Professional MBA
Entrepreneurship & Innovation

# From offline to online to social media: Two major steps for marketing communication.

A Master's Thesis submitted for the degree of "Master of Business Administration"
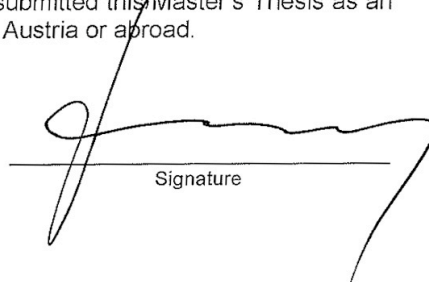
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Vienna, October 2011

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# Affidavit

I, **ARNO SENONER**, hereby declare

1. that I am the sole author of the present Master's Thesis, "FROM OFFLINE TO ONLINE TO SOCIAL MEDIA: TWO MAJOR STEPS FOR MARKETING COMMUNICATION.", 70 pages, bound, and that I have not used any source or tool other than those referenced or any other illicit aid or tool, and

2. that I have not prior to this date submitted this Master's Thesis as an examination paper in any form in Austria or abroad.

Vienna, 29.9.2011

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Signature

*To my parents.*

# Index

# 1  Introduction

For the last years in online communications there has not been larger topic than *Social Media*. It has become a powerful mega trend, affecting and outflanking other big issues such as mobile media and location-based services.

Marketers and brands are rushing to get on board, often driven more by "me-too" frenzy than by a profound plan.

At first glance the prospects for businesses are indeed promising – given the fact that traditional marketing effectiveness is declining: social media tools are cheap, fast and accessible – and social media tools seem to be suited for nearly every kind of business, be it small or large, local or global, selling to consumer as well as to other businesses. So – become a friend of your target audiences and you can place any message where people *are* still listening. [1]



*Fig. 1: The Facebook button on a mobile phone (Source htc.com)*

But it surely is not that easy. Beside the excitement there are also valid grounds for worries, insecurity and unease that is perceived among players in the field:

How does social media fit and integrate with existing marketing measures? How especially with other online marketing tools? Can marketers add social media seamlessly on the promotional mix, how should they target consumers in social media, what should they tell them, what goals can be set and reached, how can they be measured?

It seems obvious that these new tools are set to change long proven rules of the game very radically and it's not yet clear how. And while the dynamics of this new media are indeed powerful, they can get out of hand easily and turn against anyone using them. Furthermore there is not really a lot of deep knowledge available about the profound mechanisms of the new toy.

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[1] see „A brand like a friend", a Henkel claim in 2006

In this paper I would like to analyze the development and changes of marketing communications in online media – a field I have been following for more than 10 years running a small online agency [2].

After explaining research questions and solution approach I will start with a brief overview on the status of marketing prior to the rise of Internet and how online media has evolved in the last 15 years:

Starting with the so-called "read-only Internet"[3] (up to the early 2000s) I will look at the foundation of "traditional" online marketing. I will show how in the early 2000 years major technological changes (Web 2.0) led to a shift in user behaviour and prepared the way to what is now social media.

This information will lay the ground for going into further detail regarding the effects on marketing.

In 2 excurses I will shed light on how media usage started to shift even before the introduction of online media and on how the latest development in online marketing can be classified by marketing theory.

The core of this text will contrast the two main research topics: traditional online marketing and its ambitious (but yet slightly inscrutable) little sister social media marketing. After a brief overview of the background and development of the two categories I will systematically gather mechanisms, properties, and available channels and elaborate on marketing tasks that can be accomplished witch each of them.

I will present the results of an empirical study on real-life applications of the tools under investigation. Based on these results as well as on findings from literature I will put marketing communications strategies, tasks and goals into perspective with regard to the available tools of online and social media marketing and give recommendations on the application.

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[2] nea Senoner KG, http://www.nea.at
[3] Lessing 2005

# 2 Research question

Is it possible to develop a framework that allows determining whether a given marketing goal should be addressed using classical online marketing or social media marketing?

1. What are the main differences between online marketing and social media marketing?

2. Given the above, what categories of marketing tasks are better suited for social media marketing?

I will aim at answering the topic of differences between the two categories based on literature research and by looking at historical development and briefly at technological basis of both categories, as I see both as very technology-driven.

I will also be following changes in media consumption and consequently marketing management that started to take place with the 1990s even before the arising of the Internet.

I will identify and categorize the specific tools of both categories by marketing-relevant attributes.

Since social media does not fit categorisation by traditional marketing theory easily, on a side note I will look for theoretical approaches that may better explain the phenomenon; by doing this I will very briefly discuss relationship management and service-dominant logic.

Regarding question 2 literature is not specific enough and mostly business-related or application-focussed.

Therefore I decided to look at the practice and undertake an analysis I will call "online snapshot":

Starting from online advertisements in Top 40 German Websites (by range based on media planning data) 20 major brands were selected. Data was gathered on usage of traditional and social media marketing tools by these brands. 132 single tools and applications were identified and analysed.  For each of them a series of data will be gathered.

Therefore the following marketing goals have been identified (with subcategories):

- Brand and image

- Customer service and relationship

- Market insights / Knowledge on customer

- Purchases / Transactions / New customer acquisition

- Sales promotion

- Internal marketing

- Product definition / Co-creation


This is not intended to be a representative survey but to give a snapshot view of how the tools under investigation are used and how these results can be put into perspective by findings on the tools and their properties. I will also try to differentiate brand behaviour to both marketing tool categories.

Results will include statistical data as well as interpretative conclusions [4].


*Literature review:*

Starting with standard literature (Kotler) I found some insights in Jensen/Jepsen's views on traditional online marketing and their thoughts on integrating it with traditional integrated marketing communication.

For a first contact of marketing theory with the new tools of social media I consulted Glynn Mangolds "hybrid" view.

Gillins "new influencers" gives a good overview and reason on the changes in media and marketing and elaborates contagion and influence as well, albeit often in a too optimistic way.

The IBM "Social CRM" report was the business originated paper with the most realistic and balanced view on the matter.

I found that the approaches of relationship management and partly service-dominant logic were foreseeing and help to understand social media: Gummesson and Grönroos of the "The Nordic School", Steve Baron and Lusch / Vargo.

Duncan Watts sociological view ("Everything is obvious") on social media is fascinating and gives deep understanding for individual behaviour in groups and may ri-dimension too optimistic views on virality and contagion.

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[4] Raw data and calculations see Appendix.

# 3 Historical development of online communications and the traditional marketing setup

## 3.1 The read-only Internet

Internet technology – that is mostly networking and data transfer protocols – where originally developed for military purposes in the late 1960s. The Internet(work) was meant to connect existing local networks to form a larger network that could withstand the loss of single parts of it. Later on it was mostly used by the scientific community to exchange information via applications like E-Mail and file transfer.

1991 was a landmark date when Tim Berners-Lee adopted the concepts of hypertext and applied it to the Internet, resulting in what he denominated the World Wide Web [5]. The qualities of this new tool – global reach, multimedia content, interactivity, permanent availability, ease of use – would soon propel it to become the core internet application.

It was in the mid of the 1990s that the general public and the business world started to become aware of Internet technology (mostly E-Mail and WWW), started using it and the first applications were produced.

Although it was clear that a distinctly new form of media was being introduced, the early implementations were more oriented to existing mass media schemes (sender-recipient, reception orientation, linear flow of information). Therefore I would characterise this period as "read-only internet" [6] in the sense that at this early stage new media was used by the "old" rules, namely those of television, the press and books.

Existing media players were there first in the game, mostly because they were used to produce content and had content available.

Users were stunned by groundbreaking new features like nearly unlimited choice, content structuring by hypertext, availability of content from global sources, multimedia, ubiquity, ease of use and low cost of access, free information and beginning personalisation. Interactivity in these years was limited to choice: still that was an unprecedented feature in the eye of the user.

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[5] On a side note I find it relevant that with the end of the cold war and Berners-Lee invention two major drivers of globalisation took place in that year.
[6] Lessig 2005

Problems at that time included unclear business models, online security, bandwidth restrictions and standards as well as a still small user base in the population.

And while on a theoretical basis the immanent power of the tool was clear also in regard to marketing, early adoption was slow and it took time to develop what we will discuss as "traditional" online marketing in chapter 4.

## 3.2   The second wave and what led to Social Media?

In a revolution, things change very rapidly – so did the Internet: the amount of information developed exponentially, applications got more complex and truly interactive, design evolved, more and more businesses entered the scene, new business models were tested and established.

But it was on the other site of the fence that something even more noteworthy happened: one-time passive *recipients* found themselves to be *users* and started to act and to connect to each other.

How did that happen?

The open structure and low entry barriers of internet technology led to the fact that private individuals or groups developed and disseminated tools and services that made publishing content and linking this content to other sources online easy and very cheap. This movement gained a critical relevance in the early 2000s years.

This was supported by a set of other trends:

- From static to dynamic: while the paleo-web was menus, buttons and text one could read, now it was all applications: mail, messaging, banking, booking, e-commerce. Users learnt that they could actually do something in the Internet that had repercussions in the "real" life.

- Concentration of web as core medium: The trend was to put these applications on the web instead of creating distinct desktop applications for different operation systems. The web was established as a real standard.

- Democratisation of technology: the web was a standard and it was open – people could develop software applications and services and make them instantly available to a worldwide audience.

- Price and quality: mostly these applications were provided free of cost and had good quality,

and were further improved over time.

- Ease of use: most of this new services and applications did not require more than a generic technical expertise to operate them.

- Effective search: Modern search engine were able to manage the huge amount of content on the Internet, retrieve the researched information and evaluate it in regard to relevance and popularity.

- Digitalisation of content: With the advent of digital photography, audio and video users had available own content that they would publish online.

- User gathering: while in the 1990s the Internet was populated by a business-, techno- and knowledge avantgarde now larger layers of the population entered the scene allowing for more interaction and popular content.

- Behavioural shift: users started enjoying their new role as publishers of their own content, ideas and social preferences and started propagating the new possibilities.

- Technological base: the Internet infrastructure as well as hardware and basic software improved rapidly allowing for richer applications and better user experience.

Given all this facts, users with personal content available and the intention to publish it and connect it with that of other users had all they needed. And they did proceed in doing so and started what is still now the predominant trend in online communication and many call Web 2.0. More and more users joined this trend up to today.

It is this a dramatic shift in media paradigm, that allows single individuals to talk out loud via an instant and global media channel and talk to others that do so as well. It will change the world for whoever wants to talk to these individuals as well – and sure marketers are among those.

## 3.3   Traditional Marketing setup facing new realities

The conventional marketing setup as it presented itself in the mid 1990s was a relatively young scientific discipline. In its current theoretical layout it was strongly influenced by the booming decades after the Second World War: expanding homogenous population and baby

boomers, stable and ongoing economic growth, real needs perceived, industrial production, great technological advances, positive attitude towards consumption, mass media development, stable political environment.

From a rather near view, e.g. focussing on product, production, sales or market only [7], marketing widened its scope, trying to develop a holistic perspective, where "everything matters" [8]. Strong focus was lately laid onto the customer and relationships in general (customers, company, suppliers, other external stakeholders). This broad approach is denominated "Integrated marketing" and can be summarised in the 4P's of the Marketing Mix: Product, Price, Place and Promotion.

Marketing communications were following a relatively straightforward top-down model (be it in advertising, promotions, direct marketing, public relations or packaging). On the macro level the sender-message-receiver scheme was dominant (see fig. 2) and it corresponded to the principles of mass media. The question was "what to say, how, to whom and how often" [9] in order to realize the desired response. On the response or micro side different models were designed that tried to predict the result of the communication.



*Fig. 2: Sender – message - receiver*

Such a model was right for a certain time, when targeted groups and their expectations were uniform and big, media was large-scale and monolithic and when feedback was understood to be purchase.

It is a well-designed system that sends carefully designed messages to selected groups of people aiming at realising clearly specified goals. The entire system is populated by different players all supporting that goal: the brand, marketing consultants, the ad agency, the media agency, the media, pr agency, audience, market research and retailers.

The task of the marketers was to carefully control this system, interact with all the participants, optimise spending and try to monitor response and results. Since targeting in these conditions was not easy, a big amount of the messages sent were wasted at big costs.
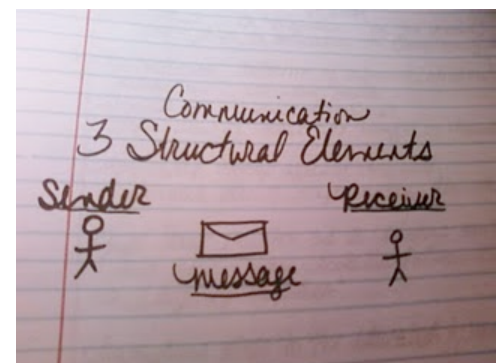
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[7] Kotler et al, p. 32
[8] Kotler et al, p. 34
[9] Kotler et al, 292

Little was taken into account about the consumer itself, its interaction within its personal network and word of mouth.

But things changed.

Due to the erosion in mass media (also prior to the advent of the Internet) consumers started to have much more media choice and also the choice to prevent the reception of commercial messages altogether.

With individualisation mass markets stopped to exist and became much more segmented or niche markets. Consumers also started to gather information on products and prices much easier, thus gaining purchasing power: brand loyalty decreased. Furthermore people's needs were increasingly saturated, making it difficult to activate their desire for a product. Finally with the facilitation of interpersonal and group communication, trust in marketing messages decreased sharply in favour of word of mouth signals: "between September 2002 and June 2004 Forrester reported that 40% fewer agree that ads are a good way to learn about new products, 59% fewer say they buy products because of their ads, and 49% fewer find ads entertaining" [10]

In marketing research the question is raised how traditional marketing theory (e.g. the 4P's framework) should or have to be altered in order to keep up with the new realities. Criticism is related to inward looking view and lack of personalisation of traditional models [11]. Further it is argued that transaction-orientation is shifting towards giving more attention to relationships and that the retention of customers is at least equally important as the acquisition of new ones. [12]

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[10] Forrester Research (2002, cited by Trusov p.10)
[11] Constantinides, p. 430
[12] Constantinides, p. 415

# 4  Traditional Online Marketing

## 4.1  Overview of traditional online marketing

Online marketing (OM) "is the marketing (generally promotion) of products or services over the Internet" [13]. It uses web, E-Mail and mobile media channels to communicate and interact with consumers.

In the early days of the Internet marketing practitioners saw online marketing only as an additional promotion and distribution channel, but its development, magnitude and opportunities as well as great potential in the light of digital media convergence would need the promotional mix scheme to be redesigned.

In this paper we refer to Online Marketing as "traditional" in the sense that we treat "social media marketing" separately, although it is of course a subset of Online Marketing. The rationale behind this distinction is that I interpret traditional online marketing as being directly originated from the tools of the promotional mix used in offline marketing communication. And the very early adoptions were rather simplistic attempts of adapting offline mechanisms to the online world.  But the discipline quickly evolved, mainly driven by the dynamics of introducing software logic into the communication process. Jensen and Jepsen have defined a set of characteristics that are shared by all tools of online marketing communication (see fig. 3) [14]:

| Characteristic | Explanation |
| --- | --- |
| **Freedom from temporal and spatial restrictions** | Consumers can access information whenever they want to, regardless of physical location |
| **Many-to-many communication** | The internet enables many people to communicate directly and immediately with each other due to the freedom from spatial and temporal distance |
| **Interactivity** | The information the user gets is often dependent on the input given to the computer |
| **Hypertextuality** | Information can be updated frequently at a low cost and links from one location enable users to move seamlessly among locations |
| **Personalization** | Interactivity and efficiency in information transfer allows individualized information and communication at a sustainable cost |

*Fig. 3: Shared characteristics of Online Marketing comm. tools*

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[13] Wikipedia, Internet Marketing
[14] Jensen/Jepsen, p. 25

It is a large set of properties that differentiates OM from offline marketing communication means:

- Exact segmenting based on large user data set: Users in online media generate – actively or without knowing – large sets of data giving operators very useful demographic and interest-related information. Based on such data segmentation of the market can be performed to levels of detail unthinkable before [15], and this segmentation can be implemented on the fly and automatically into communication processes.

- Exact measurement of response: since users can respond to marketing messages immediately and these responses are traced, the effect of this message can be measured accurately and in real time. This capability was not always greeted with enthusiasm, specifically by the advertising industry, since response rates were often shockingly low. For this reasons other metrics likes contacts or views were used too.

- Conversion: As measure for a desired response the "conversion" was introduced. Conversion can be any kind of goal defined, be it online purchase, feedback, download of documents, registration, login, invitation of other users or others. This term was helpful in the sense that all kinds of online marketing activities could be evaluated and optimised towards the reaching of that goal. Conversion can be measured also across multiple websites, which allowed for affiliate marketing, where the initial impulse for e.g. an online purchase was started at website X and was realised on website Y.

- Accurate targeting: While the first online ads were as static as their mass media cousins still are (including huge spreading losses), considerable effort and research was devoted to the goal to optimise targeting. And with software based ad-serving that can react instantly to every user action, results are quite impressive[16]: It started with content and later semantic targeting which analysed the contents of a webpage visited by a user and immediately displayed ads relevant to it; behavioural targeting seeks to gain detailed information on every single user by scanning its surfing behaviour and presenting him/her with ads that are mostly relevant for that individual person. [17] *Predictive* behavioural targeting is a step further as it takes into account also very detailed personal information gathered by online research and user questioning. Other targeting techniques include geographic and even meteorological

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[15] Kotler, p. 176
[16] See specialised offers by nugg.ad and other providers.
[17] Kopp, p. 59 - 62

factors.

Search engine providers use a much simpler but very effective approach: they do target by search keywords and therefore can be very precise identifying each users need that often equals his search request. Targeting is very effective as well on permission-based marketing where users actively request information.

- Cost and accounting systems: Due to the precise targeting, ad spending can be calculated accurately and with dramatically reduced spreading losses, communication is much more cost-effective. Therefore also very small campaigns can be undertaken that were unthinkable years ago in the mass media era. Transaction and media cost are also much lower then in offline marketing. Furthermore due to conversion monitoring the accounting of many measures became more performance-based: pay per click, pay per purchase, pay per view, pay per impression and other methods replaced the old-days cost per thousand (CPT) schema.

- User experience research: when online usability research gained importance extensive studies were done in order to assess user behaviour and optimise marketing communication accordingly.

- Content: the role of content was getting stronger: more content was needed online, it needs to be provided in different forms of detail and media (text, image, audio, video, interaction, etc.), it needs to be updated more often and can be distributed rapidly, often in a centralised manner for different segments and regional markets.

- Customisation of communication: accurate targeting in online ads is per se a personalisation method. Existing online customers can be presented with individual offerings based on their past purchases and behaviour. Other examples are information requests by the user that specify what content he/she wants to receive and in what form and timely manner. And when you are able to communicate to every customer in a specific way you are able to build an ongoing relationship with him/her much more effectively.

- Inbound marketing: Traditional marketing communication is mostly outbound, as messages are created sent out by marketers via a centralised entity toward customers. Inbound marketing (or pull marketing) refers to the fact that in some OM disciplines it is the user that actively fetches information. For such a purpose it is essential that this information may be found, is attractive, current and properly structured. Inbound marketing gives a first notion what will happen later when individuals will not only request marketing content but will actively produce it themselves; therefore the term is considered by Lusch/Vargo as

transitional as the distinction between firm and consumer will fade [18]. Jensen/Jepsen applied [19] a scheme by Bordewijk and van Kaam (1986) to online marketing communication: the scheme is based on who controls and who produces the communication. The left side applies to the "traditional" online marketing as discusses here (see fig. 4):

|  | *Communication produced by marketer* | *Communication produced by user* |
|---|---|---|
| **Distribution of communication controlled by marketer** | *TRANSMISSION* Display Advertising Search Engine Marketing Microsites | *REGISTRATION* FAQ-pages Brand communities Tracking and online survey data Web personalization |
| **Distribution of communication controlled by user** | *CONSULTATION* Websites, e-mail and other online pull-media, viral marketing | *CONVERSATION* Non-marketer websites User-driven online communities |

*Fig. 4: Types of communication and online mark. com. tools*

Yet online marketing is not just one P: It's not just promotion. "Online- Marketing is a complicated terrain combining [] several categories – consumer marketing, retail marketing, services marketing, relationship marketing – along with some unique features." [20] Since it is also often associated to e-commerce it touches product and price. Some researchers talk about the "virtual value chain" [21] and suggest a revaluation of Porters 4P's: products may be customised or intangible, thus being consumed instantly; place is losing its importance with digital products; also pricing can be variable depending in which form it is ordered.

Online marketing ("traditional" for the purpose of this paper) has come a long way: when it started in the mid 1990s it had only a decades-long legacy of mass media paradigms and was confronted with an entirely new medium.

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[18] Lusch / Vargo, p. 8
[19] Jensen / Jepsen, p. 23
[20] Constantinides, p. 426
[21] Ganesh et al, p. 82

In the last 15 years an impressive set of marketing tools have been developed and they do take full advantage of the technical possibilities of software and network driven media to bring precision and effectiveness of marketing communication to a new level.

But its not only technical: the ease, speed, low cost, interactivity and bidirectional way of online communication led to a dialogical form of information exchange, the focus of online marketing performed a "shift from transaction-oriented exchanges to relation building, from acquisition-oriented to retention-oriented marketing" [22].

And this tendency towards relationship as a main focus of marketing was to be continued and further strengthened through social media.

On a theoretical level there has been ongoing discussion how to integrate online marketing communications into the promotional mix. Jensen and Jepsen offer an overview of different sources regarding this matter (see fig. 5) [23] stating that integration has not been consistent yet:

| | Advertising | (Marketing) Public Relations | Sales Promotion | Personal Selling | Direct marketing (communications) | Relationship Marketing | Sponsorship | Point-of-purchase communications | Exhibitions and trade fairs | Events | Packaging | The Internet | Interactive Marketing | E-communications |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| DeLozier (1976) | X | X | X | X | | | | | | | X | | | |
| Kitchen (1999) | X | X | X | X | X | X | X | | | | X | | | |
| De Pelsmacker et al. (2001) | X | X | X | X | X | | X | X | X | | | | X | |
| Duncan (2002) | X | X | X | X | X | | | | | X | X | | | |
| Belch and Belch (2004) | X | X | X | X | X | | | | | | | X | | |
| Kitchen and De Pelsmacker (2004) | X | X | X | | X | X | X | | | | | | | X |
| Pickton and Broderick (2004) | X | X | X | X | X | | | | | | | | | |

*Fig. 5: Approaches to Defining Disciplines in IMC*

I will come back to theory issues issue after working on the tools of online marketing.

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[22] Parvatiyar/Sheth (1997 cited by E. Constantinides, p. 415)
[23] Jensen/Jepsen, p. 20

## 4.2  Tools of classical online marketing

### 4.2.1  Advertising

**Display ads**: banners, overlays, interstitials, advertorials

Online advertising on content oriented websites (news outlets, blogs, special interest pages), social media sites, web applications, desktop applications, mobile apps, virtual worlds, game worlds.  Complex target mechanisms (see 4.1.) did refine this tool.

| | |
|---|---|
| Purpose | Reach large numbers of costumers and deploy different goals |
| Form | Animated, interactive, often rich media |
| Place | Websites, Applications, in Game,  Mobile, |
| Goals | Building brand awareness<br><br>Creating consumer demand<br><br>Informing consumers of the advertiser's ability to satisfy that demand<br><br>Driving response and sales |
| Advantages | Good targeting, broad availability of media, measurement, cost effectiveness, moderate production cost, high visibility, punctual, supporting offline campaign, image; works also for small publishers (Google AdSense). |
| Constraints | Disliked, felt to be intrusive, can not match quality of offline ads, often blocked or at least ignored by users, very low click rates |
| Content by | Brand |
| Control by | Brand |

**Search related ads**: paid ads, sponsored ads, keyword ads

Advertising on search engine sites, ads are displayed in relation to the users search keyword. Google monopoly with Ad

| | |
|---|---|
| Purpose | Reflect user needs and present offering for apparent needs |
| Form | Text adverts, Sponsored ads, in app ads |
| Place | Search engines |
| Goals | Propose immediate solutions for current needs |
| Advantages | Excellent targeting, has been accepted by users, measurement, cost |

| | effectiveness, low production cost, ease of sue, scalability, accounting by pay per click, large number of visitors of all segments at search engines, reach long tail markets, self optimising as it can publish more ads and use those more popular |
|---|---|
| Constraints | Works less and is expensive with popular keywords |
| Content by | Brand |
| Control by | Brand |

### 4.2.2 Direct Marketing / Permission marketing

| | |
|---|---|
| Personalised, rather compact, designed rich media messages with links to more detailed information on the web are sent to users, which have requested them. Personalisation is in Subject, Greetings and often also in the content that may reflect a recent visit of that specific user on a website. Data for direct marketing activities are often gathered from CRM systems. The dark side of direct marketing on the internet is when such messages are unsolicited. This is when the sender has acquired contact data of consumers that did not consent their data being used for such purposes. | |

| Purpose | Reach topically involved user in a personal manner |
|---|---|
| Form | Email or text/sms messages, Newsletters |
| Place | Email Clients, Mobile Phone |
| Goals | Foster and expand exiting relationship |
| Advantages | Excellent targeting due to user request, good measurement of opening rates and click rates, cost effectiveness, low production cost, fast, suited for dialogic brand – user communication with relevant information for users (1 to 1 marketing) |
| Constraints | Often ignored,, blocked,  if not done correctly communication can become mechanic and irrelevant for users, negative impact if brands do abuse perm. Marketing (SPAM), legal issues |
| Content by | Brand |
| Control by | User / Brand |

### 4.2.3 Search engine marketing

Measures that lead to better search engine rankings of a firms online content in regard to keywords relevant to its offer: technical and semantic adjustments on websites as well as URL-diffusion. This is an important discipline as 60 – 80 % of traffic is generated by search engines.

| | |
|---|---|
| Purpose | Improve search rank in search engines in regard to relevant keywords |
| Form | Background activities |
| Place | Own and remote websites |
| Goals | Attract traffic to own web offerings |
| Advantages | Good results are achievable, often positive side-effects on website, no restrictions on number of keywords supported, therefore suited for long-tail markets |
| Constraints | Sometimes associated with manipulation |
| Content by | Brand |
| Control by | Brand |

### 4.2.4 Viral marketing

A striking and unusual message referring to a brand or product is created and fed into the online system with the intention that users will spread it. It is a very effective tool if the initiator succeeds in making the contagion start. Viral Marketing worked early in the Internet when "virals" were distributed by Mail or on Websites. Social Media further facilitated the propagation of such messages.

| | |
|---|---|
| Purpose | Reach a large audience with very little means |
| Form | Videos, Images, Songs, Text, Icons. Messages are not immediately apparent as advertising; often they contain some narrative elements. |
| Place | Web, Mail, Mobile, Social Media |
| Goals | Place an unusual message |
| Advantages | Very cost-effective if working, large population can be affected, but also works regionally. |
| Constraints | No rules for initial spark, not suitable for every product. |

| | |
|---|---|
| Content by | Brand |
| Control by | User |

## 4.2.5 Remarketing

| | |
|---|---|
| Reacting ex post on user behaviour when visiting a website or other service by contacting him afterword or presenting him/her with specific content on the next visit in order to invoke a certain action. Often refers to action not taken by the user (no purchase) or a product he showed interest in but did not purchase. | |
| Purpose | To revive unfinished user action |
| Form | Email with reminder, reminding information presented on next visiti on website. |
| Place | Email, Website |
| Goals | Purchase, relationship |
| Advantages | Using Existing relationship, using point of contact, reminding customer about product he felt interest in is more likely to invoke an action than a more generic communication |
| Constraints | Some customer feel it be intrusive |
| Content by | Brand |
| Control by | Brand |

## 4.2.6 Online Sales Promotion

| | |
|---|---|
| An additional value is added temporarily to a product in order to attract extra interest in the product in order for it to be tested or purchased. [24] Can also be directed to retailers in form of online training. | |
| Purpose | Strengthen consumers will to buy or try a product |
| Form | Online venues that entitle the consumer to receive coupons, rebates, samples, refunds or premiums. Often associated topically with some sort of online contest |

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[24] Berter / Blomqvist, p. 9

| | |
|---|---|
| Place | Website, Microsite, mobile |
| Goals | Sales, Loyalty |
| Advantages | Cost-effective, consumer data gathered for direct marketing purposes, enforces loyalty, interesting perspectives with mobile media |
| Constraints | |
| Content by | Brand |
| Control by | Brand |

### 4.2.7  Affiliate marketing

A company teams up with affiliates in order to trigger leads directly from the partner's websites or online media offers, typically to realise purchases or other desired actions (coupon download, registration). This is done through traceable links that connect content on the partner's site to affine commercial content or applications on the companies' site. It implies that a user following this path will be able to immediately convert his interest in some online action (e-commerce, registration, download, offer request). When a desired action is done through an affiliate site this is compensated by a commission payment. Therefore mechanisms as pay per sale, pay per lead, pay per click-out, or a lifetime commission are provided.

| | |
|---|---|
| Purpose | Connect remote sites with affine content to a company's commercial offering. |
| Form | Banners or links placed by related content or product |
| Place | Website, Apps |
| Goals | Purchase, Registration, Download, Request |
| Advantages | Long tail markets, works very well for standardised and digitalised products (books, digital music). |
| Constraints | |
| Content by | Brand |
| Control by | Brand |
| Example | Amazon.com's large affiliate network |

### 4.2.8 Websites and microsites

Websites and similar formats are of course excellent marketing tools that may support many marketing tasks. In synthesis they should act as a hub reflecting your ongoing marketing strategy as well as short-term actions.

The main duty of your website is to talk to your customers and tell them whatever they might want to know: Does this company offer products that need my needs or wants? How are these products, where can I buy them? What is this company like, what are its vision, mission, competencies, people, where can I find them etc.?

But your website can also listen to customers: visibly by allowing them to talk to you (by forms), invisibly by analyzing users behaviour on the website, a source of customer insight that is often underestimated.

Furthermore – in the sense of IMC - a website should act as a hub for all current online and offline marketing activities: by referring to them (advertising campaigns, new products, download information) or by acting as an application tool to support them (subscribe to the newsletter, send a request).

For many companies it makes sense to use its website as a distribution channels for its products and as a tool to communicate internally and with other stakeholders (Intranets, secured areas).

| Purpose | Act as a representation of a company or product and integrate all marketing activities. |
|---|---|
| Form | Websites, Microsites, Landing Pages, Mobile Sites, Info Apps |
| Place | Online, Mobile |
| Goals | image, product information, purchase, connect different online marketing activities |
| Advantages | 24/7, fast updates, great source on insights on visiting customers, hub for all other measures, can be easily adapted to serve different regional markets or market segments. |
| Constraints | Needs content creation and ongoing updates, Usage must be monitored and the websites adapted according to the findings of that analysis |
| Content by | Brand |
| Control by | Brand / User |

### 4.2.9 Online PR

Public relation measures in the online area do reflect traditional PR, namely to take tare of relationships with all relevant stakeholders of a company: press, investors, suppliers, local communities at companies' sites, general public, state agencies, political parties. Online PR particularly is doing this via online channels and can monitor the results very effectively through online research tool.

There has been evidence that in moments of severe, time-critical crisis online communication has become *the* tool to maintain an efficient dialog with the public (e.g. Fukushima, BP Deepwater Horizon).

Due to the rising of personal communications (blogs, microblogs, social media) a great number of participants in "public opinion" have been added. Consumers generally have become better informed and more critical regarding PR-information. "Press releases" today are read by everyone [25]. On the other hand, what becomes news is not necessarily originated at the company level, it can start as well from bottom up, from a blog entry or similar. PR online therefore is much more complex, sensible, addresses both the press *and* the public and runs at a faster pace than traditional PR.

For the Internet being a technical system online PR takes advantage of several software tools that facilitate the diffusion of content (blogs, RSS feeds, reserved websites, download platforms). Also content is produced differently, much more in regard to keywords, search engines and conversions by including links to landing pages etc.

| Purpose | Feed, maintain and monitor relationships with stakeholders online. |
|---|---|
| Form | Press communications, websites, downloads, intranets. |
| Place | Online |
| Goals | Image, Brand consistency |
| Advantages | Fast, easy monitoring, excellent tools to provide and distribute information. |
| Constraints | "Public opinion" has become confusing, fast pace |
| Content by | Brand |
| Control by | Brand / User |

[25] Gillin, p. 123

# 5 Social Media Marketing

## 5.1 Overview of social media

"It might be disquieting to some CEO's and marketing executives, but the customer and other stakeholders are becoming increasingly involved in their businesses." [26]



*Fig. 6: Don Draper of "Mad Men" TV series, see video at http://vimeo.com/7152322*

The shift from offline to online marketing was already a considerable evolution. This was mainly due to the introduction of powerful software mechanisms in all levels of communication: segmentation, targeting and information delivery.

Transmitting marketing messages was tremendously facilitated and costs were reduced. Especially targeting was radically changed from a very static and therefore imprecise model to dynamic, selective and real-time optimised mechanisms: targeting now is not done a priori but on the fly based on semantic, statistical, behavioural and permission-based concepts. It has become more likely that marketers can reach their "real" target audiences with significantly reduced spreading losses. Due to this and due to the availability of a large number of "smart" marketing tools for very different purposes the marketer is now able to design much more complex, specific and cost-effective measures. And these can be measured and adjusted while they are being deployed. Generally large amounts of information on users are now available to firms and this data is very well suited for marketing purposes.

But I still call this an evolution because main principles of offline marketing are still the base of online marketing too: a top-down linear approach with sender-message-recipient, a sharp distinction between inside (firm) and outside (customer) and the expectation that feedback is primarily desired as being purchase.

"The Internet is a powerful tool. But most attention seems to focus on its use as a means of vertical communications: from one to many.

… But as important as this is — and it's very important indeed — it's probably dwarfed by the much more numerous horizontal communications that the Internet, and related

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[26] Lusch / Vargo, p. 6

technologies like cell phones, text message and the like permit. They allow a kind of horizontal knowledge that is often less obvious, but in many ways at least as powerful, as the vertical kind." [27]

This horizontal communication is a reality now. It is social media, it is "delicate – but potent." And I think it is fair to assume that it is leading to a revolution in marketing.

What is social media marketing?

According to Kaplan and Haenlin, social media is "a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0 (see chapter 3.2), and that allow the creation and exchange of user-generated content." [28]

Social media marketing is the application of these tools for marketing purposes. While this may not sound quite revolutionary to you, the effects surely are from the marketing perspective:

**Everybody is talking (and listening) to each other now**:

- B2C: The company is sending messages to their target groups (outbound marketing).

- C2B: Consumer are talking directly to companies (inbound marketing) or even suppliers [29] as it happened to travel agencies

- C2C: Customers are talking to each other. They are producing own content ore talking on content provided by others. Due to the global scale of communication tools involved this is much more powerful than offline word of mouth. "Before a unsatisfied customer told 10 people, now he is able to tell 10 million." [30]

- C2P: the public or traditional media as Lusch and Vargo state increasingly hears the customers voice [31]. Therefore news stories are often evolving from bottom up.

In such an environment there are apparently more players and consequently more types of communication pairs available. The number of single communications is of course very elevated due to the large number of participants on the users side.  And there are is a small set

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[27] Reynolds (2004 cited by Trevor/Hopkins, p. 3)
[28] Kaplan/Haenlin, p. 61
[29] Lusch/Vargo, p. 6
[30] Gillin, p. 36
[31] Lusch/Vargo, p. 6

of different kinds of communications, which I will also map to the "building blocks" mentioned below:

- Posting: this is the basic kind of communication. Posting own or external content in the form of text, images, video, documents; often combined with a link to some third party information in another location. (Identity)

- Befriending / Following / Inviting: Putting a relation between two persons on a more formal level that is also visible to others, thereby granting reciprocal privileged access to the private domain. (Relationships, groups)

- Comments / Annotations: Comments are applied to previous posts; annotations are enhancing existing posts (e.g. by marking a person in photograph). This often leads to some kind of conversations involving poster and commentators. (Conversation)

- Forward / Sharing: relaying existing information to other participants. (Sharing)

- Liking / Voting / Rating: Valuating existing content by a yes-no or some more specific scale. (Reputation)

- Referring / Retweet: similar to forwarding but with the intention to show respect, consent and appreciation to the author. (Reputation)

- Representation: most social media applications give every member a digital representation that collects all its actions, interactions and relationships. It is like a "home" and serves a self-promotion tool as well. (Presence)


These social media actions are generally visible to everyone or – depending on the platform and on users choices – only the social sphere of those taking the action. All this actions do not require any special technical knowledge to be performed and they have immediate effect throughout the entire network.
It is this restricted set of actions, available in a set of well designed sites and applications, in the hand of any individual and combined with the dynamics of group interaction that led to what is often called the social media revolution. This development is founded on what Kietzmann et al[32] call "the building blocks of social media" (see fig. 7) and that correspond to the set of actions listed above:
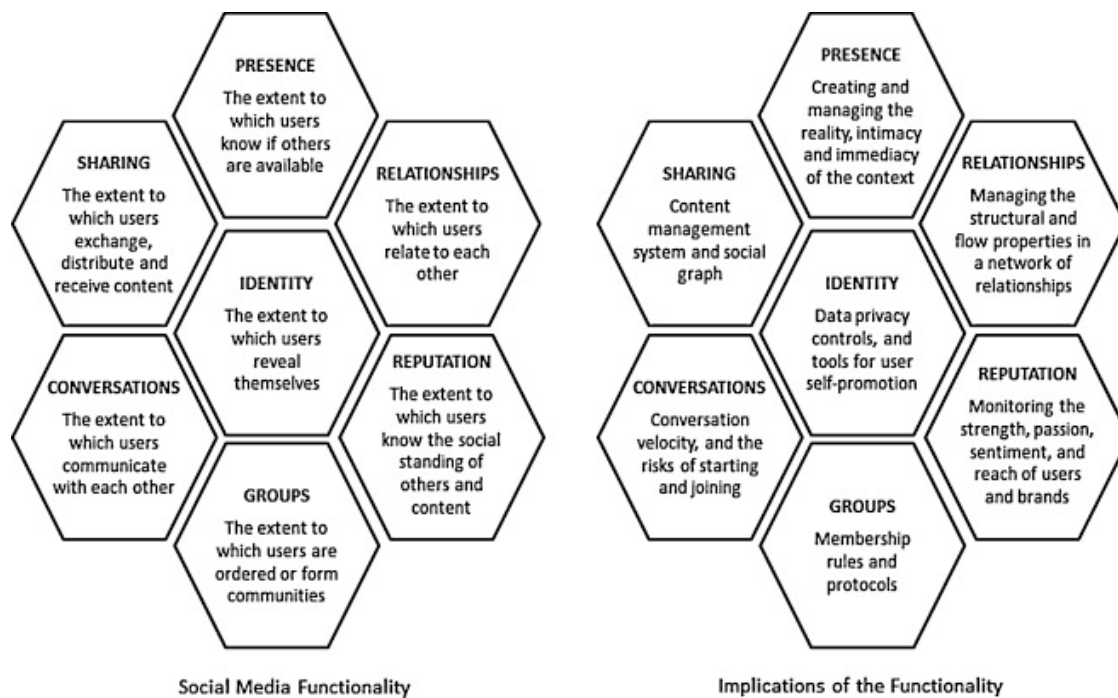
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[32] Kietzmann et al, p. 243

*Fig. 7: Building Blocks of Social Media*

## 5.2 Social media as a marketing tool

A multidirectional horizontal flow of information as described in 5.1 surely is not part of traditional marketing theory – and it overthrows many of the long proven rules of traditional marketing and thereby is causing quite some concerns. But still social media is of great relevance to marketers.

Social media communication strategies "are appealing to marketers because they combine the prospect of overcoming consumer resistance with significantly lower costs and fast delivery."[33] Often the assumption of marketers is: „Social contagion among customers is at work, some customers' adoptions and opinions have a disproportionate influence on others' adoptions, and firms are able to identify and target those influentials or opinion leaders."[34] But it's not only contagion. Before contagion can work a series major differences to traditional marketing have to be taken into account by marketers. These factors are based on the simple truth that social media was not developed for marketing purposes, but for private

[33] Trusov et al, p. 3
[34] Iyengar et al, p. 3

individuals to connect to each other and for publishing and sharing content. But users are disposed to include marketers into their private conversations:

- Dealing with individuals and groups: traditional marketing was aiming at target groups identified by a prototypical "representative agent" [35], assuming that all consumers represented were identical. But in social media marketers are dealing with "real" individuals, which are enabled to give immediate input and feedback. Furthermore these individuals are not isolated and restricted to a small sphere of personal communication; they are interacting in large groups in real-time and beyond restrictions of space.

- Cathedral vs. Bazaar [36]: This metaphor comes from open source software development, but it fits social media very well too (and not by chance, as both are related): Cathedral of course stands for monolithic media, for the old top-down model, for one sender and passive recipients. And the bazaar is the opposite, the place where everybody is talking, with many speakers, and many listeners.

- Consumer insight: With everybody speaking, what about listening? [37] By only passively listening to customers a firm may learn a lot about itself and its products – and about what to change and improve. Listening and gaining costumer insight is a major factor in social media marketing and a source of innovation.

- Markets are conversations [38] : To establish ongoing dialogue is essential in social media, and it includes listening, understanding and responding in a serious and timely manner to any request, be it positive or negative.

- Intimacy: Although social media as whole is a big "chattering" every individual perceives his personal part of it as something intimate and personal. To be allowed into this special area, to be very close to the user is the main goal of the marketer. And users are willing to grant that privilege. But it has to be earned by offering something of real value in exchange and following some basic rules.

- Multiple platforms: social media stands for a collection of very different platforms and tools, each with their own type of audience, content, rules and purpose.

- Content: Content to be delivered in social media has very different prerequisites than in previous marketing communication: it does not have to be so compressed, it must not be

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[35] Watts, p. 56
[36] Raymond
[37] Owyang, p. 21
[38] Locke et al, p. 1

propagandistic[39] and biased, it must be honest, earnest and relevant. And it is expected to be delivered with some regularity.

- Trust, openness, transparency: It is reciprocal trust that leads people to connect online. And trust in peers is considerably higher than in traditional marketing messages (see data below). Companies need to be trusted too before consumers will allow them to take part in their conversations.  It takes time to build it and constant effort to keep it. And consumers are suspicious because traditional marketing communication is not known for being particularly open and transparent.

- Involvement, activation, co-production: Consumers are ready for involvement, activity and contribution – when they feel they are taken seriously and develop trust to the marketers. And marketers often discover their costumers being true experts of the companies' products, with deep insights and very valuable feedback, which they are willing to contribute when a serious dialogue is established.

- Rules: there *are* rules in social media, but they are not codified, they are understood. This might seem a problem in a world were strict corporate regulations were designed to handle every situation, but it is not: social media rules are mostly straightforward and reflect how people generally would like to interact with each other: so honesty, openness, modesty and a certain balance are properties that will help. In literature this is often referred to as "homophily" [40].

- Awareness as the currency: What users do in social media is to give awareness to content they like and inform other about this. This is done by linking, liking, referring and sharing and thereby showing recognition and respect. Authority in these environments is only based on the amount of the recognition received by the community.

- Documentation: whatever conversation is going on, it is all documented and saved.

- Speed: the pace of social media is fast, marketers need to be prepared for that.

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[39] Lusch/Vargo, p. 9
[40] Leskovec et al, p. 29

### 5.2.1 SWOT-Analysis of Social media as a marketing tool

There is the general feeling among marketers that social media is very relevant as a marketing channel due to its appealing properties and the opportunities they offers. But it is also acknowledged that factual implementation is not straightforward: a number of problems arise based on the new approach this media needs.

**Strengths:**

- Large audience and global reach: an impressive number of people are using social media, Facebook alone has more than 750m users, 550m of them outside the US.[41] Global reach is ensured.

- Social media is mainstream by now: Consumerism relevant groups are present, age distributions quite balanced (see fig. 8)

- Basic access is easy cost effective: Social media tools are mostly free to use or available as open source with some adjustment cost.

- Ease of use: no technical know-how is needed to operate social media applications. This applies to the public as well as to marketers.



*Fig. 8: Age distribution US social media users 2010 (Source Google Ad Planner)*

- Targeting: wherever advertising is feasible in social media (mostly social media sites) classical ad targeting can be very precise due to large amount of statistical and behavioural data available for every user.

- Technical quality: social media tools are well developed, provide a good user experience and are continuously extended and updated. They are widely accepted by users.

- Neutrality: unlike "old" media outlets most big social media tools present themselves as being mostly neutral to political, religious, lifestyle and societal views. Therefore the choice of a specific tool alone does not imply a significant bias towards one specific attitude.

- Fast deployment in real time: all actions undertaken in social media tools have immediate effect and are visible in real time.

- Permanent character, positive environment: Interaction between users is on permanent 24/7 basis, allowing for a permanent stream of communication. The environment itself has a
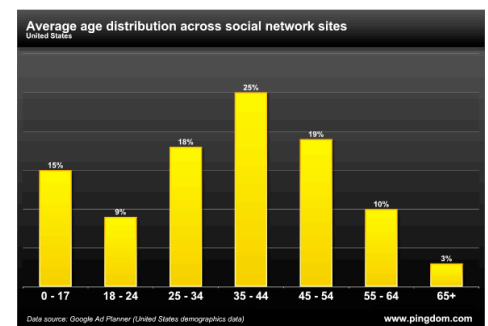
---

[41] Facebook statistics, 2011.

positive basic tone supported by mostly affirmative communication, high level of activity, good user interface and technical maturity.

- Documentation and measurement: all contents are persistently saved and available for ex-post analysis. A large amount of quantitative and qualitative data is generated automatically. Third party tools provide further analysis functionality.


**Weaknesses**

- Rapidly changing environment: social media is relatively new and therefore changing fast; that leads to uncertainty on the future development of the tools and on what applications to choose. It has occurred that prominent applications have become irrelevant and their users moving somewhere else (e.g. the rise and fall of MySpace).

- New thinking needed: The very unique properties of social media surely needs very different approaches than used in traditional offline and online marketing: Transparency, honesty, bluntness. This applies to strategy, fit with other marketing measures, internal implementation and processes, segmenting and targeting as well as content development.

- Targeting: Disregarding ads in social media, which are rather disliked by user, targeting within social media often is "passive" in the sense, that it is the consumer that elects to get involved with a brand and not vice versa.

- User data in possession of service providers: albeit very valuable user data is available, this is mostly owned and controlled by service providers and not by marketers using this social media services.

- Unpredictability of interaction: The behaviour of individuals and groups of individuals is hard to predict and it evolves in real-time. Therefore no rigid long-term planning is feasible and flexible policies have to be developed. This contrasts very strongly with the previous way of planning and executing marketing communication.

- Permanent attention: although entry costs may be low, the real work starts once an organisation is involved. Due to the 24/7-character of this media channel and its demand for rapid action and reaction a permanent presence of marketers is necessary. This has to be provided for inside the company.

- Metrics: while there is considerable data available this data is often ambiguous. The reason is that unlike in traditional online marketing there are yet no standardised frameworks

whereto quantitative data could be compared. As to qualitative data (mostly text) this needs to be interpreted by individuals and then processed inside the company. [42]

- Exposure: social media tools allows for every participant to interact with a brand the way he/she intends to. This often leads to undesired interaction, content and interpretation being attached to a firm. This is particularly true if external or unplanned events put a brand into special public focus.

**Opportunities**

- Being very close to the customer: placing a message in a personal, intimate circle

- Contagion: users become advocates, word of mouth carried out by users at very low cost

- Authenticity: becoming an authentic, human company

- Effects of engagement and advocacy in the inside of the company

- Establishing long term relationships based on trust: this implies loyalty, advocacy, user retention and in the end also profitability

- Improved customer service and value delivery

- Activate users to engage with the brand

- Gaining insights form consumers

- Winning consumers as coproducers/cocreators

- Attracting traffic to own online offerings

**Threats**

- Not reaching desired segments of the market

- Erosion of control over content, timing, environment

- High exposure: Dangerous in crisis, extrapolation of firms behaviour, having the dynamics of word of mouth turned against oneself

- Not implementable externally when industry or brand is not suited

- Not implementable internally due to resistance or no cultural fit

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[42] Owyang/Lovett, p. 6

- Problems with integration with other marketing communications measures

- Problems with regional segmentation / markets / languages

- Unprecedented development of social media as a whole

- Not being able to interpret usage statistic and user content

- Exposure to the competition

- Privacy and legal issues

## 5.3 Excursus: Changes in media usage and user attitude towards social media

This goes hand in hand with relevant changes in media usage. It started to change already in the 1990s, even before the Internet entered the scene. But what started offline and evolved online has surely been carried on and reinforced by social media.

This change in media usage can be seen in the context of a "shift from big to small" as envisioned by Seth Godin in "Small is the new big" [43]:

The old big is mass media with nationwide TV, newspapers and magazines, stars, and big expensive campaigns

The supposed small are individuals close to the market, with detailed insights, small companies that act as if they were big, using the new cheap tools and reaching small but relevant groups and niches, global native companies, setting small steps to reach the same results.

In 2010 in the US Internet was used more than TV for the first time (see fig. 9)[44] – which is an important fact. The Internet is number 1 and number 2 source

**Percent of total media time individuals spend with each media type in a typical week**

Watching TV: 31% (2010), 35% (2009), 37% (2007)

Internet time (including personal and work): 33% (2010), 34% (2009), 29% (2007)

Reading newspapers: 6% (2010), 7% (2009), 8% (2007)
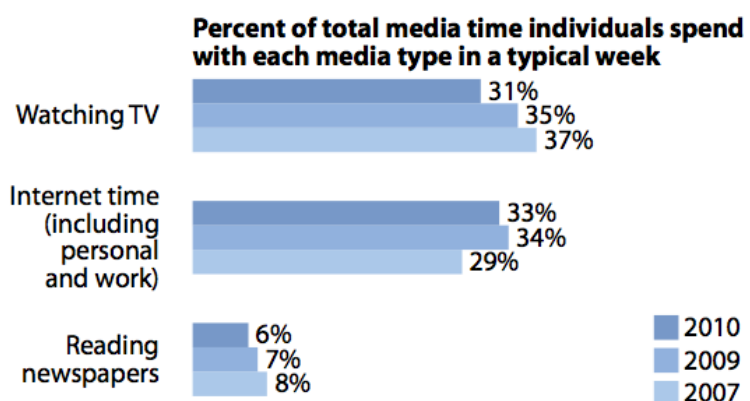
Legend: 2010, 2009, 2007

*Fig. 9 Media time spent in U.S.*

[43] Godin, p. 216
[44] Van Boskirk, p. 6

of information at work and home respectively [45]. But consumers are turning away form classical online marketing channels: "Conventional internet channels are being exhausted" [46]: email marketing is undermined by spam, ads are ignored ore blocked automatically, response rates are minimal.

It is social media that is top of the list for the time spent online and brands are welcome, as these findings from the 2011 Forrester State of the Media- Social Media Report [47] state :

- Social networks and blogs continue to dominate Americans' time online, now accounting for nearly a quarter of total time spent on the Internet

- Social media has grown rapidly – today nearly 4 in 5 active Internet users visit social networks and blogs

- Americans spend more time on Facebook than they do on any other U.S. website

- 53 percent of active adult social networkers follow a brand, while 32 percent follow a celebrity.

- Consumers turn to SM as source of inf. prior to purchasing decisions. Social media is perceived as trustworthy [48].

When consumers turn away form traditional media and marketing messages they do because they don't trust them anymore, while trust in individuals is increasing significantly:

Trust in peer community is much higher than in regard to professional marketer, also towards strangers. This is even stronger for younger people. [49] In the U.S., for example, a "person like yourself or your peer" was trusted by 22 percent of respondents as recently as 2003, while in the 2009 study, 68 percent of respondents said they trusted a peer.[50]

"This impact is so great that individuals optimally ignore private signals and instead rely entirely on information from the aggregate behaviour of others." [51]

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[45] Mangold/Faulds, p. 360
[46] Gillin,  p. XIII
[47] Nielsen, p. 2
[48] Mangold/Faulds, p. 360
[49] Gillin, p. 128
[50] Richard Edelman (cited by Gillin, p. 128)
[51] Chen et al, p. 5

But how do companies fit in here?

An IBM in 2010 asked consumers why they were interacting with brands online and marketers why they think customers do interact (see fig. 10). The results show some dissonance or "perception gap" with corporate expectations *not* matching real customer views: "88 percent of CEOs said  "getting closer to customers" was the top priority for their business over the next five years.  This same driver is reflected in responses from executives surveyed for this study. Almost three fourths (70 percent) believe reaching out to customers via social media will help them increase customer advocacy.  However, consumers are divided on this issue. Only 38 percent feel social media interactions with a business will have a favourable influence on their loyalty to that company, 28 percent are neutral and as many as a third (33 percent) say their social media interactions will not make them feel more loyal to that business." [52]
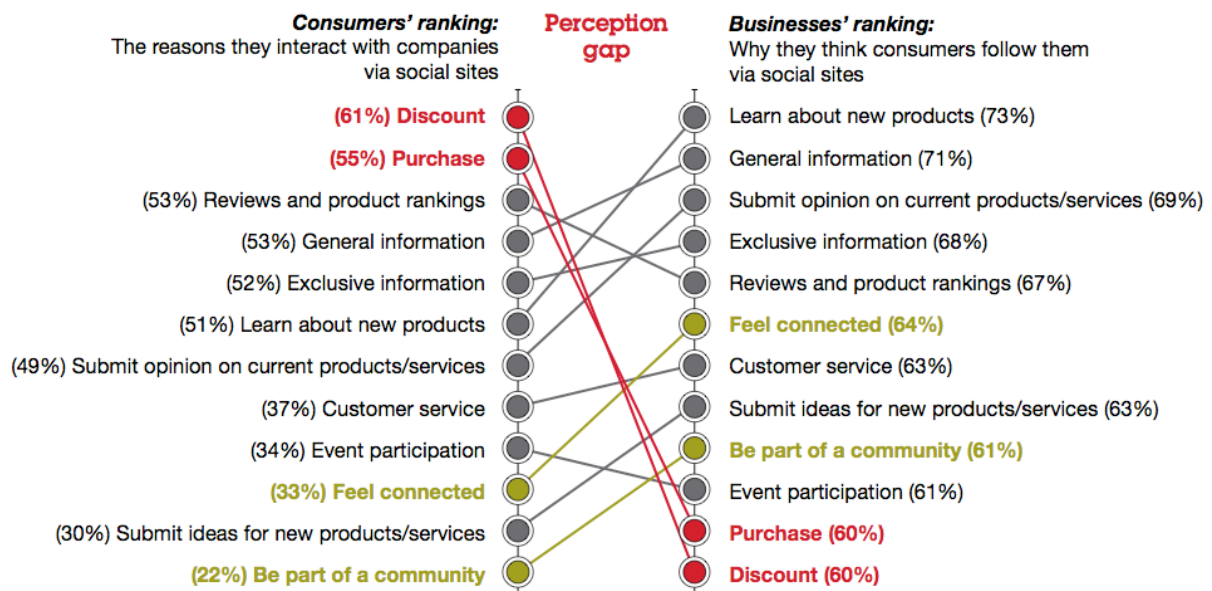


*Fig. 10: Perception gap (IBM Social CRM)*

The marketers view may be biased by overall buzz on social media, while customer have a much more pragmatic approach. After all, as mentioned ea^rlier, consumers rate "interacting with a brand" only as the tenth reason (23 %) to use social media with "Connect with friends and family" top rated with 70%. The IBM study further suggests that "prior affinity" for a brand is a prerequisite of social media involvement.

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[52] Baird/Parasnis, p. 10

## 5.4   Tools of social media and marketing applications within them

One difference between online marketing and social media marketing is that the former deploys tools and applications exclusively designed for marketing purposes while the latter uses instruments that were primarily designed for interpersonal or intergroup communication processes but are applicable *also* for marketing.

Therefore the following list consists of social media tools *and* marketing applications related to each of them.

### 5.4.1   Blogs / Podcasts

Blogs have a special position as they were the initial spark for social media. Despite there are reportedly over 120m of blog published on the internet only a tiny fraction of them are followed by a considerable number of users and are therefore relevant for marketing purposes. Blog readers subscribe to blogs and new content is delivered automatically. Content is mostly extensive, highly specialised and of high quality. Bloggers have very in-depth knowledge about product and markets. Blog posts often are followed by comment-based discussions. Bloggers do extensively connect and refer to each other and thus provide natural contagion mechanisms. Blogs are also followed by traditional media and have influence on news stories. Personalisation is an issue, as the blogger or author is the source of credibility.

Everyone can install Blogs; large sites offering such services are Wordpress, Typepad or Blogger.

Podcasts can be seen as audio versions of blogs and are related to mobile music player, where users are listening to podcast audio at a time of their choosing.

| | |
|---|---|
| Purpose | Easy to use and free/low cost web publishing for individuals. |
| Marketing actions | Provide corporate blogs with unbiased and exclusive content, cooperate with bloggers that cover contents relevant to a brand by providing |
| Mktg. relevance | Large external blogs serve as information hubs as both authors and many followers are highly active social media users that further disseminate content.  Blogs are a very good source of consumer insights. |

| | Corporate blogs offer an authentic, human and direct interface to corporations beside official marketing content and can contribute to build and improve long-term relationships. |
|---|---|
| Advantages | High quality content, high trust towards bloggers, customer insight |
| Constraints | Not used by younger consumers (<25) |
| Content by | Professionals, private individuals, companies. |
| Recipients | Followed by large audiences |

### 5.4.2 Microblogs

| | Microblogs were created as mobile blogging tools, thus the reduction to messages of 140 characters but are used mainly on the web. They have assumed an important role in the delivery of fast information updates, microdiscussions and information referral. Twitter is the leader in this field, Tumblr being another service provider. |
|---|---|
| Purpose | Rapid distribution of very short messages (mostly text) via a system of reciprocal subscribing (following). |
| Marketing actions | Provide own microblogging sites, interact with and support relevant microbloggers, ad channels are planned for the future. |
| Mktg. relevance | Distribution of urgent messages or in advance notices to very well connected social media users |
| Advantages | Very fast dissemination of information, small but influent user base, very simple and effortless usage. |
| Constraints | User base is relatively small, activity done by very small fraction of users [53], Content is very reduced. |
| Content by | Professionals, companies, private individuals. |

### 5.4.3 User generated media aggregator sites

| | These sites allow users to upload and collect rich media content as video, audio and photos. Albeit intended for the upload of user generated material it is as well used for reproduction of |
|---|---|

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[53] Cheng (online)

media content (parts of movies, TV-shows, commercials, etc.). Content can easily be embedded in other websites. Companies can create own branded channels to collect their media.

Due to the very large amount of content and traffic theses sites gather they are the preferred repositories for content providers that want their material to be available to large audiences with the purpose of further propagation by word-of-mouth (viral) contagion.

Most prominent sites include Youtube, Vimeo and Flickr for photos.

| | |
|---|---|
| Purpose | Collection and distribution of rich media content. |
| Marketing actions | Create branded channels for own media, provide content that is suitable for social media contagion mechanism; this is mostly not the case for PR material and TV commercials. |
| Mktg. relevance | Very relevant due to large audiences, core tool for viral distribution. |
| Advantages | Large audiences, content can be syndicated, simplicity, low cost. |
| Constraints | Environment not exclusive. |
| Content by | Users, brands. |

### 5.4.4 Social networking sites (private or business)

These sites have been introduced after most social media tools where available aiming at providing an integrated social media tool for large audiences: they combine many social media techniques like blogging or micro blogging, media collection, rating, reciprocal referral in one tool and try to map the social environment of their users. Because every users activity is always exposed to its social environment these sites are particularly suited for contagion purposes.

Unlike other tools social networking sites have detailed information on the user, its opinions, preferences and social connections. This information is extremely valuable for marketers.

Social networking sites are often used as synonymous for the entire social media field. Facebook is market leader (800m users), Google just launched its "Google +" network; the early mover MySpace has lost connection. Besides this networks aiming at private users there exist large business networks as LinkedIn or Xing that are very popular.

| | |
|---|---|
| Purpose | Provide integrated social media tools for everyone. |

| Marketing actions | Create own representations, activate own customers to join them, provide them with a constant flow of information aimed at generating positive image views, interaction with the brand, satisfaction and word-of-mouth.<br><br>Many sites allow also for traditional measures as ads, but their acceptance by users and effectiveness is not yet proved. |
|---|---|
| Mktg. relevance | Relevance is high due to large audience and contagion mechanisms. |
| Advantages | Global reach, ease of use, word-of-mouth, cost, in-depth user data available for targeting. |
| Constraints | Problems reaching own customers and developing a strategy to involve them; future development of networking sites is not clear, content is often shallow and limited to very brief information, some issues with scalability (regional vs. global) for large brands. |
| Content by | Users, brand |

### 5.4.5 Rating and review platforms

| Platforms that provide information on how consumers rate products and services they have used have become widely popular. This is due to the changes in trust perception by consumers (see 5.2). PR information and even reviews by parts of specialist press is not perceived as trustworthy, even anonymous users reviews and ratings are.<br><br>Rating and reviews are often incorporated in large online retailers (amazon.com, booking.com) | |
|---|---|
| Purpose | Rating, reviews and recommendation of products and services by individual consumers. |
| Marketing actions | Direct exertion of influence is not feasible, reaction to negative reviews if possible; prevention by ensuring good user experiences. |
| Mktg. relevance | High. Exposure in positive as negative has effects on other consumers. |
| Advantages | Positive reviews have large impact. |
| Constraints | Negative reviews have large impact, influence is low, abuse issues. |
| Content by | Users, brands (as responses). |

### 5.4.6  Proprietary applications

Besides using publicly available social marketing tools often brands choose to create their own applications. This makes sense if a company needs to get in-depth knowledge on the consumers involved and needs specialised functionalities or audiences. Often used to get into a specific dialogue regarding product development and innovation or in B2B scenarios. Such applications may include all typical social media mechanisms such as user generated content, word-of-mouth, dialogue, collaboration or call-to-action. E.g. Apple has integrated its own recommendation network "Ping" into their iTunes music platform, Lego has created "Mindstorms" [54] to work with individual software programmers for its Lego NTX products.

| | |
|---|---|
| Purpose | Create own applications that use social media techniques. |
| Marketing actions | Create applications, target audience, start and keep interaction. |
| Mktg. relevance | High, if brands need demand it. |
| Advantages | Full control over data and content, create specialised features, integrate fully in own online tools, own environment. |
| Constraints | Existing social media tools may not be used, isolated solution. |
| Content by | Users, brand. |

### 5.4.7  Social bookmarking

Such services enable users to save their web browsing bookmarks in an online application as well as tag, rate and comment them. Own bookmarks will be put into perspective to those of friends and other users.

| | |
|---|---|
| Purpose | Allow decentralised repository for bookmarks. |
| Marketing actions | Make sure that all own web pages can be easily submitted to such services, provide good search engine performance of own sites. |
| Mktg. relevance | Medium |
| Advantages | Cheap, some effects on users perception of webpage relevance |
| Constraints | low influence |
| Content by | users |

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[54] http://mindstorms.lego.com/

### 5.4.8 Other social media tools:

The following social media tools are relevant only to certain areas of business and are just listed shortly.

**Virtual and game worlds**: gaming is a big issue for very young consumers and players organise themselves in networks within those game worlds. These are important for companies related to game hard- and software.

**B2B communities**: Companies have started to create social media platforms for interaction with customers, suppliers, competitors, employees and other stakeholders. This has proven to be a valid method for insight and innovation (e.g. Procter & Gambles "connect & develop" programme).

**Collaboration platforms**: As a special form of Web 2.0 application online collaboration has gained some importance. The most relevant have been knowledge platforms like Wikipedia or software development communities in the field of open source.

## 5.5 Excursus: is social media marketing just an add-on and how can it be integrated in marketing theory?

*„The simplicity of the marketing mix paradigm, with its Four P model, has become a strait-jacket, fostering toolbox thinking rather than an awareness that marketing is a multi-faceted social process.“* [55]

The marketing mix paradigm with its 4 P's has long been the unrivalled leader of marketing thought and practice. The marketing practitioner is designed as a mixer of a special "blend" [56] when he fine-tunes the available marketing variables in a way that fits the product best. This was fine in a time of stable mass media and mass markets.

When this environment was starting to change researchers tried to alter the 4 P's system. E.g. by adding more Ps, like Partners, Push/poll or Profitability. Another approach is Lauterborns 4 C's [57] that aimed at replacing the P's altogether:

- Product is replaced by **Customer** in the sense that products have to meet customers needs and wants in order to be only considered for purchase.
- Price becomes **Cost** as total cost of ownership including switching costs, costs of not choosing competitors offer and psychic costs.
- **Convenience** is replacing Place that has lost relevance
- **Communication** comes instead of Promotion as it reflects better the broader and more complex ways of informing the customer about the offering.

When comparing traditional online marketing and social media marketing it becomes visible that this traditional approaches to marketing are not enough to describe all the differences of the two categories of tools.

They are still quite able to give information on traditional online marketing. This is due to the fact that this category has been developed as a late 1990s adoption of marketing to the new

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[55] Grönroos, 1994, p. 6
[56] Grönross, 1994, p. 5
[57] Lauterborn, p. 26

field of Internet and digital communications. One may track online marketing as part of the promotion P and its tools as members of the promotional mix.

But it gets more difficult with social media: What about the active role of the customer? Why is he talking back? What about the ability to communicate individually to every single customer? Does this all help?

Approaches of relationship marketing and (partially) service dominant logic are helpful in understanding what happens in social media:

A first step is to loosen the boundaries between the firm, its customers and other stakeholders. In traditional marketing the costumer was believed to be "exogenous" or not involved in value creation, he could be even seen as a "destroyer of value" [58]:

"With the rise of a network economy, enabled by global telecommunications and ubiquitous computing, customers are part of an extended enterprise and co-producers of the firm's marketing." [59]

Users are not any more a distant, abstract group that goods are *marketed-to*, they are involved in value creation, and marketing is done *with* them (see fig. 11)
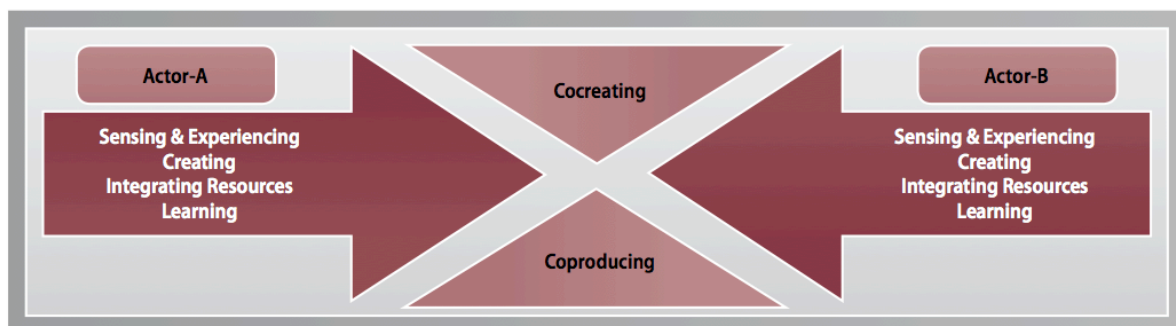


*Fig. 11: Service-Dominant Logic is Inherently Collaborative (Lusch/Vargo)*

Social media is just are very visible forms of this tendency, only following earlier developments when the company was opened up to suppliers, corporate clients and even competitors. What is called *open innovation* goes in the same direction.

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[58] Lusch/Vargo, p. 7
[59] Lusch/Vargo, p. 6

Supporters of this logic see the opportunity to enhance marketing, product creation and thus propel also financial performance. Lusch and Vargo name examples of such "new" business models as Threadless (t-shirt themes by users) and Zwaggle (exchange of kids apparel).

A second approach focuses on the fact that social media connects reciprocally and directly to every user: "Each customer is an individual." [60] (See fig. 12).
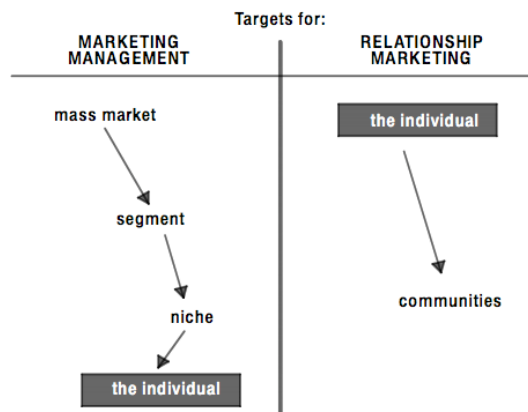


*Fig. 12: 2 different types of targeting (Gummesson 2002)*

This is the core message of *relationship management*.

In this context Grönroos redefines marketing as follows: "Marketing is to establish, maintain and enhance relationships with customers and other partners, at a profit, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfilment of promises"[61] .

This concept has been developed prior to social media but new technology has made this a realistic approach. But technology alone won't do the trick: online interaction, data mining and sophisticated CRM tools can execute relationship management, but above all it is the mindset and values that have to change.

What are the values relationships are based on in general? Baron summarises 5 main pillars:

• **Commitment** as willingness to aim at and invest into a long-term perspective

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[60] Gummesson, p. 51
[61] Grönroos, 1994, p. 9

• **Trust** is fed by honesty and reliability and is underlying commitment.

• Seller's customer **orientation/empathy**: the ability of the involved parties (in business more the selling one) to understand the pint of view of the other.

• **Experience/satisfaction** means how expectations in the other party are being met. This implies of course delivered quality but not alone.

• **Communication** is identified as the means over which all mentioned factors are exchanged between parties, and of course this interaction is meant to be a dialogue. [62]

This prerequisites being met a relationship can be established, ranging form very emotional or close relationships to just formal relationships. It is no coincidence that the mentioned 5 factors are very often named as being the foundation of successful social media communications.

From a business point of view applying these values to costumer relationships can lead to quite some changes in corporate policies (see fig. 13):

| Bureaucratic-legal values | Relationship and service values |
|---|---|
| 1. Focus on an average customer to be treated with a mass approach | 1. Each customer to be treated as an individual with individual needs |
| 2. Routines, policies and regulations more important than the end result | 2. Only end results count |
| 3. The supplier is in focus | 3. The customer is in focus |
| 4. A professional jargon that does not communicate with the customer | 4. A language that communicates on customer conditions |
| 5. Important to win over the customer in an argument | 5. A win-win strategy |
| 6. The provider is the expert, the customer is the amateur | 6. The customer is also knowledge-able |
| 7. The customer is the "other party," even an adversary | 7. The customer is a partner and a co-producer |
| 8. The customer is a cost | 8. The customer is revenue |

*Fig. 13 Comparing bureaucratic-legal values with relationship and service (Gummesson 2002)*

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[62] Baron, p. 32

Attention is set on interactions instead of exchange or transactions [63] as traditional marketing does. These interactions go on after purchase and even after consumption and have to be seen as an ongoing process.

Why should businesses embrace the relationship marketing view?

"From a firm's perspective, relationship marketing is based on two arguments:

- It is more expensive to win a new customer than it is to retain an existing one.

- The longer the association, the more profitable the relationship for the firm." [64]

In B2B this notion is well established, but it is extending to individual consumers.

"Long term relationships are found to be more profitable than one shot transactions." [65]

Steve Baron notes 3 "keys to profitability: Loyalty, customer retention, long-term relationships." [66]

Retained customers have to be put into perspective with the current and future revenue as well as the reputation value they do generate. When customers go away they take away current and future profits as well as bad word of mouth.

[63] Grönroos, 2006, p. 321
[64] Baron, p. 30
[65] Gummesson, p. 54
[66] Baron, p. 30

# 6 Results, conclusion and outlook

## 6.1 Differences between online marketing and social media marketing

From what has been analysed till here and from observation in empirical data (see below) there are relevant differences between the two categories.

This starts with the core rationale behind both techniques:

The core concept of *traditional online marketing* is software based targeting and message delivery that is constantly adopted along with the availability of immediate conversion in online transactions.

*Social media marketing* is founded on the opportunity for marketers to engage in very close communication with its customers and to benefit from contagion mechanisms between groups of users that may be triggered in such environments.

In detail further relevant differences may be noted along the following parameters:

|  | Traditional online marketing | Social media marketing |
|---|---|---|
| **Targeting** | This is a strongpoint of traditional online marketing: much effort and innovation was put into optimising targeting that is mostly imprecise in offline marketing. Be it in online ads, search related marketing, remarketing and also direct marketing by permission, the mechanisms to "follow" the target groups are very elaborate and precise. This ensures that only relevant users are presented with the message and by this provides enhanced cost effectiveness. Targeting is based on personal, | Brands initially choose which channels and contents to provide based on the type of customer targeted and the communication goals. Targeting may be excellent too, but customers do the final decision, since all social media channels are by user opt-in. Once users have joined awareness is higher based on own decision, related inputs from other peers and specialised content by brand. Some brands my have difficulties with regionalisation of their social |

| | | |
|---|---|---|
| | statistical and behavioural data as well as by permission. Still this does not guarantee awareness by the targeted. | media measures, global brands with emotional content have advantages. Social networking sites that offer conventional ads and targeting have very detailed user data available for targeting, although social media ads do not seem to be accepted by users. |
| **Information flow / Communication type** | The information flow follows conventional marketing theory being strictly top-down from business to customers: sender – messages – recipient. | The communication flow is multi directional: Business to customers, customer to customer, customer to business, most of these communications take place publicly and potentially followed by traditional media. From a brands perspective an ongoing dialogue with its customers and a positively connoted communication between its customers are valuable results of social media measures. |
| **Content; by whom?** | Content is typical of marketing: compressed, highly aesthetic, artificial and elaborate, simplified, often biased, propagandistic, focussed on a precise desired response. Exclusively the marketer generates content. | Most content is generated by users and may contain all possible sentiments and perceptions consumers can develop for a brand based on the experience they have; emotional content may be amplified in both directions. User content may of course be influenced by external events also not directly related to the brand. Brand content fed into social |

| | | |
|---|---|---|
| | | media must be notably different from marketing and PR information: authentic, not biased, not polished, discursive, stimulative and it can be extensive by scale. Users have very high expectations in branded content in social media (opposed to advertising). Content shape varies widely depending which social media channel is used: from very comprehensive in blogs or podcasts to notably briefer in networking sites to very reduced in micro blogs. Data from empirical study show that passionate, emotional contents are most followed and spread. Brands can also successfully deliver transaction-oriented messages, when adapted for these channels. |
| **Control** | Due the top-down approach and exclusive control is exercised by brand. Control refers to timing, targeting, content, media and desired goals. | Brand is exposed to all joining individual users and the group dynamics that they trigger when acting together in public. Authority cannot be gained a priori, but only based on actions and interactions. Albeit control may be exercised based on technical parameters (censorship, etc.), its execution may cause problems. |

| | | Furthermore there are issues with control over user data, as firms are mostly not owning the media they use, but these are controlled by third party providers which retain this data. This can be avoided by providing own applications for social media. |
|---|---|---|
| **Response / Conversion** | Desired responses to marketing messages are of course carefully designated and related processes are prepared for the user to be performed. Responses are expected to be by consumers only. | Expected responses by users to brand communication are acclaim, propagation, involvement, user generated content and also transaction related. But brands are expected and forced to respond themselves to users communication as well. |
| **Distance / Environment** | Targeted users receive and perceive marketing messages in an isolated setting. Furthermore since traditional marketing aggregates individuals in target groups consumers do not feel personally addressed and involved, even in personalised communication. | Individuals perceive their own social media experience as very intimate and private. It is populated by personal acquaintances and contents of their choosing. When users allow a brand to take part in this sphere they grant a very close access and high awareness. But users have high expectations toward brands (see content) and may withdraw access at any time. |
| **Social leverage** | As consumption is not embedded in any social scheme this kind of leveraging is generally low in traditional online marketing. | Individuals in social media do not act in isolation. Their choices, media consumption and content creation takes place in public or in the nearer social sphere of peers. |

| | | This influences dramatically how individuals behave. |
|---|---|---|
| **Time perspective** | In most traditional online marketing measures the time horizon is clearly defined, often delimited by campaign duration. | Social media marketing needs to be seen as long term measure aiming at building and deepening a long lasting relationship between brand and individuals. |
| **Speed** | Already reasonable fast in deployment when compared to offline marketing due to digital production and distribution. | Even faster depending on the form of messages deployed. But also responses to users are expected to be rapid. |
| **Cost** | Much more cost-effective than offline marketing. Due to precise targeting more marketing actions can be set. Cost may be calculated exactly due to defined time frame of the single measures. Due to exact conversion statistics the effectiveness of every measure can be calculated exactly (ROI). | Often perceived as low- or no-cost media. This may be true to the setup of social media channels. But strategy creation and ongoing adoption, development of suitable content and actions as well as permanent supervision and support need considerable expertise and manpower, that often has to be provided for. It is less feasible to calculate precise ROI values of social media measures. It is argued on the other hand that enhanced customer relationships are leading to long-term results. |
| **Monitoring** | Very effective at gaining, interpreting automatically and re-applying large amounts of quantitative user data. Thereby goals and results of actions can be evaluated easily. | Albeit much data is gathered as well this data is mostly quantitative and needs non-automated interpretation. Issues with setting and evaluating goals as marketers are used to. This is |

| | | due to the diversity of the different tools in usage and to the lack of standardised procedures. |
|---|---|---|
| **Cultural and internal issues** | Traditional marketing does not talk much about a company's culture, at least not about the "real" culture. Marketers are not talking directly to their target groups. They are anonymous (as are their customers). | Social media participation requires a company to open up: real persons are best talking for the company, users request need to be answered by non-marketers, responses need to be fast, content is expected to be more authentic and specialised: thereby the true culture is much likely to be visible. Non-transparent and restrictive companies are likely to fail in this environment. |
| **Consumer insight** | Users generate very relevant data as a by-product of their interactions with online marketing measures. This includes the expression of preferences by the choice of contents in online visits and permission marketing responses. | Social media is well suited to activate users to actively cooperate and share their views and knowledge. This may contain very valuable content for company. It may be difficult to "recruit" relevant consumers. |
| **"Rules" / predictability** | Due to the clear design and reduced number of parties involved in online marketing campaigns the execution of such measures are mostly straightforward and do not include too many imponderables. | This is different in social media. The setup of these channels includes far more active players interacting with each other. Furthermore exposure to external events is given. This leads to a much more dynamic or uncertain when using such media. Though there are rules in social media, these are "understood" and submitted to flexibility. |

## 6.2 Application of marketing tasks in different tools

For the second main question literature is poor, the decision was taken to screen online what is actually done at the moment.

Therefore I decided to take an "online snapshot" [67]: Originating from online advertisements in Top 40 Websites by range based on media planning data [68] 20 major brands were selected. Data was gathered on usage of traditional and social media marketing tools by these brands. 132 single tools and applications were identified and analysed. For each of them the following data has been gathered:

- Type of marketing tool based on those categorised in chapter 4.2 and 5.4 respectively

- Whether it was a tool of online marketing or social media marketing

- Which type of marketing goal was pursued by using the individual tool [69] (multiple answers per tool)

- The core message that was communicated (if applicable)

- Content source (brands, users, or both)

- Whether the measure was linked to other tools used by the same brand

- For social media tools available usage data (number of messages, subscribers, followers, views and an activity grading) was gathered.

- Remarks were recorded for every tool that led to an evaluation of every brands approach.

As stated this may be seen as snapshot only and is not representative data: the analysis time was short (September 19 – 25, 2011) and the sample of brands was focussed on capturing larger, major brands across a variety of industries. While social media tools as ongoing, permanent and visible media can be retrieved and observed with some ease, this does not apply to traditional marketing tools: these often are deployed in short campaign time horizons or may not be visible or traceable. Therefore data is richer for the former (78 vs. 54 records). For the latter in particular the external view was limiting too.

The data was processed and quantitative and qualitative results were traced [70].

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[67] Raw data and calculations can be found in the appendix
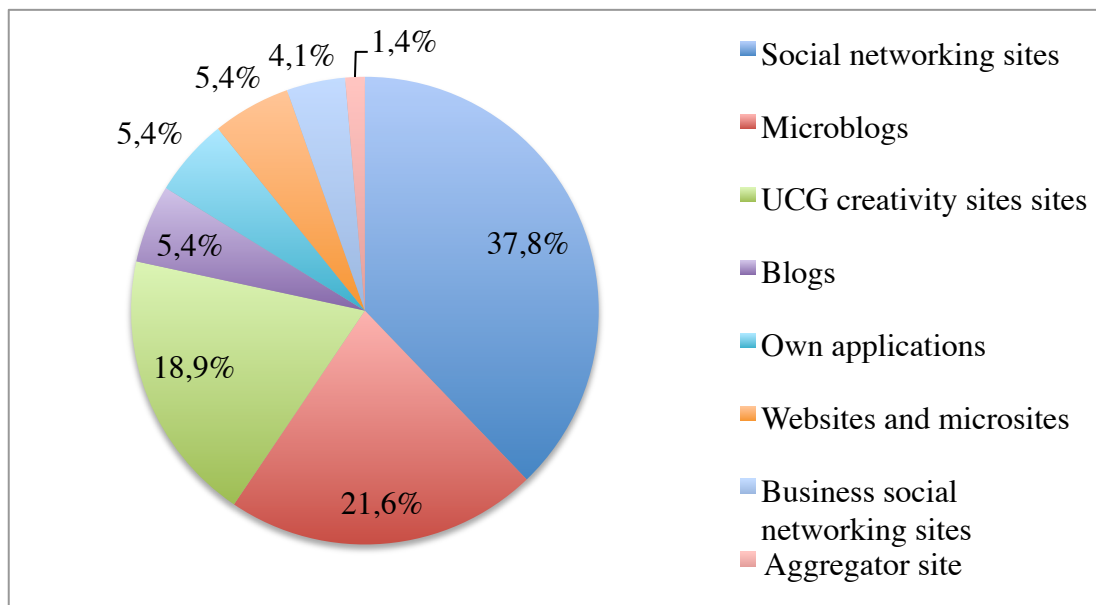[68] Double Click (online)
[69] An overview of the possible tools may be found at chapter 2
[70] Raw data and calculations can be found in the appendix

### 6.2.1 Results of "online snap-shot"

### 6.2.1.1 Social media marketing

**Distribution of 74 recorded social media marketing tools**:



This reflects the popularity of the main networking site Facebook, used multiple times by many brands, followed by Twitter (also multiple) and Youtube. Generally all activities are heavily concentrated on these 3 iconic sites (> 75%). Blogs as the prototype of social media are very rare, it seems that brands are cautious: in fact this format requires a high level of authenticity, personal involvement and long-term engagement. Only Lufthansa and Merced – Benz have launched own social media applications.
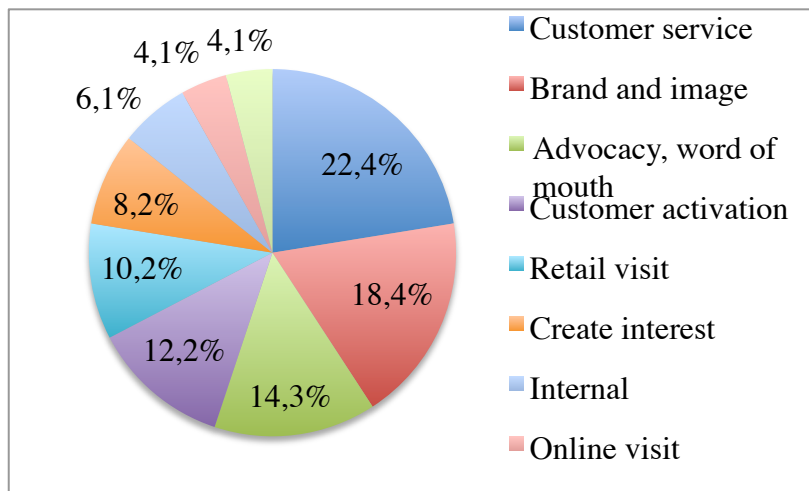
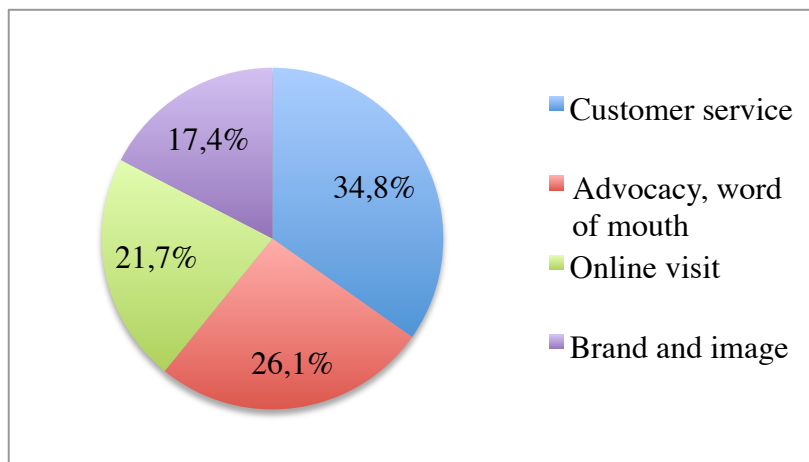**Marketing goals pursued in social media**:
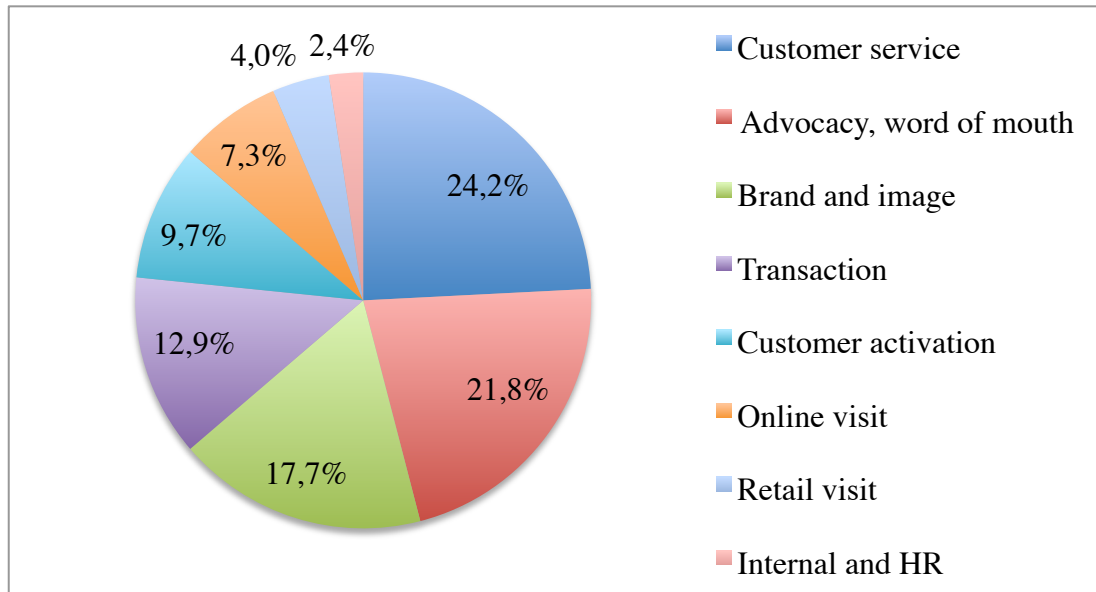
It came to some surprise that some service-intensive brands (Dt. Telekom, Base, Lufthansa, DHL) were deploying one-on-one service and support communications with individuals via channels like Twitter and Facebook. In fact these formats are fast and straightforward but it may be questioned if such semi-public (personal data etc. was relied to private messaging) is always favourable to the brand. Word of mouth and image communication follow as very strong goals and they reach quantifiable contagion rates up to millions. Transaction based measures are relatively rare, brands with large social media outlets often combine them with activation calls instead of simply posting advertising or PR information.

Marketing tasks are not equally distributed over different tools. When looking at the Top 3 types of tools Youtube is used clearly to transport image-related and viral content, this is related to it being a format for video only. Facebook is used to pursue a large number of goals, in contrast to Youtube it allows the transportation of many types of messages (text, video, links, applications).
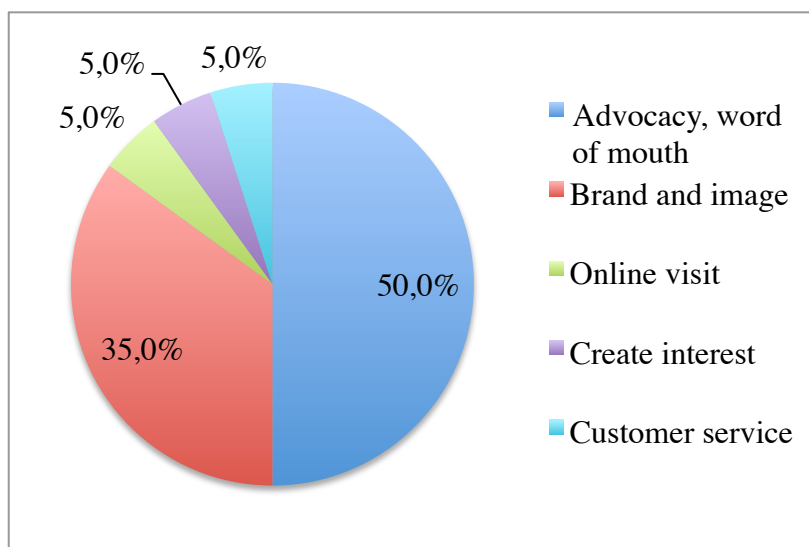
**Social networking sites** (Facebook):

The legend for the first pie chart (top to bottom): Customer service, Brand and image, Advocacy, word of mouth, Customer activation, Retail visit, Create interest, Internal, Online visit.

Pie chart values: 22,4%, 18,4%, 14,3%, 12,2%, 10,2%, 8,2%, 6,1%, 4,1%, 4,1%

**Microblogs** (Twitter)**:**



Legend: Customer service, Advocacy, word of mouth, Online visit, Brand and image.

Pie chart values: 34,8%, 26,1%, 21,7%, 17,4%

**UCG creativity sites** (Youtube)**:**



Legend: Advocacy, word of mouth, Brand and image, Online visit, Create interest, Customer service.

Pie chart values: 50,0%, 35,0%, 5,0%, 5,0%, 5,0%

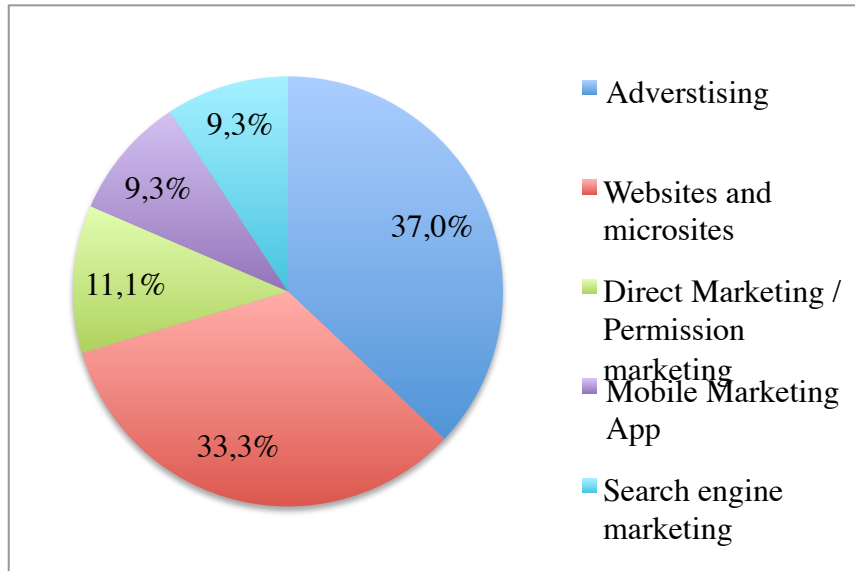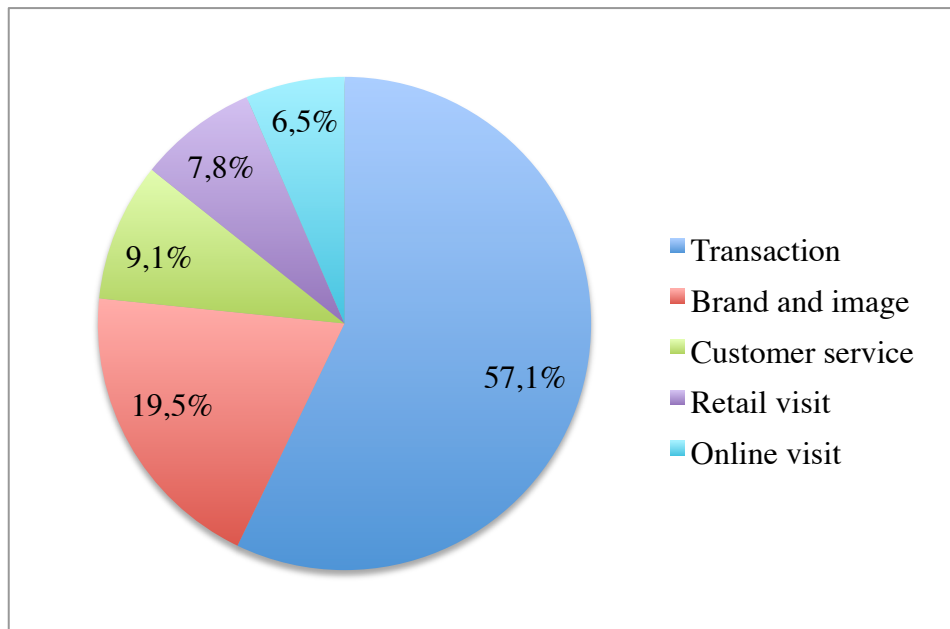### 6.2.1.1 Traditional online Marketing

Of 54 tools recorded in this category this was the distribution:



The focus was set on highly visible tools as advertising and websites. Some tools could not or not adequately be monitored (SEO/SEM, Online PR, affiliate marketing, remarketing).

**Marketing goals pursued:**



The measures analysed are heavily concentred on transaction or purchase. Ads are nearly exclusively focused on purchase conversions, often acting as outposts of connected e-commerce websites and deeply linking into them. This is surely linked to the precise targeting

mechanisms mentioned which promise to present ads only to highly affine consumers. Secondly most products advertised can be immediately purchased online (even apparel). Websites and direct marketing act likewise while adding image transportation and customer service.

## 6.2.2 Results by brands

Nearly all brands evaluated are well positioned online and have also "landed" on the social media planet. Traditional and social media are fairly well connected to each other, although only few brands have come near to a real integration in the sense of integrated marketing communication. Only these companies can establish highly used social media channels servicing their customers and/or leading them to propagate branded messages in high volume on their own. Brands with pre-existing passionate connotations are advantaged, but also less "shiny" companies can gain social media competence by developing engaging content and credible service infrastructure.

There are surely industries where the engagement in social media marketing may be founded only on very elaborate strategies (e.g. banking or insurance, as the examples show). To "slap together" a Facebook page, flood it with anonymous PR messages and expecting consumers to get excited means to bark up the wrong tree.

Some striking results from the high end include [71]:

**Lufthansa**:

Online marketing and social media marketing integration is very thorough and believable. User activation to create own content is well developed, also by building appealing own social media applications, which are intelligently linked to specific product offerings. Customer segmentation and targeting is well realised in social media marketing (business customers, younger and older target groups, employees). Content provided for social media marketing is suitable and propagated by users. The company has established an own aggregator site summarizing all current social media marketing activities. Lufthansa is also talking to business customers in business networks as well as integrating its employees.

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[71] Detailed results by brand see Appendix 8.2

**Base mobile telephony**:

Online marketing and social media marketing are very well integrated, use of social media marketing as service channel with fast responses and "real" service personnel. Offline content (TV ads) is ready for social media marketing, giving emotional background for word-of-mouth. The company is one of the few examples for effective blogging in customer service.


**Burberry:**

Brand has a large fan base that is well prepared for word-of-mouth and needs no special activation and online content. Brand creates high quality and viral content in form of sponsored music videos and glamorous content, both suitable for offline and online. Therefore 2 global social media channels with simple but effective messages suffice. Burberry realises a very high viral propagation of messages (> 8m) and is a good example of the power of a passionate and emotional brand.

## 6.3   Conclusion and outlook

Both online marketing and social media marketing are excellent marketing tools. Every category is based on specific and very different strongholds of online technology:

Online marketing consists of a collection of different tools and applications developed or suited for marketing purposes. It is based on networked software technology that allows for targeting and delivery of personalised content to individuals based on personal, statistical and behavioural data or by active permission given by the users. These processes are continuously optimised on the fly and precisely monitored. Online marketing is often set up in form of campaigns for relatively short time periods with specified goals.

With the wide availability and acceptance of online-transactions marketing messages can be easily converted into the desired results.

Effectiveness of online marketing can be computed very exactly in relation to its cost.

Traditional online marketing is based on conventional marketing theory and has been consequently developed further since the rising of the Internet. Albeit it is still based on a rather rigid top-down model, online marketing has come a long way when comparing it to the offline marketing of the mass media age: now very accurate, small, personalised, fast and cost effective campaigns may be undertaken and monitored in real time. Very relevant data on user preferences is gathered and can be used to optimise all marketing measures.

Traditional online marketing is very much aiming at transaction/purchase, visits of online outlets and image.

Social media is a set of technologies developed for Internet users to generate content and connect to each other. Many of these tools are suitable for marketing objectives.

Social media is founded on the power of *social*: individuals joining together, producing and sharing information in groups – and trusting each other.

Marketing application in social media is relatively recent and not as settled as traditional online marketing.

Social media marketing puts marketers in a very unusual position: they are yet another participant in a big conversation, exposed to the dynamics of the crowd. It is the user that

chooses whether he wants to be involved with a company and not a brand that is exposing him to marketing messages. And once he chooses to allow a brand into his sphere, it's a dialogue that is expected, not a monologue as it used to be. This inversion of classical schemes is not felt to be reassuring by marketers. Furthermore no precise monitoring data is yet available for social media as marketers are used to in other disciplines.

Social media marketing is a long-term effort aiming at creating and maintaining relationships with customers and thereby disseminating positive branded content. The promise is to activate customers and engage with them in a very close and long-lasting conversation.

From what we've seen in practice, social media marketing is set to develop channels for service, image and contagion, based on rapid customer service, trust and content suitable for contagion and emotion.

If online marketing was an evolution from offline marketing, social media marketing might be a revolution.

But both tools cannot be seen in isolation: they must work in combination and influence each other positively (as well as being aligned with the entire marketing setup).

Still they have very different rules. Social media is not yet another add-on to traditional marketing management. Basic marketing theory may need some adoption to integrate the new tools.

Social media itself appears to be well established within users, younger generations will grow up using it. User reinforcement through communication and connection to peers is set to last.

Companies through social media have the opportunity to become more authentic and credible organisations as well as strengthen their performance based on strong and long-lasting relationships with their customers.

They may achieve such goals by understanding the new rules and their customers:

- Initially listen what is already being discussed about the company

- Look out where the customers are already engaging

- Setting goals that should be achieved

- Choose the channels or develop own applications

- Make sure that authentic and emotional content is available or produced

- Remember that – as a brand – it is all about trust, honesty and transparency.

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# 7 Appendix

## 7.1 Detailed results of "online snap shot" and raw data

See Excel sheet "Senoner Raw Data and Calculation.xlsx"

@ http://www.nea.at/Arno_Senoner_Raw_Data_Calculation.xlsx.zip

## 7.2 Detailed results of "online snap shot" by brand

| | |
|---|---|
| **Base mobile telephony** | Online marketing and social media marketing are very well integrated, use of social media marketing as service channel with fast responses and "real" service personnel, offline content (video) is suitable for social media marketing, gives emotional background for word-of-mouth. |
| **Burberry** | Brand has a large fan base that is well prepared for word-of-mouth and needs no special activation and online content. Brand creates high quality and viral content in form of sponsored music videos and glamorous content. Very high viral propagation of messages (> 8m). |
| **C&A** | Problems with regionalisation, video content is not suited for social media marketing, passion problems. Use own applications for user generated content. Users do not interact heavily. |
| **Costa Crociere** | No content suitable for social media marketing, mostly website and PR material, no dialogue, users are not allowed to post on main Facebook page, user support each other in service requests. Therefore low usage for social media marketing tools. |
| **Daimler-Benz** | Social media marketing is not very well connected to online marketing tools, social media marketing regionalisation through Facebook pages for every dealer is an interesting strategy. Large brand reputation is interpreted validly for word-of-mouth-ready content. Some issues with regional vs. global content in social media marketing. |

| | |
|---|---|
| **Deutsche Post** | Social media marketing as service channel, e-commerce application integrated in social media marketing. Large user base are available with more passion related content as the Formula1 sponsorship of DHL. Use of social media marketing for internal and recruiting purposes. |
| **Deutsche Telekom** | Very high used service channels, brand tries to segment its social media marketing channels by service, corporate info and vision. Passion is created by specific content that provides large viral distribution. Use of business social media for internal and recruiting purposes as well to spread info among business customers. High degree of integration. |
| **Edeka** | Online marketing is not very focussed, is still based on print publications. Social media marketing Not integrated in Online marketing. No social media marketing strategy visible. Facebook fan site managed by users. Single retailers maintain Facebook presences. |
| **Ferrero / Mon Chéri** | Online marketing and social media marketing absolutely not linked to each other, social media marketing community rel. large, no large adoption of social media marketing. |
| **Ford** | Social media marketing not very visible in traditional online marketing, but all used channels are managed professionally, real dialogue with users, high activity. |
| **Immonet** | Social media marketing used mainly as service channel, strong use of mobile apps as service tools, Presence in business social media to access corporate customers, some video content is suitable for viral propagation, good integration between online marketing and social media marketing |
| **Lufthansa** | Online marketing and social media marketing integration very thorough, activation of users to create own content is well developed, also by building own social media applications, customer segmentation and targeting well realised in social media marketing (business customers, younger and older target groups, employees). Content provided for social media marketing is suitable and propagated by users. The company has established an own |

aggregator site summarizing all current social media marketing activities.

| | |
|---|---|
| **Mars** | Online marketing seams not well developed, no social media marketing tolls used. |
| **Microsoft** | Content provided for social media marketing is not well suited, mostly PR. Interaction with users is carried out promptly, some fan basis allows for rel. high activity, regionalisation issues between markets. |
| **Statoil** | Sharing of content via social media marketing is prepared |
| **Targo Bank (ex Citi)** | Social media marketing activities detached form online marketing, Passion problems, no valuable content, low activity, fast responses to users. |
| **TUI Travel PLC** | Large Facebook channel with complete e-commerce application (booking), Facebook team is introduced and depicted by name, Youtube content is not especially adapted, due to known testimonials one clip has reached a large audience, Integration with online marketing is given. |
| **Volksbanken** | Passion problem, content available does not help, topic is problematic for positive emotions, small company. Some negative campaigning by private users due to controversial views on sport sponsorship by brand. |
| **Yves Rocher** | Customers are motivated, high subscriber number in social media marketing, content is rather static |
| **Zurich Insurance** | Very transaction oriented direct-insurance, mobile service app, no social media marketing relevant activities. |

## 7.3 Overview of figures

Fig. 1: The Facebook button on a mobile phone

Fig. 2: Sender – message - receiver

Fig. 3: Shared characteristics of Onine Marketing comm. tools

Fig. 4: Types of communication  and online mark. com. tools

Fig. 5: Approaches to Defining Disciplines in IMC

Fig. 6: Don Draper of "Mad Men" TV series, see video at http://vimeo.com/7152322

Fig. 7: Building Blocks of Social Media

Fig. 8: Age distribution US social media users 2010 (Source Google Ad Planner)

Fig. 9 Media time spent in U.S.

Fig. 10: Perception gap (IBM Social CRM)

Fig. 11: Service-Dominant Logic is Inherently Collaborative (Lusch, Vargo)

Fig. 12: 2 different types of targeting (Gummesson 2002)

Fig. 13 Comparing bureaucratic-legal values with relationship and service (Gummesson 2002)