cooper *et al.*, 1994; Federico *et al.*, 2012; Gilbert *et al.*, 2006) and thus also to act as a barrier to the adoption and use of digital channels. Although digital marketing, at its best, has no variable costs, the fixed costs may still be prohibitive for many companies. Some companies might be surprised by the labour intensity of marketing in this new, dynamic environment, which requires a dialogical communication style, continuous attention and participation as well as content be created.

Environmental factors

Environmental factors are outside the company's control and include factors such as product or service type, competitive landscape, the industry sector, consumer/customer behaviour and outside support. Some products and services are simply better communicated through digital channels (Karjaluoto and Huhtamäki, 2010). External pressures like competition and the need to expand markets (Chong and Pervan, 2007; Kaynak *et al.*, 2005; Levy *et al.*, 2005, Karjaluoto and Huhtamäki, 2010) and the need for outside support or its availability have been identified as significant environmental factors affecting adoption of digital channels in SMEs (Järvinen *et al.*, 2012; Karjaluoto and Huhtamäki, 2010). Furthermore, the transition in customer behaviour is also a development that companies should follow. For instance in Finland, 86 % of people between the ages of 16 and 24 and 80 % of those aged between 25 and 34 regularly use social media (Statistics Finland, 2012).

Methodological issues

This research uses a multiple case study as its research strategy. The main focus is not on generalizations but on obtaining in-depth knowledge of a certain phenomenon (Johnston *et al.*, 1999). The empirical data was collected in two phases; first through semi-structured theme interviews followed by a survey. The objective of the interviews was to gather knowledge of the companies' digital marketing activities, their usage of digital channels and the difficulties experienced in using them. The survey charted digital marketing usage from a wider perspective and contextualized the results from the interviews. The knowledge gathered from the interviews was used along with prior studies (Järvinen *et al.*, 2012; Michaelidou *et al.*, 2011) as a basis of the development of the survey instrument. The items were related to marketing budget allocation,

the utilization of, and objectives set for, digital marketing channels in SMEs, and the key drivers of adoption.

We conducted a total of 13 semi-structured theme interviews in SMEs with 16 managers (see Table 2). Those managers had various titles (many SMEs do not have full-time marketing managers) but all were responsible for the marketing activity (including digital marketing) undertaken by their firm. The case companies were selected using a subjective sample, since the purpose was to inspect companies who were interested in digital marketing but had not fully adopted digital tools as part of their marketing initiatives.

Interviews in case companies								
Company label	Industry and number of employees (in parentheses)			Interviewed (age in parentheses)			Interview duration	
A	IT, B2B (9)			CEO (35)			118 min	
B	Footwear importer, B2C (5)			CEO (37)			145 min	
C	Fair and congress services, B2B and B2C (90)			CEO (56)			111 min	
D	Printing materials, B2B (13)			Sales Manager (30) Key Account Manager (26)			92 min	
E	Special construction materials, B2B (40)			Marketing Manager (30)			62 min	
F	Emission control equipment, B2B (8)			Marketing Manager (41)			61 min	
G	Heat water electricity, B2B and B2C (250)			Marketing Manager (32)			97 min	
H	Payment services, B2B (40)			Export Manager (30) Marketing Producer (34)			133 min	
I	Wood manufacturer, B2B (120)			Marketing Manager (39)			113 min	
J	Bakery / Restaurant, B2C (200)			Business Controller (45)			84 min	
K	Restaurant, B2C (40)			CEO (59)			118 min	
L	Caravan and Cars, B2C and B2B (20)			CEO (35)			92 min	
M	Measuring equipment, B2B (72)			Marketing Manager (44) Sales Manager (56)			59 min	
Sample characteristics								
Industry	N	%	Customers	N	% ^a	Size ^b	N	%
Services	223	53.0	Consumers (B2C)	19	45.6	Micro (1-2)	257	61.0
Other	87	20.7	Businesses (B2B)	18	45.1	Small (3-20)	164	39.0
Retailing	59	14.0	Government (B2G)	39	9.3			
Industrial commodities	52	12.4						
Total	421	100	Total	41	100	Total	421	100
				9				

Notes: ^a Valid percentage (2 missing values), ^b Size = Number of employees

Table 2 Sample characteristics

The transcript materials were read through several times, and notes were taken to help parse the data. Since the same themes were discussed in each interview, all the material was organized under the themes. After organizing the data, a thick description was written using quoted material from the

interviewees to support the findings. Qualitative content analysis was also carried out to clarify the usage of different marketing channels as well as the benefits of and barriers to that usage.

For the second phase of data collection, a survey sample was collected. The sample represented SMEs based in Central Finland as identified by a specific database. The survey was conducted online in September 2012. A batch of 3650 e-mails including a link to the survey was sent to the CEOs, owners, or chairpersons of the board of SMEs. A total of 421 responses were received, resulting in a response rate of 11.5 %. The effective response rate was 52 % (calculated by comparing those who opened the survey link (N=816), to those who filled in the survey (N=421). Over half of the respondents (61 %) were from firms employing one or two people and 53 % operated in the services sector. The split between B2C (45.6 %) and B2B (45.1 %) was almost even (Table 2).

Results

Digital marketing utilization in SMEs

According to the survey findings, close to half (46 %) of the respondents said they utilized digital marketing poorly or extremely poorly. Just 7 % described their current digital marketing as very good or excellent. Company investment in digital marketing varies substantially; slightly over one-third (35 %) of the respondents stated that their investments in digital marketing absorb less than 5 % of their marketing budget, whereas slightly over a quarter of the respondents (26 %) allocated over 41% of their marketing budget to digital channels. There are significant statistical differences ($p < .05$) in the utilization of digital marketing in terms of SME size (Table 3). As can be seen, firm size does not affect the allocation of digital marketing budgets, but does have a significant effect on the self-reported utilization of digital marketing. Larger firms utilize digital marketing better, even though the majority perceive that they are not doing it well (mean score 3.19 on a scale ranging from 1–7). Companies who reported investing more in digital marketing perceived that they utilized it better. This indicates that the companies that have adopted digital marketing and made the necessary investments have also been able to take advantage of these tools.

	All	1-2 employees	3-20 employees	
	<i>Mean</i>	<i>Mean</i>	<i>Mean</i>	<i>sig.</i>
Utilization of digital marketing ¹	2.90	2.73	3.19	.007**
Digital marketing budget allocation ²	2.87	2.78	3.02	.123

Notes: ¹Scale anchored with 1= *extremely poorly* and 7 = *extremely well*

²Scale: 1= less than 5% (of the marketing budget), 2= 6–10%, 3= 11–20%, 4= 21–40%, 5= 41% or more

* significant at $p < .05$, ** significant at $p < .01$, *** significant at $p < .001$

Table 3 SME utilization of digital marketing and allocation of digital marketing budget

According to the survey, the digital marketing channels used most often were the company's own website, SEO, and social media (Table 4). However, none of these channels was utilized very actively. For example, whereas one-third (34 %) of respondents said they utilized their company's website actively for marketing purposes, 30 % said it was not utilized at all. Additionally, close to half (45 %) did not utilize SEO at all and just 12 % used it actively. With respect to social media, including the use of social media services such as Facebook, LinkedIn, YouTube and discussion forums, half of the companies (49 %) did not utilize them at all and just 13 % used them actively. Firm size has an effect ($p < .05$) on the activity of digital channel utilization in marketing and communications in all cases except for social media, companies' own communities and blogs, and email advertising.

	All	1-2 employees	3-20 employees	
	<i>Mean</i>	<i>Mean</i>	<i>Mean</i>	<i>sig.</i>
Company website	3.70	3.46	4.08	.003**
Search engine optimization	2.58	2.33	2.98	.000***
Social media in general	2.57	2.44	2.77	.083
Search engine advertising	2.51	2.29	2.86	.002**
Email newsletters	2.42	2.16	2.84	.000***
Email advertising	2.26	2.21	2.33	.447
Company's own communities	2.00	1.97	2.04	.640
Company generated blogs	1.45	1.39	1.56	.143
Online advertising	1.32	1.20	1.49	.000***

Notes: Scale anchored with 1=*not in use* and 6=*in active use*

* significant at $p < .05$, ** significant at $p < .01$, *** significant at $p < .001$

Table 4 Utilization of digital channels in marketing and communications by firm size

The interviewees representing 13 SMEs support the findings. All the case companies had a website that was regarded as the most important digital channel for marketing and communications. The other digital channels most commonly used and ranked as the most important were email newsletters (used by 7 of the 13 SMEs) and social media (used by 6 of the 13). In line with the survey findings, the interviewees confirmed that company size did not explain social media usage for marketing purposes.

Objectives of digital marketing channels

The sales-centric nature of SMEs was clearly evident from the results related to the goals set for digital channels (see Table 5). Overall, the most important objective set for each digital tool was to facilitate sales (always in the top three). Other important goals reported were facilitating communication and enhancing customer service. Offering the opportunity for dialogue with customers and assisting recruitment were reported to be the least important objectives for digital tools.

Slightly over half (55%) rated their website as the most important tool for increasing sales to existing customers. It was also rated as the number one tool for enhancing customer service, facilitating communication, disseminating advertising, strengthening the brand and for recruitment. Search engine marketing, including both optimization and advertising, was rated as the second most important tool for increasing sales and facilitating advertising. Social media was not perceived as a tool with the primary purpose of initiating dialogue with customers. Instead, social media use was viewed as serving the primary objective of increasing sales. Email marketing was regarded as the most important tool in terms of facilitating dialogue with customers.

	Increasing sales to existing customers		Enhancing customer service		Facilitating communication		Facilitating advertising		Strengthening brand		Facilitating dialogue with customers		Recruitment	
	%	N	%	N	%	N	%	N	%	N	%	N	%	N
Company's own website	55.3	233	43.0	181	37.5	158	29.2	123	27.3	115	9.3	39	3.1	13
Email marketing	41.3	174	35.6	150	30.2	127	16.4	69	12.1	51	23.0	97	1.7	7
Social media	27.6	116	22.3	94	23.8	100	16.6	70	20.7	87	18.3	77	3.1	13
Search engine marketing	46.8	197	15.4	65	22.1	93	28.5	120	16.6	70	5.4	24	1.4	6
Online directories	29.5	124	18.1	76	16.2	68	16.9	71	7.1	30	3.8	16	0.7	3
Online advertising	21.6	91	7.1	30	10.7	45	12.8	54	9.7	41	3.3	14	1.0	4

Notes: Respondents nominated a maximum of three main objectives for each channel

Table 5 Objectives for digital channels

Among the firms whose representatives were interviewed, only two had set a clear goal for their website: attracting new customers. For social media channels, the goals set seemed to be even vaguer although one company stated that the purpose of their Facebook page was to facilitate communication. Although almost half of the interviewed companies used social media, none of them used social media for the purposes of dialogical communication; instead they used the channel primarily to post company news. Social media was still seen as a largely informal and relaxed communication channel.

Basically our Facebook page is used so that it has all the information that is maybe not important enough for the web site but still something of a more regular update to customers. For example if our printing house has send us new samples or something and then I take a quick picture with my phone and upload it there and say, hey new

samples, looking great. It is just a regular update there -collection of pictures, photos and other stuff. (Key account Manager, Case D)

We have 50 active followers on Facebook. So what, when we don't know what to do with them! The time we know how the 50 people open their wallets for us we can actually use that information that there are 50 of them! Otherwise it is plain charity. (Marketing Producer, Case H)

All the companies were also well aware that it is possible to measure the influence of marketing practices through digital channels; however, only a few respondents were able to clearly state what should be measured and primarily, what marketing goals they should set. It seemed that digital marketing within the companies studied was mostly implemented in an ad hoc rather than a well-planned manner.

We need a common understanding within our company of what we want to communicate in different channels and what we want to achieve with them. Our marketing is not well planned – we would need more measuring. I don't know what we should follow. (Company J)

Key drivers of adoption

The main reasons why the surveyed SMEs started to utilize digital marketing are shown in Table 6.

	All	1-2 employees	3-20 employees	
	<i>Mean</i>	<i>Mean</i>	<i>Mean</i>	<i>sig.</i>
Speed of communication	3.67	3.53	3.89	.006**
Cost savings	3.46	3.45	3.47	.881
Changing customer behaviour	3.46	3.35	3.63	.031*
Customer acquisition	3.43	3.29	3.65	.006**
Building awareness	3.41	3.29	3.59	.027*
Better targeting of messages	3.39	3.20	3.68	.000***
Enhancing customer service	3.32	3.20	3.52	.012*
Increasing sales to existing customers	2.93	2.83	3.08	.064
Facilitating dialogue with customers	2.70	2.61	2.86	.056

Notes: Scale anchored with 1=*not at all important* and 5=*very important*

* significant at $p < .05$, ** significant at $p < .01$, *** significant at $p < .001$

Table 6 Reasons for digital marketing utilization by firm size

Speed of communication, cost savings, and changing customer behaviour are the three key drivers reported. A total of 64 % considered the speed of communication as an important or very important reason for adopting digital marketing, whereas only 18 % regarded it as unimportant or very unimportant. Slightly over half of the respondents perceived cost savings as an important or very important reason for adopting digital channels in marketing. Over half (56 %) said changing customer behaviour was an important or very important reason for using digital marketing. Digital channels were not often used to

initiate dialogue with customers. Although close to one-third (28 %) reported this to be an important or very important reason for use, almost half (46 %) regarded it as either unimportant (22 %) or very unimportant (24 %). Surprisingly, sales focused SMEs regarded “increasing sales to existing customers” as the second least important reason to adopt digital tools. This indicates that SMEs might not be aware of the sales-related opportunities that digital platforms like online stores offer even for SMEs. SMEs with one or two employees generally regard the various reasons listed as less important than larger SMEs do. No differences ($p < .05$) were found with respect to cost savings, increasing sales to existing customers, and facilitating dialogue with customers.

Barriers and enablers of digital marketing in SMEs

Not surprisingly, the interviewees identified the biggest obstacles to wider use of digital marketing to be company resources, including knowledge (an issue for 8 of the 13 SMEs) and human resources (an issue for 7 of the 13). A lack of monetary resources was mentioned by only two of the firms. Uncertainty about how to use new digital tools and finding the right person to take care of digital marketing within the company were the main obstacles specified.

The interviews revealed that most managers were aware of the limited IT competence within their organizations but did not perceive it to be a barrier. There were both digital enthusiasts and others who were less interested, who had succeeded in building a wide online presence for the company, either through using internal resources or with outside help. Buying knowledge from outside was generally considered a good way to develop and maintain external communications. On the other hand, the two companies with marketing staff, who were excited and knowledgeable about digital marketing, were far ahead of the others in using it. It seems that the IT affinity of the staff still influences SMEs' online engagement.

I think most of that has come through you [Account Manager] and I think your personal interests are also there, as is usual with people when you have an interest in certain things, you like working with them, you're good at that and you develop yourself in those areas. (Sales Manager, Case D)

It's kind of a hobby basically, this social media marketing thing and that's why I try to use it on a company level and see what new things are around, how it works, and how it develops. (Account Manager, Case D)

The other important reason cited in the interviews for not using social media channels actively in marketing and communication was management resistance. Some company executives had acquired prejudices about the use of social media. Some of their fears and assumptions were unfounded and caused by the unfamiliarity with different channels and how they worked. Another common reason to avoid using social media like Facebook in marketing was that the managers did not have a clear goal for it and did not see how it could

add value to their company. Another important issue was that the marketing managers were not confident about what they should communicate through different channels.

Company orientation and the customers' demographic location played a major role in the choice of suitable channels, whereas less evidence was found for the impact of the competitive situation. The problem was one of choosing the most efficient channels in the field of digital marketing, where established communication vehicles and traditions are rare, and that issue deterred investment in new digital tools.

We are wasting huge amounts of money just because we don't have a crystal ball. We are using too many channels and vehicles to advertise and our efforts are to a large extent useless. (CEO, Case C)

Conclusions

This study contributes to the emerging digital marketing literature by providing an overview of the usage, objectives, drivers, and challenges related to digital marketing in SMEs in one region (Central Finland). Our study shows that the SMEs participating in this research have not widely adopted digital tools for marketing purposes. When viewed in the light of the penetration of the internet and social media usage in Finland, the results of this research are surprising and somewhat alarming. The results indicate that regional development of the internet and the usage of digital tools for marketing purposes in companies do not go hand in hand as might be expected.

Although digital channels were not actively used, online visibility can be considered the most important element of the digital marketing mix as the website and SEO were the two channels most often used. This finding is line with the previous research on SMEs' marketing goals related to the creation of awareness (Reijonen, 2010). The usage of more advanced digital channels such as online advertising and company generated blogs remained lower which is consistent with the Eriksson et al., (2008) study conducted in Sweden. In the same vein, increasing sales for existing customers was seen as the second least important reason to adopt digital tools which might be because SMEs are not fully aware of different online sales options, which might often be perceived to require more advanced IT skills.

In contrast to the findings of Eriksson et al. (2008), this study did not identify email as among the top digital channels used in survey results, but among the interviewed companies sending email newsletters was considered the second most important tool. In addition, our research identified SEO and SEA as the top used channels; although it is impossible to state with any certainty whether the lack of understanding of their potential identified by Karjaluoto and Leinonen (2009) has improved because relative utilization was still low among our respondents. SEO and SEA have certainly become better known among SMEs in the last few years. The willingness to utilize these tools is also likely to have improved because their influence on website visitors is easily confirmed, and both tools are also relatively cost effective and easy to

use. This view is in line with the previous research that indicates that important factors affecting the adoption of digital marketing tools are tangible benefits that the company can identify (Chong and Pervan, 2007; Kaynak *et al.*, 2005; Levy *et al.*, 2005); ease of use of the new channels (Kaynak *et al.*, 2005; cf. Davis, 1989; Gefen and Straub, 2000); and having an opportunity to try the channels in practice (Levy *et al.*, 2005).

Social media was claimed to be the third most important channel. However, the findings further indicate that social media is not understood as a two-way communication channel capable of serving relationship building, as had been suggested by the literature (Ahuja and Medury, 2010; Cho and Huh, 2010; Hennig-Thurau *et al.*, 2010; Kaplan and Haenlein, 2010; Liu *et al.*, 2011; Malhotra *et al.*, 2013; Singh *et al.*, 2008). In addition, the study confirms that regardless of firm size, SMEs use social media in the same way they use other digital channels; as a form of one-way broadcasting while attempting to drive sales. The utilization of digital tools differs greatly according to company size. Our findings mirror those of Bordonaba-Juste *et al.* (2012), Teo (2007) and Barnes *et al.* (2012), indicating that larger companies (in our study employing 3–20 people) utilize most of the examined digital tools more actively and get more out of them than smaller firms (in our study, those employing 1–2 people).

With respect to the reasons for SMEs delaying the adoption of digital tools, we can conclude that external factors advocate the adoption of digital channels in marketing but firm-specific, owner-manager factors and resource-related factors delay the adoption, a finding in line with previous research (Lockett and Thompson, 2001; Hawawini *et al.*, 2003). Additionally, the greatest barriers to adopting digital channels in marketing are lack of resources; mainly lack of knowledge and time (see e.g. Chen and McQueen, 2008; Gabrielli and Balboni, 2010; Gilmore *et al.*, 2007; Järvinen *et al.*, 2012; Karjaluoto and Huhtamäki, 2010; Sayre *et al.*, 2012). In particular, lack of knowledge of different digital channels and also of the new norms governing digital media were perceived as formidable obstacles. Our data does not confirm a lack of financial resources to be a barrier to adoption (cf. Cooper *et al.*, 1994; Federico *et al.*, 2012; Gilbert *et al.*, 2006). The pivotal factor in the usage of digital tools seems to be whether the marketing manager is knowledgeable about the digital options and actively pursues his/her personal interest in the tools. In companies where the person in charge of marketing was active on social media on a personal level, the company was too. This is a common situation, especially in smaller companies (see e.g. Chao and Chandra, 2012; Chen and McQueen, 2008; Gabrielli and Balboni, 2010; Karjaluoto and Huhtamäki, 2010; Michaelidou *et al.*, 2011). However, the outsourcing of the utilization of social media tools was considered a good option and a facilitator of digital marketing usage. The availability of external help to facilitate adoption of digital tools was also found to be an important factor in previous research (Järvinen *et al.*, 2012; Karjaluoto and Huhtamäki, 2010).

In addition, another sizable barrier to adoption of digital channels was their perceived usefulness, as Gilmore *et al.* (2007) also noted. The interviewees

were not familiar with the real benefits of the channels for marketing purposes. SMEs do not have the luxury of trying out new tools where there is no clear sales goal associated with the tools. However, theory still suggests that trying new channels is an important factor in enhancing perceived usefulness (Levy *et al.*, 2005).

To summarize the main findings of this study, these results confirm the assumption that many SMEs do not use the full potential of the new digital tools and hence are not fully exploiting the opportunities they can bring (Gilmore *et al.*, 2007). The results of this study also raise the question of whether SMEs have understood the fundamental change in the nature of communication brought about by digitization. The unplanned digital marketing activities and the ad hoc nature of marketing implementation reported in the interviews with SME marketing representatives speaks for the lack of knowledge of the whole digital marketing concept. In addition, opportunities for dialogue were considered the least important reason to adopt digital marketing tools though interactivity within the internet was seen as having an important impact on a company's positive online performance (see Simmons, 2007). Employing digital marketing as a non-dialogical tool and seeing increasing sales as one of the least important reasons to adopt digital tools might mean that firms are not using social media and other digital devices efficiently and so might not be fully exploiting the potential of the new tools. SMEs seem not to be keeping pace with digital development.

Managerial implications

The digitization of buyer behaviour is a progression that SMEs should follow to enhance their ability to compete in the market of the future. The low adoption of digital channels among regional SMEs in a digitally well-developed territory might open up new market opportunities for new digitally aware companies from beyond its borders. There is evidence of this phenomenon in the context of online shopping: a study of 9,300 Finnish online shoppers found that online purchases from other countries rose by 15 % in 2012 and currently account for around 15 % of the total online shopping market (TNS Gallup, 2013). The reality is that companies should make sure they can be found online. That nowadays requires far more than just setting up a website and optimizing it for search engines.

The results revealed that firms that have adopted digital marketing and made the necessary investments have also been able to take advantage of those tools. This indicates that acquiring digital marketing requires investing monetary resources, but more importantly, requires the investment of time. This study again highlights the importance of training key marketing personnel in the company to use the new digital tools. Marketing managers should be trained, but so should both other middle managers and senior management, at least in terms of the new order brought by digitization. Companies should first understand this new environment before they can utilize the full potential of the new social media tools (cf. Fournier and Avery, 2011). Discussions on the

future regional development of SMEs have called for training programmes to help SMEs exploit digitization. This is something that the government should take note of.

With regard to the importance of social media usage in SMEs, as Spenner and Freeman (2012) pointed out, consumers have little interest in building social ties online with brands: they just seek information about products and good deals. The utilization of social media in SMEs is challenging as few SMEs are media houses, and in most cases are not capable of creating interesting content on the various platforms available to them like a blog, Facebook or Twitter. To do so would be complicated first by the creation of such content not being their main line of business. Costs are also difficult to justify as the return on investment is difficult to evaluate. Instead of considering focusing on content marketing and spending time on social media, it might still be smarter to focus on the core business of the company, making sure it offers the best possible products or services to its customers and to build its digital marketing strategy around the website. Such a strategy is likely to be served by the use of SEO, SEA, and online advertising, and would ensure the online strategy remains simple.

Nevertheless, social media is about listening, participation and sharing. The dialogical nature of digital media does not necessarily mean that companies have to maintain an active presence in social media. However, understanding that dialogical nature of the digital age will bring about a fundamental change in business practices. Customers expect to be heard, listened to and taken notice of, which challenges SMEs to be genuinely customer centric. If a company is able to provide the best possible experience to its customers, those customers are likely to relate their experiences of dealing with the company on the web.

Limitations and future research

The findings of this study should be interpreted in the light of certain key limitations. First, the study is explorative in nature. Second, as with any case study, the results are limited by the study context. Third, although the empirical material consisted of both company interviews and survey data, the data comes from one region (Central Finland) and therefore the results cannot be generalized to other settings. Moreover, half of the surveyed companies are micro firms, and the vast majority operate only in the domestic market, which influences our results. The interviewees in this study were responsible for marketing activities in the companies, but they also often had other roles in the organization, which might also have influenced the results.

The worrying aspect of the results is that SMEs are not aware that they could use digital channels in their marketing programmes. There seems to be a requirement to improve knowledge of how the various channels available can work together, and of their potential to benefit an SME. This is where researchers can help SMEs to keep up with developments. It would also be beneficial to inspect in more detail the reasons why some firms use less and

some more digital marketing and also find out whether the product type, customer type, or the region where the company is located explains the differences.

We would also strongly encourage researchers to examine SMEs across various industries that have gained measurable benefits from using social media as a two-way communication channel. Finally, more research is warranted into the utilization of digital tools to grow sales.

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IV

DIGITAL CHANNELS IN THE IC OF A MULTINATIONAL CORPORATION

by

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ABSTRACT

Purpose: To examine how digital communication tools are used for internal communication (IC) in multinational corporations (MNCs). Specifically, the study illustrates the role of digital channels in IC, the benefits they bring and the difficulties involved in using them.

Design/methodology/approach: This research features a single-case study focusing on a listed Finnish multinational industrial corporation with a long history. Data for the study come from semi-structured theme interviews and a workshop in which the results were discussed.

Findings: Digital IC tools are able to facilitate IC in MNCs, although some challenges may arise in relation to planning their utilization. Related to the role of digital channels in IC, these findings highlight the importance of face-to-face channels in everyday internal communication and the role of digital channels as more formal communication channels.

Research limitations: This paper focuses on a single organization. Additional research would be required to attain generalizable results.

Practical implications: The effective use of new digital communication tools requires common guidelines across all areas of an MNC. Despite the great potential of new tools, the importance of face-to-face communication should not be ignored.

Originality/value: Most of the research on IC in MNCs was conducted before the digital communications era. Recent advances in information technology have created new challenges and opportunities for IC.

Article type: Research paper

Keyword(s): Internal communication, digital media, social media, multinational corporations

Digital channels in the internal communication of a multinational corporation

1. Introduction

The existing research on internal communications (IC) in multinational corporations (MNCs)^[1] was mostly conducted before the digital communications era. The literature has examined IC from the perspective of how to use traditional communications channels effectively and the skills needed for efficient communication (Charles and Marschan-Piekkari, 2002; Du-Babcock and Babcock, 1996; Tucker et al., 1996; Quible et al., 1996). Recent advances in information technology have created new challenges in managing and facilitating IC, but along with those challenges come opportunities. Nowadays, it is difficult to choose between all the channels provided by the new technology (Quirke, 2008). Many organizations are utilizing new digital communication channels, such as social media, in their IC; however, research indicates that social media (e.g. blogs, communities) in particular is seen as more important for external communications, its main objectives being branding and creating awareness (Järvinen et al., 2012; Lee et al., 2005; Michaelidou et al., 2011; Scott, 2010). The fact that research related to digital media has focused more on external communication seems to suggest an interest in research related to the use of digital tools in IC. According to a Delphi study of IC among the leaders of the Federation of European Business Communicators Associations, the most topical interest is in new internal digital (including social) media (Verčič et al., 2012). Internal digital communications are increasingly being adopted by corporations (e.g. Salesforce.com's 'Chatter'; Microsoft's 'Yammer'; the BBC's intranet, which features blogs, videos and staff interviews; IBM's internal social network 'IBM Connections' and Wärtsilä's 'Ask the Doers') to communicate with employees, facilitate two-way conversations, gather ideas, give feedback, trigger greater engagement and motivation and, overall, encourage employees to contribute to company strategy.

For this reason, it is vital to examine how digital communication tools are used for IC in a multinational corporation. Specifically, the article attempts to illustrate the role of digital channels in IC, their benefits and the difficulties of using them. Hence, this study responds to calls for research on IC in the digital environment. The remainder of the article is organized as follows. The next section presents the literature review, facilitating an understanding of digital tools in IC. This is followed by a discussion of the methodology used in this study and its empirical results. Finally, the findings and implications are discussed and explained, followed by an assessment of the limitations and finally by suggestions for further research.

2. Digital communication channels in IC

Traditionally, companies have used tools such as corporate TV, wall posters and corporate magazines, all of which are one-way broadcasting (one-to-many) tools, for IC. Today, computer-mediated exchange and shared electronic

resources have an enormous potential to encourage employee participation in practice (Beirne and Cromack, 2009). The literature classifies new digital communications channels in various ways. Recently, the terms “social media” (e.g. Kaplan and Haenlein, 2010) and “new media” (Hennig-Thurau et al., 2010) have been used to describe a changing communications landscape. Kaplan and Haenlein (2010) categorize social media into six types: collaborative projects, blogs, content communities, social networking sites, virtual game worlds and virtual social worlds.

In terms of internal social media use, the most important element seems to be collaborative projects enabling simultaneous content creation by a number of employees. Collaborative projects include wikis and social bookmarking applications enabling group-based collation and rating of web links or media content (Kaplan and Haenlein, 2010). Intranet portals have become popular as a result of increasing pressure on businesses to digitalize and integrate IC (Neill and Richard, 2012). At its best, an intranet contains everything individuals need to do their jobs like updates, housekeeping materials and newsletters from top management (Muller, 2002). An intranet also permits colleagues to communicate with each other regardless of location or which hardware and operating systems they use (Mosbeh and Soliman, 2008). In addition to an intranet’s powerful ability to facilitate information transfer, it can be used to measure performance and provide accurate information on critical strategic issues to support managers’ strategic decision-making (Denton, 2006).

However, intranets will not directly lead to better inter-functional coordination if they are not designed properly, or if employees do not understand the full benefits of using them (McNaughton et al., 1999). In fact, most employees seem to lack the time to browse websites for information (White et al., 2010). As Denton (2006) remarks, besides the need for intranets, there is a crucial need for technology that helps employees and managers make sense of the massive amount of data in circulation. An intranet is only likely to become efficient in organizations where the management dares to empower employees to be more active in the design of the information landscape (Stenmark, 2003).

Blogs can also be useful in IC as a way of keeping employees updated. Blogs are personal web journals where authors publish their thoughts and ideas and readers can comment on the content (De Pelsmacker et al., 2007, p. 515). Blogs are a useful way for companies to influence public conversation by contributing accurate information. Smudde (2005) has noted that the communication style of corporate blogs is not as informal as that of the non-corporate form, but the presence of top management means they seem appealing and useful. Readers are keen on hearing the ‘inside view from the top’. Many companies (e.g. Microsoft, Sun) also encourage their employees to blog on their official sites (Kelleher and Miller, 2006). As for the new media tools used by many on a daily basis, social networking sites such as Facebook have been used far more frequently for the purpose of external communications; however, many organizations also use them in informal IC.

Despite the new social tools available for use in IC, email remains the most commonly used digital communication medium in today's organizations. It is a very popular, cheap, easy and quick way to communicate. However, the ability to distribute information quickly and easily can lead to information overload and an overreliance on technology-based channels at the expense of face-to-face communication (Hewitt, 2006). The debate around the merits of email as a communication channel continues. Asynchrony of communication can cause frustration, and the approach taken to a problem can easily move from mild to more aggressive strategies (Friedman and Currall, 2003). Stevens and McElhill (2000) for example, have noted that written communication is rarely the best way to convey a message or to motivate employees. Hallowell (1999, p. 60) points out that the use of electronic communication channels has distanced employees from each other and from the organization to which they belong. However, emails have beneficial features like *reviewability* referring to the attribute that each participant in the email conversation has a record of others' comments, and *revisability* referring to the option to check and correct a message before sending, that are unavailable in verbal communication (Friedman and Currall, 2003).

Internal instant messaging (IM) also provides opportunities for quick and efficient IC. That said, IM carries the risk of viruses and spyware, and of employees spending excessive time chatting to co-workers (Wilkins, 2007; Quan-Haase, 2008). Like email, IM makes it impossible to observe the speaker's demeanour, body language or to convey intonation, which can easily lead to misunderstandings. In addition, there is a problem of timing in relation to actions and reactions; for example, agreeing or disagreeing with aspects of the conversation always happens a little later via IM than in face-to-face communication (Wolk, 2002). However, IM is quick and cheap but also synchronous, and it is possible to be in contact with multiple individuals at the same time (Quan-Haase, 2008). The biggest benefit involves presence. IM can be less formal, more questions regarding clarification can be raised and it is easier to check that the other party is on the same wavelength before proceeding (Morris et al., 2002). Morris et al. (2002) suggest that IM would be a better channel than email for creating a more social atmosphere.

Despite the vast potential of these new tools, they are useless if the media used to carry the message is not acceptable to employees (Welch, 2012). The effectiveness of communication depends on both the sender's and receiver's familiarity with particular communication medium codes and conventions (Belch and Belch, 2007). It seems that traditional communication is still the most favoured IC medium among employees. For example, Friedl and Verčič (2011) found that representatives of generation Y (born since 1980) prefer traditional IC channels at work, while having a strong preference for social media in their private lives. Several studies (e.g. Stein, 2006; White et al., 2010) report that face-to-face communication is the preferred IC channel owing to its richness; face-to-face communication enables straight feedback and the transmission of information in a more personal manner than other communication tools. When

people are in regular face-to-face contact, relationships start to evolve, and when people know each other, it is easier to communicate (Grunig et al., 2002). However, it seems that employees prefer different media for different sorts of information (Woodall, 2006). Emails are considered useful for quick updates and announcements, and websites (or the intranet) are useful as archives for information to be retrieved as needed (White et al., 2010).

3. Methodology

3.1. The single-case study as a research strategy

This research uses a single-case study as a research strategy (Yin, 2003). Single-case studies have been found to be extremely successful when presented in the developmental stages of a field of study (Eisenhardt, 1991). The topic of this research is fresh and timely, supporting the justification for the single-case research method. The selected case company is a listed Finnish multinational industrial corporation with a long history. It is headquartered close to Helsinki and has its main production plants in Europe and the USA, from where it provides products, technologies and services to customers worldwide. A recent acquisition has elevated the company to the position of global leader in its industry, with sales of around €12 billion and more than 19,000 employees worldwide.

3.2. Research methods and data analysis

In this study, the unit of analysis is the usage of digital tools for IC in an MNC, and occurs at corporate level. Data for the study come from nine semi-structured theme interviews selected purposefully (see Table 1) and from a workshop in which the results of the interviews were presented by two researchers and discussed with eight representatives responsible for developing IC in the firm. A qualitative setting makes it possible to understand latent, underlying or non-obvious issues (Miles and Huberman, 1994 p.10). A semi-structured interview is a suitable method for developing an understanding of how managers perceive their job and environment (Qu and Dumay, 2011). The interviewees had been involved in the international affairs of the organization for several years and were familiar with its IC practices. These nine were the primary informants, chosen because of their direct and hands-on experience with the company's IC and their willingness to share their experiences. The respondents based in Finland were interviewed face-to-face, and the others by telephone. The interviews were conducted during January and February 2010. The timeframe of the interviews ranged between 20 and 45 minutes; five were conducted in Finnish and four in English.

Interviewee	Position	Duration of employment
John	Managing Director	20 years
Michael	Technology and Development Manager	5 years
Frank	Product Manager	28 years
Han	Sales Director	20 years
Kenneth	Product and Project Manager	39 years
Mark	Sales Manager	9 years
Nick	Site Manager	5 years
Steve	Sales Manager	6 years
Zach	Sales Manager	5 years

Note: All participants are key managers in the corporation with decision-making responsibilities. They have been assigned pseudonyms.

Table 1 Study sample

The interviews were transcribed and read through several times before more careful analysis was undertaken. That analysis employed thematization consisting of the three-step procedure advocated by Miles and Huberman (1994, p.10) that includes data reduction, data display and the drawing/verification of conclusions. For data reduction, all the material was organized under the same themes discussed in the interviews (IC in general: challenges, role, formal/informal communication etc.; intercultural communication: challenges, influence on IC etc.; and channels used for IC: digital channels, preferred channels, channels usage, challenges, and opportunities). For data display, each theme was analysed individually; matrices were constructed that facilitated the concise assembly of information and drawing conclusions. The data was also organized inductively according to the digital tools brought up in the interviews. First, the tools used for IC were identified. Next, we collated the interviewees' descriptions of the role and usage of each digital tool and also their advantages and the issues with them. Thick descriptions of each channel's usage were written to create an overall picture of how channels were used. Next, the advantages and issues surrounding use and suggested solutions to the issues were collected and organized in a table. Finally, to perform the data verification, we synthesized our interpretations of the themes and presented them in a workshop for the case company's representatives to review. The workshop also discussed the implications of the findings for the case firm, and confirmed that the results obtained by the researchers were sound in terms of managerial relevance.

In this research, the interviewees were employees of the company, which aroused some specific ethical problems in terms of privacy, confidentiality and anonymity. People familiar with a case are nearly always able to identify who is being interviewed (Miles and Huberman, 1994, p. 293) and that was also likely in this research. Protecting the employees' privacy was especially important since the results were presented in the workshop. This was one of the main reasons why the results were not analysed and compared in smaller segments.

4. Results

Like almost all organizations, the case MNC employs a wide range of different IC channels. Among the often-used non-digital channels, basic noticeboards and notes on the dining tables were used internally to pass on routine news. However, most information in the case corporation is shared via online channels, with the intranet and email playing a significant role. The company strategy states a desire to invest in communication methods employing open dialogue, which accords with the emphasis on digital channels in its communications.

4.1 Digital channels in IC

4.1.1 The intranet

The case company's intranet appears to be its main internal information-sharing channel. The intranet carries news, announcements and information concerning products and markets (price lists, forecasts, charts). The intranet in the case company runs on two levels: the first, organization-wide level is open to everyone; the second, the operational portal, extends to incorporate smaller sites (e.g. local sites, business unit sites), which are in many cases restricted to certain units within the corporation. Several respondents described difficulties in utilizing the intranet. Participants often said that the problem with the intranet is its reliance on employees finding information. Some interviewees said they use the intranet daily, but some said they did not really have time to search for information there. The popularity of the intranet varied between units some participants spoke of minimal use and infrequent updating. The intranet was considered a very good tool if there were sufficient resources to keep it updated and coherent.

Han: I use the intranet in my cluster, we share documents and information. But I don't have a clue how often people go there. And we have restricted resources to generate content.

Mark: The intranet could be used more often and more efficiently if it was in order and up to date. It's one of the most critical issues. We don't have enough resources at the moment.

In addition, most participants wanted better interactivity on the intranet, and the lack of interactivity caused uncertainty among the employees. The intranet is open to comment on stories and news, and has a "leave a comment" function that allows dialogue within it. However, the respondents said dialogue usually ends when an employee has commented on something: that is, the author of an announcement (for example, the CEO) rarely responds to any comments.

Han: When there is an announcement anyone can comment, and I think it's good. But the problem is that many times people comment in a negative sense and usually the

writer of the article or a representative doesn't reply...They should be more active, interactive.

4.1.2 Email

Emails were preferred because they are quick, cheap and easy to store and review later. On the negative side, the interviewees felt that the amount of emails received had grown excessively while, at the same time, their importance had diminished. Response times were sometimes too long and people did not always understand that a swift reply was needed. However, employees often felt easier to send an email than to ask for a face-to-face discussion or make a phone call. In consequence, as Frank described:

Frank: "I think generally we as a company have gone more into internal emails between people in the organization where we are losing the art of verbal communication".

The interviewees thought that diminished feedback and minimal social cues increase misunderstandings. In emails, people can appear to be sterner than they really are. Several participants stressed that personal characteristics have an effect on how messages are received and handled: messages and communication should be altered according to the receiver, and attention should be paid to the channel used and the content of the message.

Mark: It [email] can be greatly misused by the sender and the receiver. If the message is not understood, the email might not be compiled well enough or there may be other reasons why the message is not received. It can be just misunderstood and it can cause a lot of harm.

In addition, a number of respondents had a negative attitude towards group emails. Several pointed out that, when receiving group emails, it was unclear who would be responsible for taking the necessary action. Since the recipients did not know who should reply, finally nobody did. In addition, many organization-wide mass emails were considered boring and repetitive.

4.1.3 Instant messaging

Another internet-driven communication tool utilized in the corporation is IM, which is built into the email software. Only (the youngest) two participants, however, mentioned IM, suggesting that it is not a widely used communication tool and even they did not use it routinely. They mentioned that they would often avoid it because their IM conversation was not documented. They did however report that IM could provide a convenient means to check if another person was available.

Steve: I have tried to avoid it because it leaves no documentation of what has been agreed. And I am not used to using it so I don't remember to turn it on, and then again I forget to turn it off.

4.1.4 Blogs

It was surprising that when asked whether the case corporation utilizes blogs in IC, around half of the respondents said yes while the other half said no. Some said that there used to be a corporate blog but it was probably no longer there, as it did not work; people got bored of reading, writing or commenting on the blog. Some said that there was still a blog but not many people read it. Others said that there was no corporate blog, but there definitely should be one. In reality, at the time of the study, the corporation had a blog on the intranet, but it was serving merely as a news source, albeit with the option to comment on the stories. The attitudes towards blog use in IC varied between two extremes. On the negative side, respondents described blogs as the worst channel to use in IC:

Mark: Yes, we have a blog, but I must say that it is one of the worst channels. I am not convinced at all that there is any benefit in it. Of course, it can be good if somebody has the time to write and if somebody has the time to read it. But I would argue that it is a very ineffective channel.

On the positive side, a blog was seen as the best way to attract readers' interest:

Han: Yes a blog that is something I'd like to see. Where we would be told what is being done and what is happening, especially by the top management. Often people feel that the top management is very remote and we don't really see them, decisions just get made.

4.2 Discussion of the results

The main advantages and challenges caused by digital channels are summarized in Table 2 in terms of internal communication in multinational corporations with suggested solutions elicited in the interviews.

The use of digital tools brought several advantages for the case company. It was stated that the digital tools were easy and quick to use, which made communication easier. In addition, the reviewability and revisability of digital tools were identified as their greatest benefits. Benefits related to intercultural communication included digital channels facilitating communication with people around the world and in different time zones. Internal digital channels were noted to increase the flexibility of work. It became apparent that the MNC would face major issues in implementing effective IC if it lacked a capability to communicate digitally. The case company's employees also mentioned the potential of corporate blogs to convey company spirit. Despite the emphasis on digital tools, a strong desire for face-to-face communication emerged from the interviews.

	Advantages of digital tools	Challenges caused by digital channels	Suggested solutions
Internal communication in multinational corporations	<ul style="list-style-type: none"> - Ease and speed of the tools - Possibility to store information - Makes it possible to communicate worldwide - Makes it possible to work and communicate flexibly (i.e. the intranet can be accessed at any time) - Ability to use new tools (e.g. blogs) to communicate company spirit 	<ul style="list-style-type: none"> - Lack of clarity and different habits in using different digital channels - Information overload - Diminished feedback and minimal social cues - Lack of email writing skills - Pronounced direct, provocative and aggressive communication style in digital channels - Communication in digital channels is task-oriented and formal - Formal communication was felt to hinder the development of personal relationships 	<ul style="list-style-type: none"> - Need for general guidelines and management of how to use different tools (e.g. rules on how to use the intranet) - Need to get to know co-workers - Good relations help one try one's best to overcome differences - Need for face-to-face communication

Table 2 Advantages, issues and suggested solutions in terms of internal communication in multinational corporations

The major challenges to the usage of digital internal channels related to a lack of clarity and people having different habits. For example, communication across functions was hampered by difficulties finding the right person to talk to about a particular issue. Participants also said that if the message was sent to wrong person, response times were longer and feedback was not provided efficiently enough. As a result, people often had to use two or even three communication channels when contacting people from other functions. Typically, an email would be sent first and when a reply did not come, a follow-up phone call would be made.

Mark: Problems occur especially in communication between marketing and production. I work in the middle so the difference is very noticeable. Viewpoints are different, attitudes are different. Who knows what, who has information about the issue and who thinks this and who thinks that? It is just that, difficulty communicating. When we don't understand enough, it is hard.

Communication through digital channels was seen to be task-oriented and formal. Formal communication was felt to hinder the development of personal relationships, particularly across corporate functions. The situation is unlikely to be helped when the channel of communication used is email. Our findings highlight the importance of informal face-to-face communication, as the informants were unanimous in stating that it is easier to build trusted relationships face-to-face than via digital channels or the telephone. Where face-to-face communication was not feasible, the telephone was regarded as the

second-best channel. The case corporation constantly arranges telephone conferences between different units and has piloted video conferences.

Steve: Personal contacts, when you are doing something you haven't done before, are golden.

John: Face-to-face communication is the best channel. Then you are able to commit the individual and you can see their reaction. In all the other methods, you can't personally see when you look in the individual's eye that he is serious when he says that the job will be done... We are such a small unit so we always aim to verbally share all the information we consider important.

Contrary to expectations, cultural differences were not highlighted during the interviews. A few anecdotes about cultural differences were related but overall culture did not seem to have too great an effect. This might be because the interviewees had a quite international mind-set and experience of different cultures – in general, people in the organization are in daily contact with people with various cultural backgrounds.

5. Conclusion and implications

The purpose of this study was to examine how digital communication tools are used for IC in an MNC. It specifically examined the role of digital channels, and both the benefits and issues they bring. The findings of the study indicate that digital communication tools can be widely used and will facilitate IC in an MNC, although they can be some challenges around planning their utilization.

5.1 Theoretical contributions

The study contributes to the IC literature through its examination of an under-researched area, namely the usage of digital communication channels for IC and the role of digital communications channels in IC. The findings call for better organization of the new tools and their usage. This is an important aspect to bear in mind, especially as the number of potential digital IC channels is growing rapidly and business leaders are showing interest in these new tools (e.g. Verčič et al., 2012). The introduction of new technology should be considered carefully, despite the new, easily available, tempting options available to address MNCs' IC challenges. It is important to remember that communication effectiveness depends on both the sender's and the receiver's familiarity with the codes and conventions of a particular medium (Belch and Belch, 2007). For example, for younger employees, using an IM program seemed to be something they were familiar with and made communication easier. The use of IM among younger employees found in this study is in line with the notion that a medium is more likely to be used if it is accepted by, and familiar to, the employee; if not, the new tool will be useless (Welch, 2012).

In answering our research question about the role of digital channels in IC, these findings highlight the importance of face-to-face channels in everyday

informational internal communication and the role of digital channels (including email) in more formal communication. This study therefore confirms the notion that face-to-face communication is still the preferred channel for IC (e.g. Stein, 2006; White et al., 2010) owing to its richness and clarity. Face-to-face communication was seen to be important in creating relationships and thus facilitating work. This is also consistent with the notion that when people are in regular face-to-face contact, relationships develop, and it becomes easier to communicate (Grunig et al., 2002). The role of digital IC channels as more formal communication channels is in line with when comparing digital internal channel usage with digital channels used to communicate externally, in which the main objectives have thus far been branding and creating awareness (Järvinen et al., 2012; Lee et al., 2005; Michaelidou et al., 2011; Scott, 2010). The most common objectives are informative in nature. This is an important notion when discussing goal setting for digital IC tools. The digital channels studied in this research are more likely to be suitable for developing awareness and understanding than for engendering commitment and a sense of belonging, which have also been mentioned as key goals of IC (see Welch and Jackson, 2007).

5.1 Managerial implications

Digital channels provide several benefits for MNCs and, given the increase in globalization and market liberalization, will have an even more important role in the future. Despite the charm and novelty of the new digital tools and their great ability to solve some of the IC problems facing MNCs, their role within an organization's IC toolbox should be considered carefully. New digital channels require management and clear common guidelines across the company. When a company adopts new digital tools, it should be made clear to everyone how different tools are used within the organization and who is responsible for what.

Despite the availability of new digital tools, it is important to remember that face-to-face communication and telephone conversation are still superior to alternatives such as email, IM and intranet use. Of course, face-to-face contact is not always possible or practical in an MNC, but ways in which people may communicate face-to-face through digital channels could be found. With regard to facilitating informal communication, it may well be that younger people are more familiar with using written, digitally mediated communication for informal communication; but it will be many years before an organization is entirely staffed by representatives of generation Y and beyond. Informal events where employees can meet should not be disregarded. Perhaps other, more unofficial platforms (such as Facebook) might offer potential channels through which to share ideas and feelings and, hence, be more suitable platforms for the promotion of commitment and a sense of belonging within companies in the future.

5.2 Limitations and further research

Our results must be evaluated in light of certain key limitations. First, they are based on a single-case study and hence cannot be generalized. Second, as all the interviewees were white-collar workers and their numbers were limited, there is a need for deeper analysis of IC in multinational corporations. Future studies could for example examine the differences between blue-collar workers and white-collar workers, supposing that blue-collar workers also have similar access to new IC tools, which was not the case in the present study. It would be useful to examine whether there are many corporations facing problems in their IC, and whether one reason may be the increased use of electronic communication. In this way, solutions and best practice could be identified and shared with other corporations.

In the future, it would be useful to study employees' expectations of IC and which tools they prefer to use. These findings would guide companies in selecting appropriate digital tools for communication. It would also be beneficial to study the differences between older and younger employees and their IC-channel preferences.

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^[1] The terms 'company' and 'corporate' are used almost synonymously in this paper, although we acknowledge that they are not exactly the same. When the term 'company' would not be appropriate or would create confusion we have used the term 'corporate'.