Aalto University
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Strategic framework for utilization of social media: establishing link between strategic marketing and social media

Marketing

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OBJECTIVE OF THE STUDY

The broader aim of this study is to understand how firms can utilize social media most effectively. The previous research indicates that for a firm to be able to harness the benefits of social media the view should be more strategic. However, there are only few existing researches concerning strategic view on social media. Thus, the purpose of this study is to fill this research gap by establishing a link between strategic marketing and social media and by developing a conceptual framework for strategic utilization of social media.

RESEARCH METHOD

The research is two-folded. First, the research framework was built based on previous research and academic discussion in the fields of strategic marketing, digital marketing and social media. The framework was then validated with empirical research, including several semi-structured interviews with social media experts and managers working with social media. By combining the interview data with the research framework the empirically grounded framework was developed.

FINDINGS

To emphasize the importance of strategic approach in utilization of social media, a link between strategic marketing and social media was established. In addition, five key processes needed for effective utilization of social media are identified: *(1) strategy development, (2) implementation process, (3) value co-creation process, (4) performance assessment* and *(5) information management.* A conceptual framework for utilization of social media was build based on these processes to indicate the role of each individual process and the connections between the processes.

TUTKIELMAN TAVOITTEET

Tämän tutkielman tavoitteena on selvittää kuinka yritykset voivat hyödyntää sosiaalisia medioita toiminnassaan mahdollisimman tehokkaasti. Aikaisemmat tutkimukset osoittavat, että sosiaalisten medioiden tehokas hyödyntäminen vaatii strategista lähestymistä ja kokonaisvaltaisempaa suunnitelmallisuutta. Kuitenkin sosiaalisen median strategista hyödyntämistä on tutkittu aikaisemmin vain vähän. Tämän tutkimuksen tavoitteena on osoittaa sosiaalisen median yhteys strategiseen markkinointiin ja rakentaa viitekehys, kuinka sosiaalisia medioita voitaisiin hyödyntää strategisesti yrityksissä.

METODOLOGIA

Tutkielma koostuu kahdesta laajemmasta osa-alueesta. Ensimmäinen osa koostuu kirjallisuuskatsauksesta, jossa tutustutaan aiempiin tutkimuksiin liittyen strategiseen markkinointiin, digitaaliseen markkinointiin sekä sosiaaliseen median. Tämän kirjallisuuskatsauksen perusteella luodaan teoreettinen viitekehys, joka validoidaan empiirisen tutkimuksen avulla. Empiirinen aineisto koostuu puoli-strukturoiduista haastatteluista sosiaalisen median alan ammattilaisten sekä yritysjohtajien parissa. Haastattelujen avulla kerätty aineisto analysoidaan ja tulosten perusteella viitekehykseen tehdään tarvittavia muutoksia.

TULOKSET

Tutkielma muodostaa linkin strategisen markkinoinnin ja sosiaalisen media välille, korostaakseen sosiaalisen median strategista roolia. Lisäksi tutkielman perusteella rakennetaan viitekehys sosiaalisen median strategiselle hyödyntämiselle. Tämä viitekehys koostuu viidestä ydinprosessista: *(1) strategian muodostaminen, (2) implementointi, (3) arvon luominen, (4) toiminnan arviointi* sekä *(5) tiedon hallinta.*

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1. INTRODUCTION

This study is a master's thesis conducted in the Aalto University School of Economics and the aim of this study is investigate how social media could be utilized in a firm to gain most value out of it. This first chapter provides an introduction to the study. First the background of the study and research problems and objectives are discussed to explain why this topic is especially interesting from not only the academic point of view but also from the managerial perspective. Then the research methodology and scope are presented. Finally the outline of this study is presented chapter by chapter.

1.1 Background

In today's society utilizing Internet has become part of people's everyday life. Internet enables communication, searching information and running different kinds of businesses, all independent of time and place. More and more people are spending their free-time on the Internet as well: they play games, watch videos, listen to music, communicate with their friends, and read and write blogs. This is where social media plays an important role: it allows people to interact and communicate with each other in real-time through different kinds of services.

In spring 2010 42 % of 16-74 years old Finns had a registration in a social media community like Facebook or Twitter and 34 % of the same group are using the services at least once a week. Nevertheless, it is even far more common among the younger generation: 83% of the 16-24 years old had a registration and 76 % of them are using social media at least once a week. (Tilastokeskus 2011.) Some studies even suggest that Internet has become the most important media for youngsters, even over television (Taloustutkimus Oy 2008). According to SocialBakers Facebook statistics (2011), around 1.86 million Finns are in Facebook, which equals to one third of the population.

As social media services are that popular among the consumers, how are firms responding to this; are they able to utilize social media to their advantage? At first social

media was seen as a medium for consumers to interact with each other. But nowadays there are more and more companies present in different kinds of social media services. There are many success stories how companies have been able to build brand awareness with creating interesting videos in Youtube or create buzz around the company with genius advertising campaigns in Facebook. Among US companies more than third are utilizing social media in their marketing (Taloussanomat 2010).

In Finland among big and medium-sized companies 63% of the companies have never used social media in sales or customer service (Markkinointi ja mainonta 2010). A quantitative study done by Inkeroinen (2010) presents that almost half of the studied Finnish firms (n=114) are utilizing social media in some way. When communication agency Sopranos (2011) conducted an e-survey among managers from different fields (n=2076) during fall 2009, they found out that only 42 % of Finnish companies are using social media knowingly. In the same study they found that only 22 % of Finnish companies find social media as important part of marketing communications, which refers to the fact that the value of social media for companies is not understood in firms.

These figures related to firms utilizing social media are given to show an estimation of the situation how firms have adopted social media tools. Things are developing really fast, new services are created almost on a daily basis and more and more companies are getting interested in utilization of social media since the overall awareness is growing substantially. Thus, with these limitations in mind it can be stated that the companies are not yet leveraging the new technologies to develop their business as much as they could.

Also in the academic discussion the focus is on individual tools and specific use-cases of tools are presented. For instance, there is a lot of discussion specifically on online communities and their relation to word-of-mouth (WOM) and product development; how online communities can be utilized in product development or how firms can generate WOM through specific set of actions (see e.g. Kozinets et al. 2010; Pitta & Fowler 2005; Dwyer 2007; Kristensson et al. 2004; Kozinets et al. 2008). But more broad approach is missing. With simply establishing presence in social media is not sufficient to ensure the business value for a firm (e.g. Culnan et al. 2010; Bernoff & Li

2008). There are more strategic measures needed for efficient utilization and gaining real value from social media (Bernoff & Li 2008).

Not only social media as such but especially the link between strategic marketing and social media has received only a little attention in academic discussion (Brady et al. 2008; Simmons 2008; Truong & Simmons 2010; Bernoff & Li 2008; Culnan et al. 2010). But the discussion is moving towards more strategic approach and the emphasis is more and more on how companies are gaining business value from utilization of social media and how to measure the value (see e.g. Culnan et al. 2010; Nair 2011; Kaplan & Haenlein 2010). Firms haven't been able to take advantage of the possibilities social media provide and there is not enough skill and know-how among the managers to decide about the actions. They are unaware what is expected from them in case they want to build more strategic approach to social media. It is also hard to justify that the resources put in social media activities are really an investment rather than simply costs (Bernoff & Li 2008). The challenges with measuring the effects of social media are quite similar to the ones with marketing in general: it is difficult or even impossible to prove and demonstrate what the value and benefits of social media are.

In Whitepaper published by Avenade (2008) there is a discussion on how social media can be utilized in gaining maximum value of customer relationship management:

> *"The emergence of new social media technologies gives businesses the opportunity to change the way they relate to customers, shifting the focus from managing transaction to building deeper relationships".* (Avenade 2008)

The similar discussion should be around utilization of social media in general. In 2010-2012 Marketing Science Institute's (MSI) Research Priorities booklet there is an urge for research on how value can be delivered to a firm through social media. They raise a specific question *"How should firms use new media to interact with and enhance relationship with customers and value-chain partners?".* These different aspects raised the interest towards investigating the possibilities of social media from a firm's perspective in more detail.

The previous research indicates that for a firm to be able to harness the benefits of social media the view should be more strategic. However, there are only few existing researches concerning strategic view on social media. Thus, the purpose of this study is to fill in this research gap by establishing a link between strategic marketing and social media and by developing a conceptual framework for strategic utilization of social media.

1.2 Research problem and objectives

There is clearly a need for building more strategic approach towards social media both on the managerial and the academic side. The aim of this thesis is to combine different elements related to social media and to build a strategic framework for utilization of social media. It could help firms and managers to understand the possibilities what the effective utilization of social media could offer. Social media should be viewed as a tool for strategic marketing and social media strategy can be used to enhance customer value and as a result creating shareholder value. Only by carefully building a strategy can all the benefits of utilization of social media be harvested in a firm.

Thus, the objective of this study consists of the following research question and three defining sub questions:

1. How to build a strategy for an effective utilization of social media in a firm?
    a. What is the link between strategic marketing and social media?
    b. Which are the core processes in strategic utilization of social media?
    c. How could these processes be combined to establish a conceptual framework?

The main objective of this study is to study how firms can build a strategy for an effective utilization of social media. As the literature indicates an effective utilization requires more strategic approach on social media (see e.g. Truong & Simmons 2010; Bernoff & Li 2008; Culnan et al. 2010) and thus the link between strategic marketing and social media is explored in this study. Building a strategy requires processes from a

firm's point of view and therefore the core processes related to social media strategy are investigated. To build a coherent strategy, the linkages between the processes are established in a form of strategic framework.

The research question takes the approach to social media from a firm's perspective. The aim of this study is first to examine the elements related to social media and then the issues are established into processes: through what kind of processes is an effective social media strategy build that leverages value for a firm. The idea is to examine, what kind of resources and operations are needed from the firm's perspective and in a consumer context. From a strategic point of view social media is not only different kinds of tools and thus the individual tools are not examined as such. The level should be held as general as possible to make the resulted framework more transferrable to different kinds of situations in different kinds of firms.

1.3 Research methodology

The main goal of this thesis is to build a strategic framework for utilization of social media. According to Eisenhardt (1989) conceptual frameworks are typically based on combining previous literature, common sense and experience. All of these aspects are taken into consideration: the first part of the study contains a literature review and in the empirical part there are semi-structured interviews done to gain the common sense and experience from people actually working with social media. Common sense is also used in analyzing the interview data and identifying most relevant processes and building the framework from the processes.

The literature review of this study contains an overview on the academic discussion in the journals and related books concerning social media. Secondary sources of information such as blogs, articles in magazines and newspapers have been utilized to enrich the study. In the area of new technologies like social media there is constantly new information available due to the fast development of the services and if the consumers are currently interested in one particular service, it's impossible to predict what the situation is in the following weeks, for instance. Thus, it is important to use

also these additional sources of information. In addition some information and ideas have been gathered from various seminars and lectures related to the topics of digital marketing and social media during May 2010 – March 2011. This is done to build a broader overview and to ensure that the most up-to-date information is received constantly.

Based on the literature review a link between strategic marketing and social media is established and framework for utilization of social media was developed. The key processes for the strategic utilization were identified and based on their interrelations the framework was build. For the empirical part of this study there was a qualitative research conducted in the form of semi-structured interviews. The aim of the interviews was to validate the framework. The interviewees were selected based on their knowledge on social media. In order to gain broader knowledge on how firms are utilizing social media in their businesses, representatives of digital agencies and social media consultants and also managers working with social media were interviewed. The purpose of this study is to reveal the potential of social media that is not yet utilized and thus the emphasis in the interviewee selection was on the representatives of digital agencies and social media consultant who obtain broader level of knowledge of strategic possibilities in social media.

The interviewees were first asked general questions related to social media utilization. Then the framework was presented to them to gain direct feedback for the model. The framework was then modified based on the findings from the interviews and hence the empirically grounded framework was established.

1.4 Outline of the study

The next three chapters of this study present the literature review. First the strategic marketing is discussed in chapter two to establish an understanding of a more strategic role of marketing. The marketing orientation and information management as well as performance monitoring and assessment are included in this chapter.

Chapter three provides an overview on social media. First the characteristics of social media and the social media tools are presented briefly. The emphasis of this chapter is on the opportunities of social media. Also the challenges related to utilization of social media are discussed. Chapter four establishes a link between strategic marketing and social media and also the building of social media strategy and performance assessment of social media are discussed. Chapter five concludes the literature review by establishing a strategic framework for utilization of social media.

In chapter six the research methodology and design are presented in more detailed and the issues related to the data collection and analysis are discussed. In chapter seven the findings of the interviews are presented in two distinctive parts and the discussion and analysis of the findings are presented in chapter eight together with the empirically grounded framework. In chapter nine a conclusion of the study is presented and also the managerial implications are discussed. The limitations of the study and suggestions for future research are provided in the end of the final chapter.

2. STRATEGIC MARKETING

This chapter forms a basis for the strategic approach on social media and establishes understanding of a more strategic role of marketing. Thus, this chapter gives an overview on strategic marketing and presents an example of how a strategic framework can be build and what it should consist of. First the role of marketing and its shift into more strategic approach is discussed briefly. The connection between marketing and core business processes is established and the role of market-orientation is discussed including an example for strategic framework. In the end of this chapter the performance assessment and value of marketing is discussed as part of strategic marketing.

2.1 Change towards more strategic approach

The environment for marketing has changed a lot during the last few decades. The firms have to face fragmented markets, strong global competitors, product commoditization, shorter product lifecycle and increased power of consumers and other channel members. The benefits of marketing are not that clear anymore since traditional tools are not that effective in the current market. (Kumar 2004, 1-4). In addition the meaning of and the view on marketing have changed. Previously marketing was mainly considered as advertisement and almost as a synonym for Kottler's 4Ps; i.e. product, place, prize promotion. However, already in the beginning of 1990's the role of marketing was shifting towards more strategic and it began to have an important part in firm's success (Webster 1992).

Today more writers are defining marketing with broader terms and the emphasis is on the customer relationship management and providing services (Tikkanen and Vassinen 2010, 14). It is not enough for a firm to plan on the individual tactical measures such as advertisements or commercials. The marketing tactics should be viewed from the customer and other stakeholder relationship management's point of view; what kind of

an impact do the marketing activities have in the relationship between the consumers and a firm. The definition of marketing by American Marketing Association (AMA) is often referred to in marketing research reflecting the current state of the field of marketing. It is revised on regular basis and the original definition for marketing is from 1935 stating:

> *"Marketing is the performance of business activities that direct the flow of goods and services from producers to consumers."*

The latest version of definition of marketing is from 2008:

> *"Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large."*

The difference between these two definitions indicates the change in the field of marketing and suggests that currently marketing is viewed more broadly. Also the emphasis is on the value-creation and the relationship-based view can also be identified from the definition. Thus, it can be stated that the approach is more strategic. As the purpose of a firm is to create customer value and serve their customers´ needs, to be able to deliver this, marketing should be part of everyone's job in an organization (Kumar 2004, 5-6; 25).

According to Srivastava et al. (1999) marketing includes all the activities that work towards a common goal of providing superior value for customers. They tend to emphasize the more strategic role of marketing while trying to establish a link between marketing and the core business processes in a firm. According to them marketing should not be viewed solely as a function on its own but rather see it in connection to firm's *core business processes*: (1) product development / PDM, (2) supply chain management / SCM and (3) customer relationship management / CRM (Srivastava et al. 1999).

According to Srivastava et al. (1999) all the individual marketing tasks must be connected to specific sub-processes within each core business process as they define them in more detailed. The first process, PDM is a process that aims to create solutions customers need and want. SCM incorporates acquisition of all physical and currently

increasingly informational inputs as well as the efficiency and effectiveness with which they are transformed into customer solutions. The third core business process, CRM, addresses all the aspects of identifying customers, creating knowledge, building customer relationships and shaping their perceptions on the organization and its products. (Srivastava et al. 1999) Based on these definitions the division of the marketing tasks can be done accordingly.

Term strategic marketing as such refers to a broader view on marketing; marketer should be able to think about marketing from a larger perspective than just tactical 4Ps. In strategic marketing the marketing efforts are viewed as more transformational and organization-wide initiatives that *(1) deliver value to customers*, *(2) require high level of marketing expertise*, *(3) need cross-functional team* and *(4) are result-oriented* (Kumar 2004, 7-8.). The distinction between the term strategic planning and tactical measures is really essential in this study, since the idea is to build more strategic view on social media rather than using tactical measures. In short, tactical refers to merely *"how"* whereas strategic planning contains also thinking about *"what"* and *"why"* behind the actions, and thus it gives more broad and thorough view on the business.

2.2 Market orientation and information management

One of the key concepts in strategic marketing is *market orientation*. Since the success of a firm depends on its ability to develop and produce products that meet customer needs (see e.g. Stoelhorst & Raaij 2004; Vargo and Lusch 2004), the market orientation and information management is in the essential part of strategic marketing. Also Webster (1992) states that the most successful firms are market-oriented as they have the needed skills for collecting and utilizing market information in their core competences. According to Srivastava et al. (1999), market-oriented environment is created by combining marketing with the core business processes, which leads to better customer satisfaction and thus increases the value of the stakeholders.

As market orientation has received wide attention in the literature Stoelhorst and Raaij (2004) have developed a unifying framework based on these discussions and in figure 1

the different perspectives on market orientation are presented. According to the framework market-oriented firm can be seen as a firm that is collecting information from the market and thus obtains knowledge concerning the market. They also argue that this kind of a firm is able to turn the obtained knowledge into customer value and can also adapt to the changes in the markets. (Stoelhorst & Raaij 2004.) Clearly the emphasis of this framework is on the information processing, since constant information management is required from a market-oriented company.
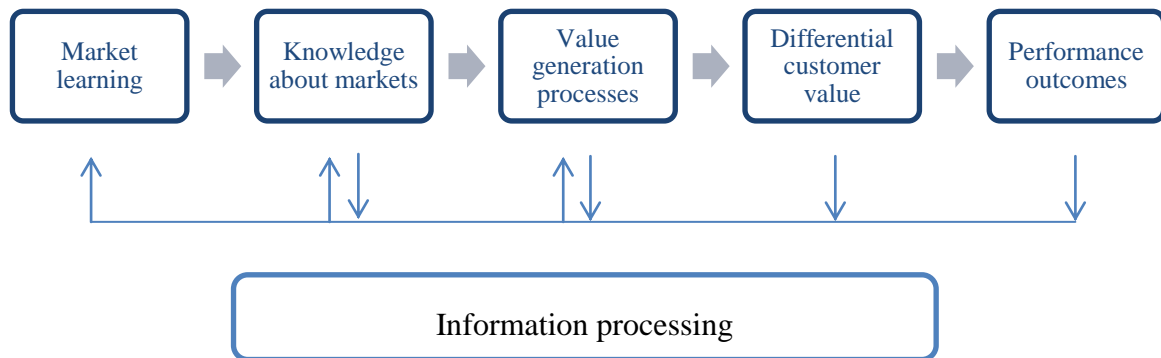
Figure 1 Different perspectives on market orientation in light of the unifying framework (Stoelhorst & Raaij 2004).

Information management has an important role also in a strategic framework for CRM developed by Payne and From (2005) for CRM. Thus, the framework is an example of a strategic approach in one of the key business processes mentioned by Srivastava et al. (1999). In their framework they identify strategic processes that take place between the firm and its customers in CRM: (1) strategy development process, (2) value creation process, (3) multichannel integration process, (4) information management process and (5) performance assessment process. They chose to establish a process-based framework to emphasize the strategic approach (Payne & Frow 2005) and in the process selection they have utilized the four process selection criteria established by Srivastava et al. (1999), which also indicates a strategic view on framework.

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Payne and From (2005) established a definition for CRM based on their study:

> *"CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications."*(Payne & Frow, 2005)

Based on their framework and the definition for CRM, it can be stated that their approach on CRM is rather strategic and market-oriented and in addition the cross-functionality of a firm is emphasized. This framework possesses few similarities with the above-mentioned framework by Stoelhorst & Raaij (2004). They both obtain the strategic approach and have an emphasis on performance monitoring, information processing and learning. Both of the frameworks also refer to the value generation, both for the customer and the firm and in addition, both of the frameworks indicate cross-functional processes. When compared to the four aspects *(value to customers, high level of marketing expertise, cross-functional team and result-oriented)* Kumar (2004, 7-8) presented in relation to strategic marketing it can be noticed that the framework presents the common elements of strategic marketing.

2.3 Performance monitoring and assessment

One of the most essential parts in any strategy is setting targets and evaluating the performance. For marketing strategies it is useful to set targets for the activities to be able control its efficiency and to assess whether the targets are met. (Weber 2007, 64-65.) And following-up the results is almost as essential as setting the targets in any strategic activities. According to Varadarajan (2010) strategic marketing decisions can

be viewed as decisions that can have a major impact on firm's long-term performance, thus the focus should be on the longer term performance.

In many firms the money put into marketing is viewed as costs rather than as an investment. For a while now marketers have been trying to find proper ways to show the benefits and value of marketing to a firm. There is a need for measuring and calculating the financial value of marketing for firms since marketers are getting more accountable for their actions. (see e.g. Bick 2009; O'Sullivan & Abela 2007; Shankar & Malthouse 2007.) It may be difficult to justify the spending and what kind of impact it has on shareholder value and using purely financial methods has proven inadequate for justifying marketing investments. Rust et al. (2004) identify few challenges related to marketing performance: (1) relating marketing activities to long-term effects, (2) separating individual marketing activities and (3) using both financial and nonfinancial metrics.

Ability to measure marketing performance requires that firm can measure both financial and nonfinancial factors (O'Sullican & Abela 2007). Thus, there are different kinds of objectives that can be set for the marketing activities. Here is an example of the list of objectives presented by Weber (2007, 113) including both financial and non-financial objectives:

> (1) **Marketing objectives:** improving customer relationship, improving channel relationship, building market share, building brand awareness, inducing product trial

> (2) **Financial objectives**: boosting sales revenue from specific goods and services or improving marketing return on investment.

> (3) **Societal objectives:** building awareness of and involvement in charitable or civic activities and increasing awareness of specific issues (energy conservation, environmental protection, and the like)

From these objectives firm can select the ones that they want to be following as their key performance indicators (KPI). When a firm has established their KPIs it is easier for them to evaluate the actions (O'Sullican & Abela 2007).

Building strong customer relationships are nowadays seen as a key to firm's profitability (see e.g. Johnson & Selnes 2004; Vargo & Lusch 2004; Kumar 2004). Were as sales-oriented firm focus on the products and the profits are earned through sales volume, in marketing-orientated firm the focus is on customers and profits are received through customer satisfaction (Vargo & Lusch 2004; Kumar 2004, 24). Providing better services and products to the customers it has a positive impact on customer satisfaction and this results in increased profitability from a firm's perspective (Campenhausen & Lübben 2002).

Building customer relationships may be quite expensive investment for a firm. Johnson and Selnes (2004) see a trade-off between two different sources of profitability: (1) economies of scale and (2) customer portfolio lifetime value. The first one emphasizes the amount of customers in order to be able to lower the costs through economies of scale. The latter refers to building relationship with the customers and appreciating the entire lifetime value of a customer. Firms are usually trying to evaluate the value of marketing by calculating the customer equity and brand equity (Bick 2009) and for calculating the financial value of a customer the net present value methods, i.e. customer lifetime value/customer equity, are widely being used (Ryals 2008). For customer lifetime value (CLV) there are three components that are taken into consideration (Dréze & Bonfrer 2008):

1. Duration of the relationship
2. Value of each customer-firm contact
3. The frequency of the contacts

It may be difficult to evaluate the value of an individual customer and may not be of that much interest to a firm. Thus, Johnson and Selnes (2004) emphasize the value created by the entire customer portfolio, not the value of a single relationship.

Even though building a relationship with the customers affects firm's profitability, it is not necessary to build a close relationship with all the customers. According to Johnson and Selnes (2004) there are three different kinds of customer relationships that can be created: *acquaintances, friends* and *partners*. These relationships vary on how deep the relationship is and how much effort is put in it. Acquaintances are at the basic level and

it creates parity value. By providing differential value suppliers can create friends and partners by providing customized value (Johnson & Selnes 2004).

3. INTERNET AND SOCIAL MEDIA

This chapter gives a brief overview on social media. First, the characteristics of social media are presented: the term social media is defined in more detailed and the nature of social media is presented as a many-to-many communication channel. After that, the social media tools are presented. This is done only briefly since the focus of this study is not on the tools as such, but rather on the opportunities these tools bring, which will be discussed afterwards. In the end of this chapter the challenges related to utilization of social media are presented.

3.1 Characteristics of social media

We are living in a world where Internet plays a major role in consumers' everyday life. Consumers run errands, read emails, contact friends, search for information and do all other activities on the Internet almost on a daily basis. They expect to find the information needed quickly and easily. It is important that the consumers have the possibility of meeting firms on the Internet and that they are able to discover their offerings effortlessly. According to Samiee (2008) it may be harmful for a firm in case consumers don't have the opportunity of meeting the firm online, even though from the firms' perspective it may seem like being on the Internet does not necessarily bring any additional value to either the firm nor the consumers.

From a firm's perspective being on the Internet can mean a lot more than simply having web pages with basic information about the firm. They can buy banner advertisements, have Google AdWords campaign, provide special offers to their customers in the form of online coupons, they have the opportunity of publishing press releases, or utilize email to send direct marketing to their customers, to name a few. In addition to these, firms can utilize Internet as a two-way communication channel, offering consumers possibilities to interact with the firm by giving feedback, take part in questionnaires, providing content on the Web and so on. (Perry & Bodkin 2002.) This kind of

interaction and two-way communication with the consumers is enabled by the available social media tools.

The term *social media* has been used in relation to marketing since the early 2000's. Before the term established wide recognition among the population, public discussion was related to different kinds of *online communities* on the Internet. Few years back *Web 2.0* was also widely used term, introduced by O'Reilly in 2005. The term Web 2.0 has a strong emphasis on the technologies used, not only for communication but also for co-creation and dividing of the content on the online communities. Thus, it can be stated that compared to the more technological term *Web 2.0* by O'Reilly (2005), the emphasis of *social media* is more on the social part: content creation and interaction between users that are enabled by different kinds of technologies.

Social media is more than the tools and *technologies* utilized. Equally important parts are *content* that users generate and the *communities* where the content is consumed. (e.g. Mazurek 2009; Weber 2007, 17-29.) Only by understanding these three parts of social media can firms realize that it is not enough to only consider the tools used; one must take into account the *tools, content* and *communities* when considering the utilization of social media (table 1).

Table 1. The essence of social media.

SOCIAL MEDIA		
Technologies	Content	Communities

Most of the social media tools are free of charge both to the consumers and firms, at least the basic forms of the services. This is part of the reason why they have achieved such a wide-spread popularity among both of these groups. From firms' perspective they can be seen as a tempting opportunity to be used in marketing and communications. In addition to the fact that they are often free-of-charge, they provide new ways for a firm to be in contact and engage with the consumers. A firm can choose whether they want to take part in and be present as the firm, a brand or in form of a product. Or they

can choose to remain anonymous which is attractive and intriguing way to take part in the conversations.

Traditionally the communication between a firm and a consumer has been one-way communication where the communicator is usually the firm and they have a message they want to communicate to a certain group or a segment of consumers. This kind of traditional communication is still widely used also on the Internet. For instance it can be static information on a firm website or a banner ad on a web page which target group utilizes often. Social media offers a possibility for two-way communication (Pitta & Fowler 2005). This two-way communication is communication not only between a firm and a consumer but also between consumers as well as between the consumer groups and the firm. In figure 2 the two-way communication model is presented. Since in reality the process involves more than just two parties, it can be stated that the communication is more of a *many-to-many communication* (Pitta & Fowler 2005; Roberts 2008, 11) or even a *gathering*. However, even though the communication is between all the different parties, firm being one of them, firms should let their online communities be on their own and not to control them too much (Dwyer 2007).
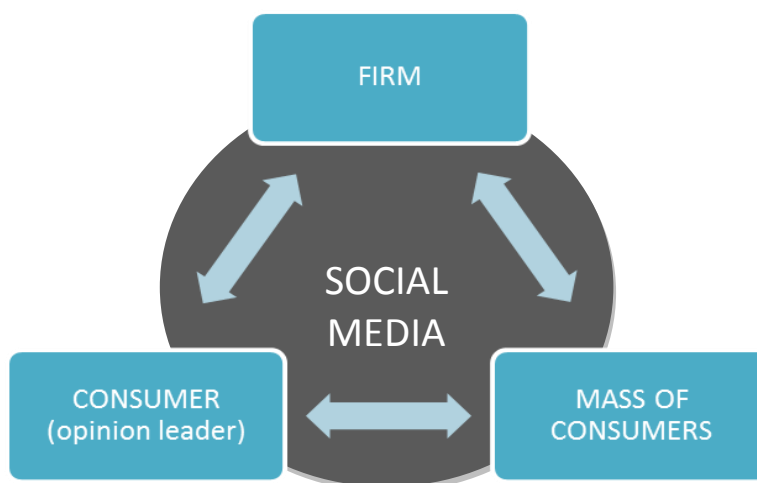
Figure 2. Utilizing social media in many-to-many communication *(adapted from Pitta & Fowler 2005).*

Pitta and Fowler (2005) also discuss how firms should target their messages in social media and for that they present *a two-stage advertising model*. According to this model,

the best way for a firm to communicate is to identify the opinion leaders to be able to reach the masses of consumers through them. These opinion leaders can be the most active participants in forums or the writer of most popular blogs, for instance.

3.2 Social media tools

Social media tools are constantly under transformation. New ways of interacting and engaging are developed on a daily basis and only few of the inventions come popular worldwide. No one can predict what kind of tools the firms and consumers are attracted to after the next 5 years, for instance. Due to this, in this study the tools are presented only briefly to discover what kinds of opportunities and possible threats they can bring to a firm. This is also owing to the fact that in creating social media strategy the most important thing is not the tools but rather the content (Ball, 2010) and the tools are only enablers of sharing the content. The use of social media should be integrated with other marketing practices to gain the most value (Brodie et al. 2007) and therefore the question of which particular tools are used to achieve the goals is not that meaningful.

Social media tools can be divided into different categories based on the purpose of use. This is an easy way to demonstrate the wide range of tools in a comprehensive and concise manner to get a quick overview on the possibilities. Constantinides and Fountain (2008) divide the Web 2.0 tools into five different categories based on their application types:

1. Blogs and podcasts
2. Social networks
3. Communities
4. Forums/bulletin boards
5. Content aggregators

This categorization of Constantinides and Fountain (2008) has also been adapted by Lehtimäki et al. (2009). Since this list was created few years ago and it was done for *Web 2.0* tools and not especially for social media tools, it can be used as a basis for

building the classification for social media tools but it is not applicable as such. For instance, *content aggregators* are used for categorizing and customization the web content and podcasts such as digital audio or video that can be streamed or downloaded to portable devices (Constantinides & Fountain 2008). Thus, it can be stated that they have strong emphasis on the technology part, not on the social aspects and they can be left out from this new classification due to their merely technical approach.

As a conclusion, adapting the classification of Constantinides and Fountain (2008), in this study the social media tools are divided into 6 groups to meet today's current possibilities and to have more emphasis on the *social* aspects (vs. Web 2.0 *technology*). The categories are presented in table 2.

Table 2. Categorization of social media tools.

1. Blogs	Online journals/diaries where people can post ideas, images and links
2. Social networks	Applications allowing users to build personal websites accessible to other users for echange of personal content and communication (e.g.Facebook, LinkedIn)
3. Online communities	Site organizing and sharing particular type of content and ideas (usually between *members)* around a brand or a special topic of interest or organization, for instance
4. Content communities	Site organizing and sharing content (not necessary members only) (e.g. YouTube, Wikipedia)
5. Forums	Site for communication and exchanging ideas and information, usually around special interest
6. Virtual worlds	Site for communication and interaction via avatars (e.g. SecondLife, World of Warcraft)

3.3 Opportunities for involvement in social media

There are quite many success stories of how firms have raised global awareness by posting a fascinating video in YouTube or building an interesting campaign in Facebook that attracts thousands and thousands of people to join the Facebook page. For instance, a Blentec company with only very small marketing budget started a viral campaign "Will it Blend?" for their blenders in YouTube presenting their blenders mixing just about anything from a golf ball to an iPad. In few years Blendtec's series of videos had collected over 117 million views on YouTube and the brand is nowadays well known worldwide.

There are a lot of different kinds of opportunities for a firm to take part in social media and how to gain value from utilizing it. Weber (2007, 23-24) lists opportunities of social media such as targeted brand building, lead generation, partnership, research and development, employee communications to name the few. According to Jones et al. (2009) firms can utilize social media for building relationship with its stakeholders, protecting its reputation whilst enhancing the brand image and value, which gives also the perspective of utilizing it in a pre-emptive way as well.

In this chapter the opportunities are divided according to the level of participation. By taking an active role in social media firm creates content and has an influence on the conversation and by following they can collect and utilize the existing information. These two are a bit overlapping since when involving a firm should always pay attention to the information available in the social media.

3.3.1 Different ways of participating

There are numerous ways for a company to be active on the Internet and in social media. They can write reviews, produce own videos, give feedback and ideas for product development, add photos, comment on others' postings and so on. Active participation can mean simple things like writing posting at forums, having Facebook site or a corporate blog. Since more and more consumers around the world are taking part in social media sites, Internet offers firms a unique way to reach consumers: to have

conversation with them, receive feedback and customer complaints and create transparency in firm's operations (Kozinets et al. 2010). Firms can start new conversations or take the lead on the existing ones to create brand awareness and WOM around topics they prefer, for instance.

How willingly people are generating WOM and how they react to it depends on several issues. For instance, the product type (i.e. hedonic vs. utilitarian) moderates the effects, and readers' own interest towards the product may have an effect on how they react to the received WOM. Background of the person giving the feedback is also taken into account by the receiver of the WOM to evaluate the writer's intentions. (Sen & Lerman 2007.) Also a study conducted by Zhu & Zhang (2010) on the gaming industry shows that the product itself has an influence on the affect: online reviews are more influential for less popular games and the games whose players have greater Internet experience. In addition, according to Cheema and Kaikati (2010) people's need for uniqueness affects the amount of WOM. As an example, so called "high-uniqueness consumers" are likely to prefer products with distinctive attributes, like design and they are less willing to produce positive WOM for ordinary and publicly consumed products they are using.

Besides generating possible WOM, through social media sites firms can also utilize the knowledge of consumers and to have their input in firm's development processes. Firms can test new ideas and product concepts among the potential target groups with only minor risks and effort. For instance, a firm can introduce a new service to their fan group in online community. With the help of feedback received from the members of the community they can develop their operations by establishing new ways of thinking and doing things. (Kozinets et al. 2008.)

By reaching consumers social media presents firms many possibilities for different kinds of communication with the consumers. The conversation can be without any specific target or aimed at providing certain kind of information to the consumers. Kozinets et al. (2010) divide the communication possibilities in social media communities into four different categories: *evaluation*, *embracing*, *endorsement* and *explanation*. With these different categories a firm can choose the right kind of approach for providing information according to the place and situation. For instance,

when presenting a new product firm could provide information related to the *evaluation* of the product or when consumers are asking questions from one another in a forum firm could provide *explanations* on how the product should be used. In different site the firm might want to provide information related to the *endorsement* of the brand to create more positive WOM.

Tikkanen et al. (2009) present quite the similar but a bit simpler approach for choosing the communication strategy. They also make a distinction between *teaching* and *establishing connection* with consumers but they also emphasize that through social media a firm can deepen the relationship between a brand and consumers by providing them additional value and help in online communities. This way companies can create competitive advantage that is not that easily copied by competitors or other service providers (Tikkanen et al. 2009).

Above mentioned issues like receiving feedback, providing information and developing operations and processes is valid not only in business-to-consumer (B2C) relationships but also in business-to-business (B2B) environment. In today's markets firms need to have strong partners and effective supplier relationships to be able to compete with others and thus the competition is becoming more and more between different supplier chains (Hult et al. 2007). Collaborative communication between partners in B2B environment can foster continuous improvement of supplier performance. Firms should be working in close co-operation with their supplier and have open communication. (Joshi 2009.) Thus, social media tools could be utilized in B2B communication to improve the relationship and knowledge sharing between the partners as it is done in B2C environments as well. Nevertheless, the focus of this particular study is on the B2C relationships.

3.3.2 Observation and collecting information

For many firms the utilization of social media means similar actions related to active participation presented in the previous section. Social media offers various opportunities for firms also without taking an active role and participating. Following the existing

conversations in online forums or consumers' activities in different social media sites a firm can gain valuable information related to customer preferences and use the knowledge in their product development, for instance. It is a unique opportunity for a firm to follow the conversation between consumers: how and how much they are discussing and around what products, services, firms and brands are the discussions more active. (Pitta & Fowler 2005.)

Pitta and Fowler (2005) have identified few areas of interest related to what kind of information firms can receive by observing the existing conversation in forums:

1. Satisfaction with a service or product within different targeted communities
2. Desired or undesired features for future products
3. Degrees on brand loyalty, price sensitivity, etc. with different communities
4. Unexpected markets or uses of a product
5. Perceived direct competitors for different products
6. Changes in consumer attitudes over time

In addition to forums, similar data can be gathered from other social media services like blog postings, online communities or Facebook group. Based on the list gathered by Pitta and Fowler (2005), it can be stated that social media offers firms information not only for product development and receiving feedback but also for analyzing current and future market situation from a broader perspective. However, to be able to gain the above-mentioned information it requires analysis of the information from a firm. For instance, there is no data and ready-made analysis available on *changes in consumer attitudes over time.* The analysis of the existing information requires enough resources and time from a firm. Also, to be able to make deeper and more thorough analysis the information should be divided according to customer segments and to search whether there is difference between different consumer groups in customer satisfaction, for instance. (Pitta & Fowler 2005.)

To be able to provide markets with new desired products, firms must constantly develop their product and service offerings. Firms can utilize consumers in the product development process to be able to provide them with products and services that meet their demand. Thus, consumers can be seen as a resource that gives new perspective to

the development and that makes their input highly valuable (e.g. Kristensson et el. 2004; Seth & Sharma 2005). Utilizing consumers' knowledge in product development it gives a firm not only data for creating tailored products but it is also an important source for completely new innovations. Innovations are created based on everyday use of the product and also as a result of innovative and talented community members' thoughts and discussion. (Kristensson et al. 2004; Kozinets et al. 2008.)

Social media enables co-creation and interaction between the firm, consumers and other partners, and their participation in product development and making operational improvements. The input of online communities in product development has been studied for quite some time now (see e.g. Kozinets 2002; Prahalad and Ramaswawy 2004; Patton 2002; Kristensson et al 2004). Consumers can be seen as creative and productive part of product development project and through online communities and other social media services firms have the opportunity to discuss with the potential developers.

Kristensson et al. (2004) have studied the utilization of different kinds of consumers and their innovativeness in product development processes. Based on the professionalism as users, they identified three different kinds of consumers that can be reached through social media services (*1) regular users, (2) advanced users* and *(3) professional product developers*. They found out that as the professionals and advanced users may be the ones producing most feasible ideas, the regular users where the ones with most innovative ideas. Their input can therefore be seen as the most valuable when considering new product development. This is due to the *divergent thinking* of regular users (Kristensson et al. 2004): they are able to utilize information from different kinds of sources in product development, whereas the professional have a certain frame of mind in their way of thinking. Thus, the value of a regular user's input can be viewed as an asset for a firm and social media offers firms an excellent means to get involved with these regular consumers. According to Dwyer (2007), the most active participants and the ones that are most willing to interact with the firm acting as product evangelists can usually be found among firm's own community members.

Except in product development process, the input from online community members and from users of social media can be used also in wider development of the business processes (Tikkanen et al. 2009). As part of development of business processes, information gathered from social can also be used in offering customers better and enhanced services (Rettberg 2009). For instance Amazon is gathering information about their customers and based on their previous purchases Amazon is able to offer them books that might interest them automatically. Thus, the business processes, online services and other customer encounter situations can be developed based on feedback that is not necessarily direct but rather indirect.

The presented opportunities for participating in social media are summarized in table 3. As a conclusion the possibilities for involvement in social media are divided into two parts: involvement and observation. Even though there is a distinction established between the two, they are somewhat overlapping. For instance, considering the product development part, even though it is categorized here as part of observation there can be active participation of the firm also involved by leading the conversation or in other ways affecting the conversation in a certain service. These are only few examples of all the possibilities, but they present a wide range of different kinds of possibilities existing in social media. Also the level of involvement may vary according to the situation and needs. In some cases active participation is needed from a firm to maintain the brand image, for instance. In some other cases starting up the conversation might be enough to gain the benefits of the consumers input.

Table 3. Summary of the presented opportunities for participation in social media.

INVOLVEMENT	OBSERVATION
• **Creating WOM** (e.g. Kozinets et al. 2010; Pitta & Fowler 2005; Sen & Lerman 2007) • **Testing concepts and ideas** (Kozinets et al. 2008) **Conversation through evaluation, embracing, endorsement and explanation** (Kozinets et al. 2010) **Creating relationship** (Tikkanen et al. 2009) • **Teaching** (Tikkanen et al. 2009) • **Customer support** (Bernoff & Li 2008) • **Managing internal operation** (Bernoff & Li 2008)	• **Customer and market information** (e.g. Pitta & Fowler 2005; Sheth & Sharma 2005) • **Product development** (e.g. Seth & Sharma 2005; Kozinets 2002; Patton 2002, Kristensson et al. 2004; Prahalad & Ramaswawy 2004; Bernoff & Li 2008) • **Developing internal operations and services** (Tikkanen et al. 2009; Rettberg 2009)

3.4 Challenges of social media

The success stories of utilization of social media are quite common topic nowadays in public and firms tend to think that everyone should be part of social media. However, if a firm decides to build a forum on their webpage or Facebook fan page, for instance, the success and generation of WOM is not guaranteed. Despite the opportunities enabled by digital era and social media, from marketers' perspective there are few challenges and even risks related to social media that need to be taken into consideration when planning on utilization of social media and developing social media strategy (see e.g. Bernoff & Li 2008; Culnan 2010).

As mentioned before, social media can be seen as a good and efficient channel for generating WOM. People trust their peers more than the messages coming directly from

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a firm and through social media there is potential for quick and widespread WOM. However, the creation of WOM requires good experiences among the consumers, in order for them to be willing to endorse a product or service to others. From consumers' point of view they always take a small change with their own reputation when they discuss about firms product or brand to others (Pitta & Fowler 2005). Therefore the products or services need to be really good or even something special for the consumers to be willing to create WOM.

The idea behind WOM is to create positive fuss around a firm and its brand. However, in social media you cannot control what and how the people are talking since the control of information has shifted from marketers to consumers (Weber 2007, 20). Even in closed online communities or forums where you might have mostly fans, they are able to say whatever they feel like. The target groups cannot be pre-defined and thus there may be people with negative influence taking part in the conversation (Bernoff & Li 2008). These people may have bad experience with the brand or they just have negative opinion about the firm or its products. They may raise negative and provocative opinions and discussion or even false rumors that firms need to be ready for. These kinds of situations should not be discarded; on the contrary firms should have prepared a plan for those to be able to react quickly. (Julkunen 2010, Linder 2010, Cásaraz 2002.) From a firm's point of view the negative publicity in social media is complicated matter whereas for consumers it is an easy way to hide behind a user name or to be completely anonymous. The stories written and videos and photos uploaded on the Internet may have a long lifetime and travel around the world in a short period of time and therefore what seems to be a small problem or have only a minor effect on the brand may be causing bigger problems in the future. (Cásaraz 2002.)

Some firms can't stand the fact that consumers are criticizing them on the Internet and they may even decide to fight back even with lawsuits. However, that is not the best way to react to these kinds of situations (Cásaraz 2002). In Finland they are still rather rare, but for instance when a restaurant Lehtovaara in Helsinki filed a lawsuit against a consumers who had given negative feedback for their services on the Internet (Kuivalainen 2005). This lawsuit action backfired and they received even worse

criticism among the consumers in the social media. This is yet again another proof of the power consumers obtain in social media (Bernoff & Li 2008).

Since anyway some of the consumers are going to criticize firms actions it is better to have them having discussion and talking openly in firm's own webpage (Weber 2007, 49-51). This way the firm has an opportunity to have an open communication with the consumers and have also the ability to react fast to the criticism and feedback received. In addition, Cásaraz (2002) emphasizes that having even a bit of precautionary actions on the Internet can be worth thousands for the reputation of the firm. One successful example of having an open discussion in the firm's own web page is Stora Enso having a video on their front page where Jouko Karvinen, the CEO of Stora Enso is having a conversation with Sini Harkki, Forest Campaigner from Greenpeace about their relationship and interactions.

The online communities and their members should be treated the same way as any other customer or other stakeholder of the company. Firm should be able to recognize their target groups and to think about their needs, without forgetting the plan against the negative audience. Many companies have failed as an Internet service provider when they have forgotten that even though the communication on the Internet is done via different applications and tools; there are always people behind the tools. These people act according to the same principals as anywhere else and the normal market mechanism apply to them as well. (Campenhausen & Lübben 2002.) In addition, even though online communities are usually not restricted to a certain time or place and they are often global, it doesn't diminish the fact that there is a common interest behind every group that makes them strong and hence should not be disregarded.

Since the digital world and Internet go across national borders, the message may change on the way and firm may not be able to prevent this or have an influence on it during this process. Especially problematic it gets when the stories go *across cultural boarders* and the meanings of the messages may change dramatically. (Kozinets et al. 2010.) Firm needs to be conscious about this especially when considering a viral campaign that is cultural specific and may work in some culture better than in others and to be willing to take the risk.

In addition to the mentioned challenges related to target groups and the nature of social media, social media tools and the implementation can possess additional, *internal challenges* to a firm. Besides the fact that the utilization of social media requires resources from a firm, Avenade (2008) presents key barriers to adoption of social media technologies. These are *(1) concerns about security, (2) senior management apathy, (3) fear of using unproven technologies* and *(4) fear of a negative impact on productivity.* These internal challenges vary between the firms and some are more influential in some firms than others. For instance in some firms the managers feel that employees spending time on the Internet might improve the employee satisfaction and efficiency where as others may think that the time spend on Facebook is directly off the time spend on work. Also Culnan et al. (2010) present few internal risks related to social media. These include: security breaches, leaks of intellectual property, breaches of client confidentiality, and violations of the firm's policies or codes of conduct.

The discussed challenges related to social media are summarized in table 4. To be successful in social media you need to take these challenges into consideration and have a plan against them (see e.g. Bernoff & Li 2008; Culnan 2010). However, no matter how much money and resources are invested in social media, you can never know what kind of outcome there will be, since on the other side there are consumers who obtain a lot of power in social media environment. They will decide what they find interesting and what they want to discuss with others and usually the consumers expect to get the information needed from their peers in social media rather than form a company (Bernoff & Li 2008).

Table 4. Summary of the social media challenges.

CHALLENGES IN SOCIAL MEDIA
Negative publicity Action plan for negative feedback Generation of WOM Paying enough attention to online communities Cultural differences across boarders Internal challenges

4. STRATEGIC UTILIZATION OF SOCIAL MEDIA

In the previous chapter social media was presented in a broader level; what kind of social media tools are there available and what opportunities and challenges the utilization of social media may pose to a firm. Social media can be viewed as marketing and communication channel for a firm, but most of all it is more than just the tools and tactical measures. Thus, in this chapter the view on social media is more strategic: how social media can be used as a strategic tool in a firm.

First the connection between social media and strategic marketing is established. Afterwards the processes for developing effective social media strategy are discussed. The approach here is from a firm's point of view: what kind of issues should be taken into consideration when building a social media strategy. Due to the fact that firm should be able to follow the affects and results of social media the objectives and assessment of the value of social media are discussed in the end of this chapter.

4.1 Social media as part of strategic marketing

Due to the fact that the utilization of social media as marketing and communication channels is mostly free of charge for firms, many firms have a bit of an arrogant attitude towards social media. Some companies don't see the value social media presents to a firm and it is viewed mostly as a channel for consumers to communicate with each other. And others may decide to be present in social media since "everyone else is taking part" without any strategy or more detailed planning. However, the Internet and social media should be viewed as strategic tool rather than merely as a place where to be present (Campenhausen & Lübben 2002; Culnan et al. 2010; Bernoff & Li 2008). Also Brodie et al. (2007) raise the issues of having a broader view on social media and they argue that integration of social media with other marketing practices can result in real benefits from social media.

What makes social media a strategic tool and how can it be viewed as part of strategic marketing? In table 5 there is a summary of the characteristics and issues that relate social media with strategic marketing. These issues include the strong market-orientated nature of social media which has also close relation with the service-dominant logic, the relations between social media opportunities with core business processes, cross-functionality of the operations and strategic approach with setting targets and evaluating the results.

Table 5. What makes social media strategic marketing?

WHAT MAKES SOCIAL MEDIA STRATEGIC MARKETING?				
Market orientation	Utilization in core business processes	Service-dominant logic	Setting targets	Close relations between different functions

Utilization of social media has transferred the focus of marketing towards more *market-oriented,* i.e. strategic (Seth & Sharma 2005). Through marketing firm can collect information, share content, be in collaboration with the customers and other stakeholders and take part in different communities' actions. (Linder 2010; Weber 2007, 22.) Firms are able to collect information regarding their customers, current or potential, and by segmentation of the data they are able to develop products that meet customers' needs better and provide services that enhance customer loyalty. (Seth & Sharma 2005.) All of these actions can be done by utilizing social media and thus, social media can be seen as a strategic marketing tool.

When considering the utilization of social media firms should not be thinking solely about the consumers but rather the business processes as a whole. They should be linking different activities in social media to the core business processes; how social media can be utilized in product development, in supply chain management and in customer relationship management. This way firms are able to create closer relationships not only with the consumers but also with other internal and external stakeholders. To emphasize the strategic role of the social media opportunities for a firm,

in table 6 all of the individual opportunities presented in the previous chapter are connected to the core business processes presented by Srivastava et al. (1999). Product development and concept and idea testing provides firms information for "*creating solutions that customers need and want*" and thus can be viewed as part of the PDM. Collecting customer and market information, teaching and having different kinds of conversations with the consumers can be viewed as *"identifying customers, creating knowledge, building customer relationships and shaping their perceptions of the organization and its products",* i.e. part of CRM. The development of internal operation and services and customer support can be seen as part of SCM, since those *"incorporates acquisition of all physical and currently increasingly informational inputs as well as the efficiency and effectiveness with which they are transformed into customer solutions".*(Srivastava et al. 1999.)

Table 6. Dividing the opportunities for participation according to the core business processes presented by Srivastava et al. (1999)

CRM	PDM	SCM
• Customer and market information • Conversation through evaluation, embracing, endorsement and explanation • Creating relationship • Teaching	• Product development • Testing concepts and ideas	• Developing internal operations and services • Managing internal operations • Customer support

Through social media companies can develop unique services for customers. By providing unique services firms can gain competitive edge and build stronger relationships with their customers. Offering customer products and services that differentiate them from the competitors is also the basis of *service-dominant logic* presented by Vargo and Lusch (2004). The service-dominant logic has a close relation to strategic marketing and it can be seen as customer-oriented way of doing things since

according to the logic, product development should be done in close co-operation with the customers in order to gain benefit from the market knowledge. Differentiation that is based solely on product features is not sustainable; new product features are easy to copy by the competitors (Vargo & Lusch 2004; Kumar 2004, 11-12). Therefore the companies are nowadays more willing to offer customers *solutions* instead of just products in order to enhance customer loyalty and alleviate pricing pressures (Kumar 2004, 11). Social media can be incorporated in these *solutions* to provide additional value for customers. This is yet another indication of social media being a good tool in strategic marketing, since social media can be utilized in connecting customers in product development process.

When dealing with social media, it is important for a firm to have internally close relations between different functions to be able to divide the information received through social media (see e.g. Bernoff & Li 2008; Piercy 1999). Thus, the operations social media are not only marketing department's job, since there are a lot of opportunities for different departments as well. Piercy (2009) has been investigating the relationship between marketing and operations department of businesses in e-commerce and according to his study, the close relationship between these two is a key in firms being successful in e-commerce. The results of this study are somewhat transferrable to the social media; it is essential to have co-operation between different operations.

Also Bernoff and Li (2008) emphasize the fact that utilization of social media is not only marketing department's job. They have divided the different kinds of social media strategy objectives into 5 categories: *(1) listening, (2) talking, (3) energizing, (4) supporting* and *(5) managing.* Bernoff and Li (2008) also argue that these objectives can have direct links to different department in an organization (see table 7).

Table 7. Utilization of social media in different departments (Bernoff & Li 2008).

OBJECTIVE	MANAGER'S ROLE OR DEPARTMENT
Listening	Research and development
Talking	Marketing
Energizing	Sales
Supporting	Customer support
Managing	Operations

Brodie et al. (2007) suggest that the success of IT-enabled business process innovations that have emerged in the last decade comes from the enhancement and support of existing practices. The same view applies also to the social media: by integrating social media to the existing operations and viewing it as a strategic tool a firm is able to leverage value from it.

One of the most essential parts in any strategy is setting targets and evaluating the performance. For marketing strategies it is useful to set targets to be able control its efficiency and to assess whether the targets are met. The same applies to the utilization of social media: the targets should be set in the beginning of the planning to be able to decide on the means how to reach the targets. (Weber 2007, 64-65.) And as in any strategic activities, following-up is almost as essential as setting the targets.

4.2 Building a social media strategy

Currently most of the firms are utilizing social media merely as a tactical tool rather than as a strategic tool. For instance, firm may choose to utilize Facebook and create a fan page expecting to get interested consumers to become fans. The value of social media does not come from the tools as such but from how the tools are used (Culnan et al. 2010). To be most effective, companies need a strategic framework for developing and implementing the right actions in social media (Bernoff & Li 2008). It is not

enough for a firm to establish presence in social media; the utilization should be viewed more strategically. (Campenhausen & Lübben 2002; Culnan et al. 2010; Bernoff & Li 2008.) According to Bernoff and Li (2008) with more strategic approach companies can help to achieve also broader level, strategic business goals.

The social media strategy requires planning, actions and constant information management from a firm's point of view. Culnan et al. (2010) argue that for gaining value from social media in consumer context firms need to develop an implementation strategy that is based on three different issues: *(1) mindful adoption, (2) community building* and *(3) absorptive capacity.* The framework is presented in table 8.

Table 8. Three elements needed for building social media implementation strategy (Culnan et al. 2010).

SOCIAL MEDIA STRATEGY IMPLEMENTATION		
PLANNING *(Mindful adoption)* • Tool selection • Responsibility for governance • Identifying metrics to measure value • Managing risks	**ACTIONS** *(Community building)* • Reaching critical mass of people • Creating interesting content	**INFORMATION MANAGEMENT** *(Absorptive capacity)* • Ability to recognize and acquire new knowledge • Monitoring • Team & resources

Mindful adoption refers to the "planning phase" of the utilization and emphasized the careful analysis what needs to be done before implementing the social media plan. It consists of tool selection, dividing the responsibility of governance, identifying the objectives and what metrics are used to measure the value and having a proactive role with managing the risks in social media. (Culnan et al. 2010) Only few people realize that on the Internet and in social media location plays as important role as in the retail markets (Campenhausen & Lübben 2002). By carefully analyzing and selecting the tools and establishing good presence a firm is able to reach consumers in place they

normally spent time on the Internet. Only few consumers are willing to really search for information for long period of time. They are used to achieving the information needed quickly and effortlessly. The information needs to come across the consumers, not the other way around. However, the location might not be an easy choice from the marketer's point of view. Consumers have endless possibilities where to find information and spend their time on the Internet. To be able to find the desired target group firm needs to analyze the target group and identify their web routines. A typical user of Internet utilized surprisingly few web pages on a regular basis and therefore it is essential to find out where the most appealing consumers are spending their time on the Internet. (Julkunen 2010; Leino 2010, 13-20.)

Probably the most problematic thing in utilizing social media and digital marketing is to find locations where consumers don't feel companies' presence as intrusive or disturbing (Truong & Simmons 2010). Thus, even though a firm would have identified the web routines of their target group and hence know where they can be reached, the best way is not to approach them anywhere. The best way to approach the consumers is by providing them with information they find useful and the most efficient way of doing this is as part of regular social media activities. According to Truong and Simmons (2010) the consumers appreciate media where they can decide themselves what kind of information they want to receive. Especially attractive they find information they get from their peers in social media. And thus, if a firm wants to take part in social media and have discussions and interaction with the members they should be able to act as one of the members (Kozinets et al. 2010). In different forums and communities the members have their own way of doing things to be able to act accordingly firm needs to identify these customs. By knowing the norms and dynamics between the community-members firm can establish a way into a community and have an impact on the members (Molesworth & Denegri-Knott 2004).

For responsibility of governance and managing the risks Kane et al. (2009) suggest that firm could establish a special team responsible both for social media strategy including planning, implementation, utilization and observation. In addition this team should be responsible for making a plan on how to react in different kinds of situations in social media, in both the positive and the negative customer encounters.

In the framework presented by Culnan et al. (2010) the second element *community building* refers to the "actions" in the social media: creating interesting content for the consumers and reaching critical mass of people. The critical mass can be reached through opinion leaders, thus by searching and targeting the opinion leaders firm is able to gain the most out of social media (Pitta & Fowler 2005). If firm is able to find these opinion leaders and make an impact on their doings, with these opinion leaders they are able to create WOM as they start talking about the brand or products to other consumers. The opinion leaders can be the most active members in a web community or a writer of a popular blog, for instance. But in an online community where people have like-minded friends it may be easier for a firm to reach bigger group of people through "regular" individual users; according to Trusov et al. (2010) approximately one-fifth of an online community user's friends actually influence his or her activity level on the site. Compared to a social media service where users don't know each other, for instance YouTube, it is harder to find the ones that have an effect on others.

Internet is a channel for firms to be in contact with today's consumers, independent from time and place and it provides possibilities for a firm to create tailored services and different kind of content for different consumer groups (Simmons 2008). Since the Internet is full of information, the content must be appealing enough for the target groups and other consumers in order to prevent it disappearing to the existing information masses. However, there is only so much a firm can do since in social media the content is created by consumers and firm has to face the challenge to make consumers discuss and create content that is beneficial both to the consumers and the firm (Weber 2007, 38; Bernoff & Li 2008). Thus, social media takes the information on the Internet to another level. The information is not anymore only static or controlled by the people updating the official web pages. All the users can modify the existing information and upload new content regardless of the time and place. (Kane et al. 2009.) By creating and providing interesting content and appealing platform firm can get consumers to participate and create new content (Culnan et al. 2010).

Customers react differently on different kinds of information on the Internet (Truong & Simmons 2009). For instance, they trust their peers more than the marketers and are likely to read ratings of products and services that are objective or conducted by their

peers. Truong and Simmons (2009) have divided digital marketing into two groups from the consumer's point of view: *helpful Internet advertisement* and *misleading Internet advertisement*. The same classification applies also to the content in social media. Consumers find the information received from an objective source as useful. In addition consumer that has subscribed a newsletter is normally pleased to receive the information in the newsletter. Consumers find the information in social media misleading when they are tricked to think that some of their peers are behind the information and later find out that a marketer posted it.

Firms are using more and more money on digital advertising, like banner ads. Yet, the consumers are hoping to gain control over the information received on the Internet. Thus, the traditional push strategy in the Internet marketing is not that effective (Truong & Simmons 2009). If the funds spend in digital marketing are directed towards social media instead of Internet advertisements, the consumers are able to decide themselves whether they are willing to participate in companies' activities and how.

The third element in the framework developed by Culnan et al. (2010) is *absorptive capacity* which is related to the "information management" and internal actions of an organization: ability to recognize and acquire new knowledge, monitoring what is going on in different social media sites and assigning of the needed resources and team to handle the information management. Internet and social media provide such a huge amount of information that nowadays firms cannot possibly follow up everything that is being discussed on the Internet. As Culnan et al. (2010) mentioned the importance of a team also Kane et al. (2009) suggest that by forming a team responsible for social media firms is able to follow the most important conversations in social media. The team could be responsible for observing what is being discussed in their own social media sites but also in the other service providers' pages and to be able to react accordingly. This team could learn by observation how to behave in different forums and situations and how to make defense against possible threats and challenges. There are no right answers on what kind of team this should be. As presented in the previous chapter being actively part in social media is not only marketing departments' role and thus in many companies the team may consist of marketing, PR and IT specialists, for instance (Kane et al. 2009).

To be able to make the information search more efficient and to collect the most relevant information there are few things that should be defined before information search: what information is needed, who is going to use it and in what context is the information being used (Tikkanen & Vassinen 2010, 103). The current technological solutions make the information collection and forwarding rather easy. However, going through the information and analyzing it demands constant follow-up and enough resources. In addition, in case a firm wants to provide its consumers with the possibility to discuss and give comments, for instance in Facebook page, firm needs to be able to react to these quickly enough. Thus, Linder (2010) urges firms to cut their reaction times in social media: what firm is used to do yearly, they should do it monthly and what is normally done monthly, ought to be done on a weekly basis. Follow-up is also needed for evaluating if the targets are met.

4.3 Social media performance assessment

Since the aim of this thesis is to build a *strategic* framework setting targets and performance assessment have important roles in the entity as they are part of the strategic approach towards marketing. According to Weber (2007, 113-114) before going any further with building social media strategy firm should first think what they want to accomplish and how to measure it. Also Bernoff and Li (2008) and Culnan et al. (2010) emphasize the importance of setting goals and deciding on the corresponding metrics to be followed in order to gain successful results from utilization of social media. Nevertheless, today many firms are still utilizing social media without any specific targets concerning what they want to accomplish. Another problem is that they don't have enough resources to follow up and utilize the information in social media to their advantage.

Firms can have many different issues they aim to achieve with utilization of social media. For instance, they can be related to the core business processes: PDM, SCM and CRM. The nature of the objectives can also vary and all in all the benefits of social media are much more than just related return on investments and other financial figures

(Ray 2010). Weber (2007, 113) lists few possible objectives that a firm can set for utilization of social media, which are related to marketing, financial or societal objectives. For instance, a firm might be interesting in marketing objectives, like following the development of the brand awareness after a viral marketing campaign. Another possibility is to track what kind of impact a Facebook campaign has in the sales. Case by case firm can select the objectives that they want to be following as their key performance indicators (KPI). With pre-defined KPIs the firm knows what they expect to achieve with utilization of social media and they are able to follow and evaluate their performance.

Performance assessment of social media obtains similar challenges as the performance evaluation of marketing (Bick 2009; O'Sullivan & Abela 2007; Shankar & Malthouse 2007). For instance, one cannot say what is the real effect of a Facebook campaign in the longer run, how few postings in blogs affect the sales or what is the effect on both sales and brand image. Thus, it is important to have both financial and non-financial (quantitative and qualitative) measures when assessing the value of social media utilization and to have pre-defined KPIs to be aware of what we want to be measuring.

The CEOs globally have realized the important role of customer loyalty and most of them know that they must become market-oriented and customer-focused (Kumar 2004, 5). This means that a firm must start thinking about ways how to create value for their customers. Through social media tools value for the customer can be provided in different forms and in the same time it brings competitive edge for a firm, since its services are harder to copy by the competitors. Were as in sales-oriented firms focus is on the products and the profits are earned through sales volume, in marketing-orientated firms the focus is on customers and profits are received through customer satisfaction (Vargo & Lusch 2004; Kumar 2004, 24). According to Sheth and Sharma (2005) social media brings the focus of marketing closer to customer-orientation with utilizing the information in service development to better suit the customers' need and thus increasing customer satisfaction.

From a firm's perspective the utilization of social media can be seen highly attractive since through online communities and other social media firms have an opportunity to

create value not only for the customers but also for the firm itself (Jae et al. 2008). In addition Kumar (2004) argues that only firms that are able to create customer value are the ones that can gain fair (even premium) prices and customer loyalty. According to a study conducted by Fassnacht and Köse (2007), the quality of Internet services had a positive effect on customer satisfaction and trust as well as on desired behavioral intentions, which in the longer run results in customer loyalty, their willingness to pay more and also in cross-buying.

However, there are also some risks related to the challenges of utilization of social media that may result as *unintended consequences*. The unintended consequences may be internal or external (see e.g. Culnan et al. 2010). Internally it may mean the inefficiency at workplace due to the employees spending time in social media during their working hours. External unintended consequences cab be related to the power of consumers (Bernoff & Li 2008) which may result in negative WOM for instance. This may also be caused by firm's own actions or some harmful actions by the external users of social media. However, for these unintended consequences firm can prepare and have a plan and being actively involved in social media they have the opportunity to learn and react quickly to possibly moderate the effects of negative WOM.

As many social media services contain a lot of information about the consumers. Based on that information firms can analyze the market situation or collect quite a lot of information about individual consumers as well. Thus, according to Rettberg (2009) social media contains an overview on different people's lives and different social media service providers are utilizing this information to build overviews on their customers in order to be able to serve them better. Serving customers in social media means also effortless services from customers' point of view. The well-planned and carefully executed social media strategy may ultimately result in shareholder value through customer satisfaction and customer equity (see e.g. Bick 2009; Campenhausen & Lübben 2002; Bernoff & Li 2008).

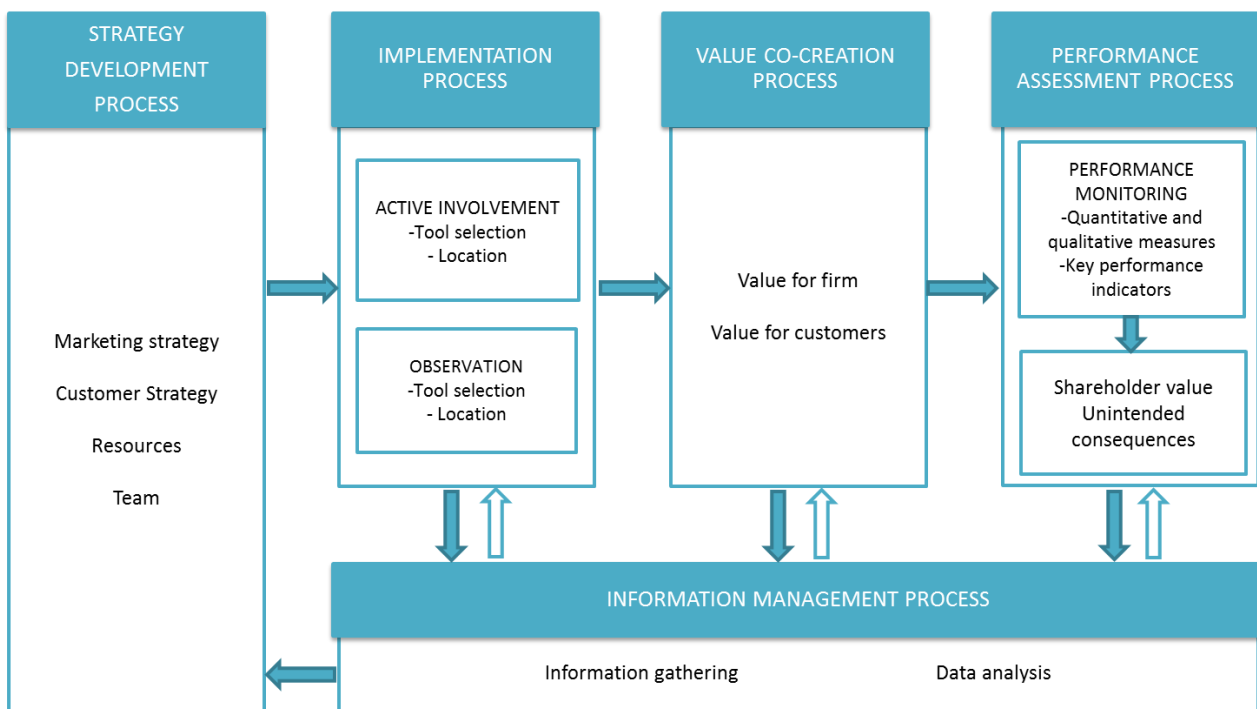# 5. FRAMEWORK FOR STRATEGIC UTILIZATION OF SOCIAL MEDIA

The aim of this thesis is to develop a conceptual framework for social media strategy that help firms and managers to understand the possibilities an effective social media strategy can offer to a firm. There is also a need for strategic approach for social media in the academic discussion (see e.g. Culnan et al. 2010; Bernoff & Li 2008; Brady et al. 2008; Simmons 2008). As presented above social media should be viewed as a strategic marketing tool and social media strategy can be used to enhance customer value and in developing firm's processes and as a result creating shareholder value. Only by carefully building a strategy can all the benefits of utilization of social media be harvested in a firm.

The model of the framework of this study is adapted from the conceptual framework created by Payne and Frow (2005) for CRM. They developed a conceptual framework for CRM identifying five strategic processes that take place between the firm and its customers: (1) strategy development process, (2) value creation process, (3) multichannel integration process, (4) information management process and (5) performance assessment process. This framework possesses few similarities with the framework by Stoelhorst & Raaij (2004), which presented the market orientation and had and an emphasis on information management.

The framework developed by Payne and Frow (2005) was chosen for the basis for the framework conducted in this study because of its strategic emphasis, cross-functionality and process-based nature. The similar aspects are also needed from the strategic framework for utilization of social media. Also it can be stated that similar processes are needed for strategic utilization of social media as for the CRM: Culnan et al. (2010) presented model for strategic implementation for social media where planning, actions and information management had key roles. In addition, it is highly important to set targets and evaluate the performance in strategic utilization of social media to achieve the best results of the usage and to be able to develop the operations accordingly.

Thus, the theoretical discussion in this study combining strategic marketing and social media are divided into five key processes in the new framework containing and emphasizing the key issues related to strategic utilization of social media. The aim was to find a solution to present all the relevant information related to strategic utilization of social media in this study and to establish the correlations and flows between the issues discussed. Thus, the five key processes are: *(1) Strategy Development, (2) Implementation, (3) Value Co-creation, (4) Performance Assessment* and *(5) Information Management*. The framework with these five processes, their sub-processes and the interrelations between the processes are presented in figure 3.

Figure 3. Framework of this study: strategic utilization of social media.

According to the framework of this study social media planning the utilization of social media tools should begin with a detailed *strategy development*. The overall *marketing strategy* of a firm should be taken into consideration to make the actions in social media coherent with these and for the firm to have some targets set for the actions. In addition

firm has to be aware of the *target group* in social media to be able to analyze what they are interested in and where on the Internet they are most likely to spend their time. In addition, a firm needs to be aware of the *resources* the planned actions require from them and also consider how much resources they actually have for these actions to see if it is feasible or not. What is required from the firm is not only sufficient amount of time and money but also people. The *team* involved in the social media activities in firm should include people from different units and with different skills, depending on the actions and targets.

The *implementation* phase refers to the actions in social media; implementation of the plan and strategy. This process has been divided into two distinctive ways of involvement in social media: the more active *involvement* and *observation* according to the possibilities in social media. A firm can be actively involved in the conversations and producing and sharing content or they can act as by-standers, observing the activities others are doing and collecting the needed information in that way. In both cases it is important to identify the *tools* as in what specific social media tools are used in providing interesting content to the target consumers and also the *location* where the potential target groups with valuable information can be reached.

Value co-creation refers to the fact that in social media the value is produced in co-creation with the firm and the customers. There is also value created for the customers but also the firm is able to gain value from utilization of social media. Both of the parties are able to provide value to each other, but as social media is a media where people share, comment, discuss and have interaction with each other it can be stated that the value is commonly produced as in co-creation between the different parties.

As it is highly important in the beginning to set targets we want to reach, almost equally important it is to *assess the performance*. The performance monitoring should be done with pre-set qualitative and quantitative measures that can be used to evaluate our key performance indicators (KPIs) to see how we are doing. From these we can evaluate the results of our actions: what kind of affect our operations have in *shareholder value* and if there are any *unintended consequences*, for instance a negative WOM or lost customers.

In every step of the way constant monitoring and *information management* is needed to be able to receive useful information for developing the processes. And what is worth mentioning is the fact that the information should not be only collected from the social media constantly, as there is a need for analyzing the information gathered and make corrections and changes to the strategy accordingly.

This framework presents a constant process that shows what different things needs to be taken into consideration when thinking about utilization of social media from a broader perspective. This framework will be validated with an empirical research to see how it can be applied in real-life situations and what kinds of changes are needed for the framework to make it transferrable to the real-life situations. The empirical research is conducted via semi-structured interviews. The interviewees are mostly social media experts but also few managers are interviewed to learn the insights from the ones that have the knowledge needed to construct a strategic view on social media utilization. The research methodology and the findings and analysis of the research are presented in the following chapters.

6. METHODOLOGY

In this chapter the research methodology of the study is presented. First the research design and chosen research method are explained and justified and also the way the interviewees were chosen is presented. After these a detailed description of how the data collection was executed and how data was analyzed is provided. At the end of this chapter the quality, value and constrain of the study are discussed.

6.1 Research design and method

The main objective of this study was to build a strategic framework for utilization of social media. The research design and the processes are illustrated in figure 4. The first version of the framework was formed based on the knowledge gained from academic literature. The basis of the framework was adapted from an existing contextual framework built for CRM. The first draft of the framework was then polished with two sparring partners from the Aalto University School of Economics.

Figure 4. Process of building the framework in this study.

To gain real-life experience and professional insights to the framework there was an empirical research done to validate the original framework and to evaluate how well it suits real-life cases. The research was conducted as a qualitative study. The aim of qualitative study is to find and expose rather than verify existing proposition or conduct statistical generalizations. Instead, the goal is to gain profounder understanding and new theoretical approaches to different phenomenon (Hirsjärvi & Hurme 2010, 59; Eskola & Suoranta 2008, 61) and qualitative study is explanatory in nature (Creswee 2003, 22).

Thus, the qualitative method was chosen to fit this study where the utilization of social media in firm context is studied as a phenomenon and the idea is to validate the areas in the framework and to gain comments on the different parts.

The aim of the research was to interview managers and social media professional to receive insights on how companies are utilizing social media and what strategic utilization of social media requires from a firm. The interviews were two-fold: first they were asked more generic questions related firms' utilization of social media in consumer context. Then on the second part, the framework build based on the literature review was introduced to them to gain feedback and suggestions for development. Based on the information received from these interviews the data was analysed and the original framework was altered accordingly.

There were six semi-structured interviews done for this study. With semi-structured interview method the interview process is more flexible and the focus will be on the topics the interviewees find important. (Bryman & Bell 2003, 341-348). This semi-structured interview method was chosen because all the interviewees had a different kind of approach toward the firm's utilization of social media due to their various backgrounds and specific expertise regarding the topic. With semi-structured research it was easier to modify the interview questions throughout the sessions.

Semi-structured interview is also known as thematic interview, which refers to the fact that there are no pre-selected questions set for the interview, only broader themes which are covered in the interviews (Hirsjärvi & Hurme 2010, 47-48). There were no specific questions prepared for the interviews. Instead, there were few themes and example questions around each theme established to be cover in the interviews.

The sampling strategy used for selecting the interviewees was *judgment sampling*. According to Marshall (1996) this is the most common sampling technique in qualitative research. It refers to the researcher actively selecting the most productive sample for the particular research in question. (Marshall 1996, Eskola & Suoranta 2008, 18.) Additional sampling technique, *snowball effect*, was also utilized. It refers to the interviewees suggesting potential additional candidates to be interviewed (Marshall

1996; Hirsjärvi & Hurme 2010, 59-60). With snowball sampling people with a lot of competence and knowledge in the studied area can be found more easily.

Since the strategic approach on social media is rather new the interviewees were selected according to their knowledge on the issue. For instance, one possibility would have been to interview strategic managers from different kinds of firms, but since they probably haven't been utilizing social media as strategic tool, their input in the issue of building a strategic framework for utilization of social media might not have been the most relevant. Thus, the selected interviewees had all knowledge on social media or were managers utilizing social media in their everyday work.

6.2 Overview of the interviewees

All the six interviewees had different backgrounds and were utilizing social media a bit differently from one another (table 8). Three of the interviewees were working in top Finnish agencies in the field of digital media. One of the interviewees was an independent social media consultant doing simultaneously doctoral studies in Aalto University School of Economics. Two interviewees were representing firms utilizing social media tools on daily-basis. The other one was a CEO in a small firm and the other one was a digital marketing manager in a big global company. It can be stated that all of the people were experts in utilization of social media from their own point of view. The idea was to select people with different kinds of backgrounds to see whether the framework is applicable even though the approach to social media is different.

The interviewees and their approach on social media were analyzed based on the information received from the interviews. It was interesting to see that all the interviewees shared quite many opinions and facts about social media but from between the lines it could be interpreted that all of them had a bit different approach and emphasize in social media. The categorization for the approaches has been established from analyzing the interviews and the names for the approaches have been given based on the judgments that have been made from the analysis. Table 9 presents the list of the interviewees and their approach towards social media. This information presents how

the approach towards social media can vary between the professionals and illustrates the versatility of the interviewees.

Table 9. List of interviewees and their approach towards social media.

	Position	Company	Approach (centric view)	Work-experience
1	CEO	Small company utilizing social media	Random user	1,5 years
2	CEO	Digital agency	Organization/change	15 years
3	Strategist	Creative agency	Marketing	5 years
4	Partner & strategy director	Customer engagement agency	Consumer	7 years
5	Digital marketing manager	Global company utilizing social media	Business	7 years
6	Social media consultant	Independent consultant / PhD candidate	Networking/internal	4 years

Five of the six interviewees had a rather distinctive approach towards social media and only one can be identified as *a random user*. This random user was a CEO of a small company that has been using social media for only 1.5 years now. This particular firm was utilizing social media whenever there was time and their aim was to create communication around their firm and getting people to participate in the discussions. They were mostly utilizing social media tools such as Facebook and forums, but they were curious about other possibilities as well. As a small company they understand that they have limited resources to be used in social media activities and they are unaware of all the possibilities social media could offer to their operations. From time to time they do collect information from other forums as well and are willing to give anonymously positive and also negative feedback in order to create conversation.

The second interviewee was a CEO of a digital agency who had the most work experience in digital media with almost 16 years of experience. They have a lot of customers that come to them with projects where this digital agency is asked to build a social media strategy, more broad digital media strategy or individual tactical

campaigns. During the interview he emphasized the fact that utilization of social media requires internal changes in the organization and its culture. Thus, the approach of this interviewee was quite *organization-centric* towards social media.

The person interviewed third was a strategist in a creative agency and with approximately 6 years of professional experience with social media services. He is also one of the founders of an "open learning center" which aims to build understanding about social media in Finnish companies and where people with interest in social media services can teach one another about social media. His view on social media is rather *marketing-centric* and he emphasizes that firms need to be able to attract the consumers in order to move them on the Internet and to get them recommending for the company. They build branding and marketing strategies for their customers and also social media strategies or smaller more tactical campaigns on the Internet. He says that almost all the campaigns they execute contain some social media elements.

Fourth person interviewed was a partner and strategy director of a customer engagement agency, which operates under an international advertising agency providing customers services that include different kinds of digital campaigns and strategies. His view on social media was really *consumer-centric*. He feels that organizations should provide consumers with information and services on the Internet that delight the consumers. The information given to the consumers should be in a format where they can modify it and share it easily with others. He believes that delighting consumers and enabling them to create and share on their own is the way companies gain the most out of social media.

Also a digital marketing manager of a big multinational company was interviewed. The company is not only utilizing social media actively on their own operations but they also enable people to use social media services with the devices they create. He has around 7 years of professional experience working with digital services and his view on social media was the most comprehensive and broad, which can be identified as a *business-centric* view. He wanted to emphasize the fact that social media is not only tools but rather processes and they can be used in supporting all the functions related to the business.

The last interview made was with an independent social media consultant who is also working on his doctoral thesis where he utilizes the social media as an information source. He was emphasizing that companies can gain the most out of social media in their *internal* operations and especially in networking. He also wanted to make a distinction between social media utilization and digital marketing; whenever a firm is doing something in the social media under the name of a brand or the company it should be viewed as digital marketing. This explains the view why he sees that most advantages can be seen in the internal operations: sharing information and getting to know people's backgrounds.

6.3 Data collection

The interviewees were contacted by phone or via email. Responses to the interview requests were extremely positive. All of the contacted six persons were willing to participate and expressed high interest towards the topic and the view point chosen for the framework. There were additional 5 persons in the list to be contacted in case there was a need for additional interviews.

The interviews were conducted during winter/spring 2011, between February 21st and March 4th. The interviews were done at the offices of the participants and were conducted in Finnish. All the interviews lasted around 55-80 minutes. There were notes made during the interviews for later analysis and to point out the issues interviewee emphasized during the interview. All the interviews were recorded and transcribed from word-to-word right after the interview was done. Also the notes were looked into afterwards.

The content of the interviews were divided into two different parts. *The first part consisted* of basic questions related to social media. All the interviewees were asked to define what social media is and the opportunities and threats related to social media were discussed. The idea was to find out what kind of personal experience they have on how companies are utilizing social media and how strategic approach do companies

have. This first part was the longest and took approximately ¾ of the time in the interviews.

In the second part the interviewees were presented the framework conducted in this study for utilization of social media. The overall idea behind the framework and the individual processes of the framework were explained relatively detailed by the interviewer. After this presentation the interviewees were asked to comment on the framework and suggest possible alterations that could be made to it. They were also asked to evaluate which parts are the most important ones and if there was anything that should be added to the framework.

There were few alterations made to the framework after the interviewees. There were few sub-processes that were added to the original framework of this study. In addition, the entire framework was divided into two parts to clarify the two distinctive parts: *strategy* formation and *activities.* The role of the information management process was also emphasized by illustrating the different roles of information: it can result in short-term or long-term activities.

6.4 Data analysis

There were all together over 60 pages of transcripts of the interviews. In addition to this there were approximately 2 pages of notes made in every interview. All the transcripts of the interviews were read through carefully and the most valid things were underlined. The analysis of the data began after first few interviews in order to conduct rich analysis (Moisander and Valtonen 2006, 125-126). An overall image of the interviewees and their approach towards social media was analysed one interview at a time. Moisander and Valtonen (2006, 126-133) refer to this as interpretation of the interviews, which is one of the essential parts of analysing the qualitative research data.

After the interpretation, the information was first handled in two separate sections. The data gathered in the *first part of the interviews,* i.e. with the open questions, was used to analyze how the interviewees were discussing the issues that are covered in the

framework before showing them the actual framework. According to this part a consensus was built to show which parts of the framework the interviewees were discussing and thus thought were the most essential parts. There was a conclusion made after this part of the interview indicating which processes and items in the framework seemed to be the most relevant ones.

In the *second part of the interviews* the participant were shown the framework and they were asked to give feedback on it. This part of the data was analysed separately from the other questions and the feedback and comments were divided according to the processes in the framework.

According to Hirsjärvi & Hurme (2010, 143-144) processing qualitative data there are different phases and most essential ones are analysis and synthesis. This process is demonstrated in the figure 5. In this study the interview data was first *categorized* into smaller parts according to the themes of the interviews. At this point also the most relevant things and quotations were collected and translated. There were 18 pages of quotations and most interesting things categorized under each theme. All the transcripts of the interviews had colour coding to be able to identify which quote belongs to which interviewee. Later on the colour coding was removed and the numbering for the interviewees was added.
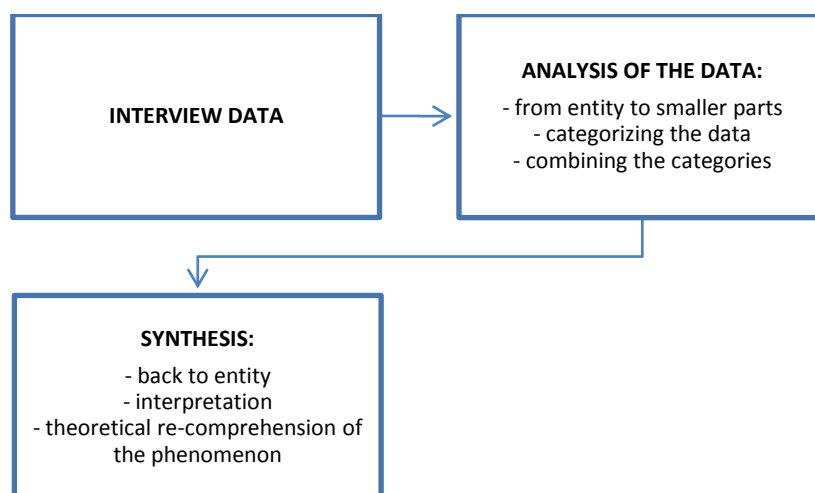

Figure 5. Processing the interview data in analysis and synthesis (Hirsjärvi & Hurme 2010, 144).

After the categorization of the information was done there was a synthesis made. In *the synthesis phase* the aim is to build an overall view on the topic and the studied phenomenon is presented from a new perspective (Hirsjärvi & Hurme 2010, 143-144). The synthesis phase in this study refers to the conclusion made based on the analysis of the two parts of the interviews and the changes made to the framework developed in this study.

6.5 Assessing the quality of the study

The quality of quantitative research can be evaluated with different mathematical tests and in quantitative research the reliability of the study refers to the reliability of the measurement. Due to the fact that this qualitative research is done by interviewing people and the data collected is not in numeric form, there are other kinds of criteria used to evaluate the reliability of this study. According to Eskola and Suoranta (2008, 210) the quality of the qualitative research can be analyzed by evaluating the entire research process; interviewee selection, data collection, and data analysis.

The interviewee selection was done by choosing few managers and social media professionals that were known to be expert on their field or otherwise interested in developing the strategic view on social media in their operations. The fact that not all the interviewees were selected by one person as the snowball sampling was utilized indicates that the sample is more valid and reliable.

In the data collection the interviews were recorded and transcripts of the interviews were conducted which indicates that all the information was gathered and nothing was left out. The notes made during the interviews provided important information in the analysis phase to identify the most important parts emphasized by the interviewees during the interviews. And as the data analysis was done by first conducting an analysis and afterwards a synthesis, the processing of the data analysis was done thoroughly. Since the data was divided according to the two parts of the interviews and kept in two parts during the analysis the quality of the analysis was improved.

Reliability and validity

Usually when evaluating the quality of a research the concepts reliability and validity are usually discussed. However these are originally used in quantitative research and their suitability to qualitative research can be debated. (Golafshani 2003, Hirsjärvi & Hurme 2010, 184-190; Eskola & Suoranta 2008, 211)

In qualitative study reliability is better measured by the actions of the researcher in relation to the data collection and data analysis. For instance, such things can be evaluated are how accurate is the transcribing and how well all the material collected is taking into consideration in the analysis phase. (Hirsjärvi & Hurme 2010, 184-185.)

In this study the transcripts were done shortly after each interview. Also some notes were done to collect some of the non-verbal signals and nuances. This is important information that can be utilized especially in the interpretation of the interviews.

According to Golafshani (2003) reliability of qualitative research requires examination of trustworthiness. In this particular study the interviewees were given the opportunity to remain anonymous to ensure they were telling the truth. Also some of the facts were double checked from other sources to make sure the information received from the interviewees was accurate.

The validity of qualitative research can be assessed by the transferability of the findings and results. The fact that the interviewees had such different backgrounds and yet they were rather unanimous the results of this study may be transferable (Moisander and Valtonen 2006, 28-31) to different kinds of firms. This framework is built to help firm in different kinds of business to utilize social media to their advantage.

7. FINDINGS

In this chapter the findings of the interviews are presented. The findings are divided into two parts based on the two distinctive parts of the interviews: the discussion on social media and introduction of the framework including the feedback related to that. The findings are later analyzed and discussed in more detailed in the following chapter.

7.1 First part of the interviews: discussion on social media

In this part the findings the first part of the interviews are presented. The interviewees were asked different kinds of open questions based on the themes around social media. In the beginning of this chapter the definition of social media is discussed. Also the ways on how firms are currently utilizing social media and how these use-cases could be divided into groups are presented. Also the value of social media is being discussed: who benefits more of social media utilization, the firm or customers? Also the more strategic utilization of social media is being analyzed. The discussion and analysis of the findings of this part is presented in the following section, *Overview of the findings*.

7.1.1 Defining the term social media

Social media has probably as many meanings and definitions as there are people trying to define it. Some people try to explain it with only few words or using only one sentence. Some are willing to give an entire lecture on how social media work, what kinds of tools are there available and how it can be utilized.

The interviewees were asked to define *social media* to understand their view on the topic and to find out whether there are some common key issues that can be used when trying to define social media. The idea was also to analyze how strategic approach they have in social media to begin with.

"A broader definition for social media is that it is communication between people utilizing technologies. - - What makes YouTube, blogs, Facebook, FourSquare, Twitter and other social media is the fact that you can react to different people and you can communicate in real-time." (Interviewee 3)

"Social media is media produced and broadcasted by people. It is most of all many-to-many communication." (Interviewee 6)

"Media, where anyone can be involved in producing, evaluating, organizing, sharing and consuming the content." (Interviewee 4)

"New way, well not necessarily a <u>new</u> way, but different way of having interactive communications - -." (Interviewee 5)

 "- - bundle of services that force you to open up and change the way you do things." (Interviewee 2)

Based on the interviews the main message behind social media can be summed up with few key words, presented in the table 10.

Table 10. Definition of social media according to the interviewees.

SOCIAL MEDIA		
Interactive communication through technologies	Real-time	Decentralized production, sharing and consumption

There are no right answers to the question but the most distinctive characteristic are that the communication is interactive and the communication is done via technological tools, even though one of the interviewees counted also some offline media to social media:

"In my opinion there are also few offline services that can be considered as social media. For instance we have this magazine for our customer and

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what makes it social media is the fact that people start talking about it
with each other." (Interviewee 1)

The second characteristic is that it is happening real-time. When someone posts something in social media, it can be seen, commented and shared by other users immediately. The third feature is that the production of the content is decentralized; everyone can be part of producing, sharing and consuming the content. When asked the definition only one gave an answer which consisted of specific social media tools, which supports the fact that it is not worth investigating the specific tools, but rather the broader view on social media utilization.

7.1.2 Utilization and value of social media

"Social media is part of our everyday life and our working environment.
In case you want to discard it, it is like you were passing by a big part of
our everyday life and therefore you are missing many opportunities."
(Interviewee 4)

As stated in the quotation above, social media is part of our everyday life and the possibilities shouldn't be over-looked by firms. It is not only part of our free-time, and it should be utilized by firms not only externally for marketing related activities and campaigns but also internally with communication and information sharing within the organization. Every firm can utilize it in a way that suits their needs and organization the best.

"All the companies should most definitely be utilizing social media. Every
company has a strategy and management, all the companies have work
community, and all the companies have customers. There may not be need
for utilization in every point (management, working community,
customers), but every firm can benefit from utilization in at least one of the
points." (Interviewee 4)

Various tools of social media were discussed during the interviews. However, these were discussed only briefly since the aim of this research was to explore social media utilization as an entire process rather than as a utilization of a certain tool in a specific situation. There are also numerous of different tools and more are coming to the markets every day and the popularity of the tools are time- and context-bound.

One interviewee mentioned that to their firm social media equals Facebook and Twitter, more or less. Other one explained in detailed how the tools could be divided based on the context where they are used and some preferred categorizing the tools based on the functionality. The most often mentioned tools were most definitely Facebook and Twitter and two of the interviewees even stated that Facebook is more than social media.

Different firms are utilizing social media for different kinds of purposes. Some people might argue that every firm should have a Facebook fan page and others say that you should most definitely have a dialogue with your customers. However, the value of social media is different for different companies and not all the firms should do certain things, even though companies or competitors were doing those thing.

> *"- - these seminars and others where they say that you should start dialogue with your customers. Why do you need to have a dialog with your customer if you have nothing to say?"*(Interviewee 3)

Based on the information gather with the interviews the utilization of social media can be divided into two categories: *internal* and *external* use-cases. Internal use-cases refer to the internal operations in the firm, for instance internal communication and knowledge sharing. Also actions that are aimed to improve or develop internal operations can be seen as internal utilization. With external utilization there are also external parties involved or the actions are done to benefit the customers. For instance, testing new concepts is done in co-operation with the customers and in addition the feedback channel is built to serve the customers. Two of the interviewees suggested additional third category to be considered: utilization in *business to business* (B2B) relations. However this third category was left out, since the focus of this study is more on the *business to consumer* (B2C) relationships and most of the use-cases the interviewees would categorize as B2B activities can be put into either internal or

external utilization, depending on the approach how partners are seen from the firm's point of view.

> *"There are a lot of different use-cases of social media; a lot of different tools and possible purposes of use. I like to categorize these with the help of a triangle where in one corner there is strategy and management, in the other there is working community and partners and in the last corner there are our customers and consumer masses."*(Interviewee 4)

It must be remembered that the firm should be welcome to attend the discussions that are going on in the social media. Thus, the strategy on how should be proceeded must be carefully though in advance.

> *"We never enter a conversation as a brand unless we know we are welcome there."* (Interviewee 5)

> *"You have to get a signal from consumers first that they are willing to receive your corporate information."* (Interviewee 6)

In appendix 1 there is list of the use-cases in which firms are using social media, mentioned by the interviewees. The use-cases have been divided into internal and external utilization. The list contains all the possible ways mentioned by all the interviewees and few of them are included both in the internal and the external list. The list is not comprehensive since it only presents the use-cases the interviewees had on top of their mind and that were discussed during the interview. There are surely a lot more possible use-cases in addition to these. The value of the use-cases has been evaluated both from the firm's perspective and from customer's perspective, giving an insight on who has the most potential to benefit from the utilization of social media.

Table 11. Number of social media use-cases mentioned by the interviewees and the value assessment.

Internal utilization			External utilization		
Number of use-cases	Value for a firm	Value for customers	**Number of use-cases**	Value for a firm	Value for customers
20	20	3	19	19	7

Table 11 presents the information how the division between internal and external utilization constitutes based on the information received during the interviews. It can be seen that there are quite equal amount number of internal and external use-cases. The different use-cases are considered to be equally beneficial and the aim is not to give a comprehensive and perfect view on how the value is divided. Rather, a broad overview is given to illustrate that even though many companies might not realize it, social media presents a lot of different opportunities for gaining value from a firm's perspective. An interesting interpretation is that social media has more opportunities for a firm to gain value than for a customer or other consumer. From the 20 internal use-cases mentioned by the interviewee only three brought direct (or at least relatively direct) benefits for customers and all of them were useful for the firm. When considering the external use-cases, the figures are almost the same; all of them create value for a firm and only less than third brought value also for the customers.

One can always argue that in many of the use-cases even though there is no direct value for the customers there is *indirect benefits and value* also for the customer. For instance, if we consider the *employee satisfaction* that is identified as an internal use-case creating value only for the firm, it can create indirect value also for the customers since they might get better service for the customers due to the more satisfied employees. Furthermore, another even clearer example is *testing new products.* It is listed as an external utilization bringing value for the firm. If we take a look at the indirect effect, not only firm benefits from testing the products or concepts among the consumers first but also the customers gain value from the better products the firm introduces later to the markets.

Other thing that affects these figures is the fact that the interviewees were speaking from *a firm's point of view*. In case they would be considering the consumer, and had customer-centric approach, there may be more use-cases where the value is created especially for a customer. Nevertheless, taking into account these limitations in the findings, the figures in the table 11 are still really positive and promising from a firm's point of view.

7.1.3 Strategic approach and performance assessment

As presented above there is a lot of potential for firms to utilize social media. To start off with the social media tools it may be wise to first try out the different kinds of tools and to learn how to use them. After that, a firm is able to decide what kinds of tools suit their operations and are natural for them to use. For instance, not all the firms are able produce videos or other material to YouTube, or it doesn't simply suit their image. And some firms might not have an established customer base ready for whom to build an online community. However, after finding out the tools that suit the firm, the planning and development should be more strategic.

This is the case in many Finnish companies at the moment. Firms have already made their trials and errors with some tools and they may have already realized the broader value that can be gained from more strategic utilization and planning but yet they are unable to harness the benefits.

> *"Social media is becoming a natural sub-channel in the web. - - Our customers have made their own trials and errors and have learned from them. - - The first round is now over and we are clearly getting towards more integrated approach.* (Interviewee 2)

All of the interviewees' view was that although firms are starting to realize the broader benefits social media has to offer, companies are still thinking more about short-term goals and more tactical campaigns when they are utilizing social media. In order to benefit more from social media, all of the interviewees admit that companies should

approach it more broadly as processes in the organization rather than a tool and start building complete strategies for social media utilization with long-term goals in mind.

> *"There are only few companies in the world that have changed their business as much as you could with social media."* (Interviewee 3)

There are few companies in the world that have taken this approach into the extreme and they are using social media as the core of their business strategy:

> *"Some firms have understood the essential in social media and they are using social media in order to become more agile, faster, and brighter and organization that adapts to the environmental changes fast."*(Interviewee 4)

The framework built in this study presents a way of approaching social media as a strategic tool in an organization and give a firm an idea what is needed from them to be able to utilize it more efficiently. The firms providing digital media services are trying to emphasize the more strategic point of view and feel that it is beneficial to think about the strategic point of view also in the academic discussion.

> *"We are looking for ideas and thoughts on how our customers businesses could be developed. It can be done from increasing the sales or decreasing the costs point of view."* (Interviewee 2)

The quotation above gives an idea of the fact that the approach with utilizing social media is getting more and more strategic. This specific approach is quite close to the idea behind the concept *strategic marketing:* thinking about the key business processes of the firm and tie the marketing activities with financial measurements of the firm. When considering the *strategic* approach on utilization of social media, one of the most essential parts is setting the targets but also the performance measurement. In order to be able to plan the actions firms has to be aware of what they want to achieve in using social media and what the target group is. The evaluation and measuring the effects is found to be really hard.

"The problem is that we have all sorts of tools and monitoring and we have this 'wow-effect' when we get some graphs. But who cares? We should be looking at various data points and do "cross-referencing" and see for instance how much is there discussion around our product, did our campaign have an influence on it, or is our product simply that good that people are talking about it anyways. And then we have to look at our sales and compare the data if they have correlation. This is something that we should be doing more." (Interviewee 5)

There is a lot of information available in social media for the firm to gather and utilize. However, to find the relevant information is really hard. It should be defined carefully what kind of information we want to collect and what we are going to do with it. Also the measuring and assessing our performance is not that easy.

"It is easy to draw few illustrations for 'conversation volumes', but who cares? We have to be able to find the most relevant information and the insights there really are. - - We should be evaluating what kind of impact we had on people's behavior, if any. Is it easy to do? No." (Interviewee 5)

7.2 Second part of the interviews: introducing the framework

In the second part of the interviews the framework was introduced to the interviewees. All of the processes were briefly explained to make sure that there are no misunderstandings regarding the different parts of the framework. After the introduction the interviewees were asked to give comments on the framework: what they thought was good, what most important parts and if there was something they would change or even remove.

The overall feedback for the framework was extremely positive. All the interviewees found the different processes important and they appreciated the fact that there was a connection established between the different parts. It was interesting to see that even though the connections between social media and the processes seemed quite obvious to

all the interviewees, the construction for the broad view on strategic utilization of social media was something new to them.

There was also valuable constructive feedback received. Of those the most important comments and ideas are presented in this chapter. The feedback received is divided according to the processes in the framework. Also some general comments are presented in the beginning of this part. Based on these comments and thoughts the framework will be revised in the following chapter to better suit the reality.

7.2.1 General comments on the framework

The overall feeling towards the framework was positive and in general all the interviewees found the framework rather comprehensive and useful tool. Since companies are moving towards more strategic utilization of social media all of the interviewees though that there is a lot of potential and demand for this kind of model to give guidelines and broad view on what sorts of things needs to be considered when planning on comprehensive utilization of social media.

> *"I think that the framework looks really good."* (Interviewee 5)

> *"The framework looks good and I feel that it could be helpful for us when planning our actions in social media. We really need to consider the utilization from a more strategic point of view."* (Interviewee 1)

Some interviewees felt that this framework puts their own ideas and thoughts into a carefully thought form. This can be interpreted in a way that there are no existing frameworks that take into consideration all the important parts that need to be planned in strategic utilization of social media.

> *"I mean this framework is everything I have just been talking about"* (Interviewee 3)

Nevertheless, some of the interviewees understood that the framework as such suits academic world better than real-life situations of firms. When put to the real-life context

it gets probably rougher and not all the parts are that carefully thought through in an organization.

> *"In general the framework looks really good and comprehensive cycle. In real life when you work according to this model it will be simplified: you will have some idea about this year's tactical marketing measures and communication actions and you have a certain budget for the media acquisitions you are utilizing in order to maximize the return-on-investment (ROI) in relation to specific KPIs. The model transforms into more 'quick and dirty solution'. This is a perfect example of an academic model, but in real-life it doesn't work like this."* (Interviewee 2)

7.2.2 Strategy development process

All the interviews felt that it is essential for the success to have carefully thought strategy for the utilization of social media. The important role is also illustrated in the framework with the biggest block that belongs to the strategy development process.

All of the interviewees were wishing to see also higher-level strategy in some way in this first process as well. Three interviewees suggested that general business strategy should be added to the process, since that is the starting point for all the strategies in a firm, including marketing strategy. In addition, since utilization is not only on marketing department's responsibility, the model should contain also higher-level strategy.

> *"We should be thinking about how our social media activities support targets that come from the upper level strategy, which is the bigger picture of the business. The targets set in the higher level strategy flow down to marketing and other processes."* (Interviewee 5)

Organizational culture plays an important role in how firms are reacting to the social media and how willing they are to accept it as part of their operations. For instance a firm that doesn't have open-discussions and transparency internally might not be coping with the social media as well as a firm that is willing to make their operations

completely transparent. Also the age structure of the employees has an effect on how the firm adopts the utilization of social media and how quickly they are able to learn the norms of how to interact in the social media environment. The younger generation is used to spending time in the social media on their free time so they have better starting point to learn how the firm could interact in the social media environment. This organizational culture was missing from the original framework.

> *"Typically people don't consider that the history, politics, culture, people etc. have a strong influence on the bigger picture."* (Interviewee 2)

> *"In my opinion firms should have higher corporate strategies where the social media practices are presented, for instance stating that all the employees should have LinkedIn profile."* (Interviewee 6)

There were also few other things that the interviewees suggested that could be considered in the strategy process phase already. For instance few of them argued that the value created for the firm and customers should be considered already in the first part of the framework.

> *"That value co-creation thing is really important and it should be part of the strategy as well."* (Interviewee 3)

However, one can argue that the value is considered and included in the strategy development; i.e. customer strategy and marketing strategy. The reason why the value co-creation process is after the implementation phase is because the value creation wanted to be emphasized and to show in which phase it is actually created. The value co-creation processes doesn't mean that the value is considered at that point: it has been thought in the previous phases and it is only been realized at that phase. The same kind of debate can be done concerning the performance assessment and monitoring phase, which also have been considered in the strategy development phase, but the actions related to the assessment are done after the actions in the social media are done and there is something to be measured.

> *"Choosing the proper measures and KPIs according to our strategies and after that you can start thinking about with which tools and in what ways*

you can maximize the things you want to achieve and measure."
(Interviewee 2)

The fact that team and resources were mentioned separately in the strategy development phase received a lot of positive feedback.

> *"Social media is not only marketing department's job. If a firm wants to gain as much as possible from social media, it should be everyone's job. -- Especially for research and development department it is most valuable if the product developers themselves take part in the discussions in social media rather than getting the information through a marketing department."* (Interviewee 6)

> *"Advertising is basically done in a way that you give a brief to an ad agency, and then you wait for one month and see what they have created. After that it goes live and then you wait for two months and see what impact it had in our sales. But social media is nothing like that. It requires communications, and at least constant monitoring in order for you to be up-to-date all the time. You have to be able to change your way of doing even on a daily basis if necessary. That is why resources and team are extremely important."* (Interviewee 4)

The strategy development process is probably the most essential part of the framework, since without detailed planning and organizing you cannot achieve your goals and benefit from social media as a firm. That is why the strategy development had a major role in the original framework to begin with. However, many of the interviewees felt that it could be emphasized even more. There were few additions that were suggested to be made to the strategy development process and two of the interviewees suggested that the part could be divided into two to emphasize its importance and the different aspects included in it.

> *"I think that this strategy part is something that you could reconsider a bit; It might be worth dividing it into smaller entities to open it up a bit more than referring to it with the word strategy."* (Interviewee 4)

"The strategy development process earns bigger role in this framework and it could it be even divided into smaller parts. - - It all begins with the strategy where you have to consider the value as well. And then the next part could be resources and team that should be located closer to the implementation process." (Interviewee 3)

7.2.3 Implementation process

Dividing the *implementation process* into two parts received extra credits from the interviewees. They were pleased to see this kind of a way of thinking. However important this division seemed to be according to the interviewees, it was interesting that only very few of them mentioned this in the first part of the interview.

"Sometimes the result of social media strategy development can be that we are not going to do anything but just observing." (Interviewee 3)

"There are certain topics and discussions that we have to own and lead and then there are certain areas of discussion that we have to actively follow. In that sense it chimes with my way of thinking." (Interviewee 4)

The idea behind presenting the tools and location in this part was to illustrate that we have to be aware of our customer and marketing strategy and act accordingly to be able to provide services and content that is interesting to our target groups and provided in places where they spend time.

"Channel-thinking is bad, but in this case it makes it easier for you to think about the location and tool selection and other possibilities there are." (Interviewee 5)

"I use mostly Facebook to have a discussion with my customers in social media because it's easier for everyone. Everyone has their Facebook open almost all the time." (Interviewee 1)

It was interesting to see in the interviews that there were almost like two different approaches on how to view the social media tools. The other group saw that there are only few tools that are really important, and as one of them even stated that social media equals Facebook and Twitter and other don't matter. The other group saw the amount of tools to be so huge that they should be thought in this context where the overall utilization of social media is been considered.

There were a lot of different ways the firms can utilize social media and what they want to achieve with it. It was clear that the means and tools are different when considering the utilization in internal operations, the business-to-business relationships and as external channel. Thus, it might be wise to consider dividing the operations in the framework into two parts: external and internal operations.

7.2.4 Value co-creation process

Value co-creation process is one of the most essential parts in the framework as well. It is the moment where the actions turn into value both for the customer and the firm. As mentioned already in the *strategy development process* part also the interviewees felt that the value co-creation part is really important and some of them suggested that it should be moved to the strategy part. They thought that it is something that needs to be considered before choosing the tools and other means for reaching target groups and being able to offer them content they appreciate.

Different people value different things. Thus, it should be carefully though in the strategy phase what kind of segments and people are targeted in the social media. Firm needs to find out what they appreciate and where they are located.

> *"We always say that we should be able to 'add value'. - - However, value is different thing at different times, in differ channels, in different communities for different people."* (Interviewee 5)

It is highly important to think about the value that is created for the customers. But equally important is the value that the utilization of social media presents to the firm.

These usually go hand in hand. When you provide consumers with interesting information and content and the ability to modify the content, they are usually happy to do something with the information and share it with their friends. This is how the value is created in co-creation with the consumers and the company.

For instance, getting feedback from the customers can be seen as a value co-creation process. When customers have easy access to giving feedback they are satisfied. When given public feedback through social media the firm is able to respond to the given feedback and when all the consumers interested in the same topic can read the feedback discussion there are more than only the one consumer who can benefit from this. In addition, the firm may be able to utilize the information received through the given feedback for developing their services or processes etc.

> *"For both us and the customers giving feedback is always good, especially negative feedback. - - People are always happy when they have the opportunity of giving feedback."* (Interviewee 1)

The actions might not be carefully though in advance and a firm might not view their actions in social media as strategic as they should. Nevertheless, some times the actions may be more strategic than the firm considers and their actions might actually develop value co-creation without any pre-set expectations or hopes:

> *"I can say that the activities are not prepared well in advance. Only thing we are aiming at is to raise peoples' interest in things. And when we get feedback from our customers, we may do some things accordingly. Even though we are not actively collecting feedback it is highly useful when we receive it."* (Interviewee 1)

7.2.5 Performance assessment process

All of the interviewees were unanimous about the fact that the performance should be assessed at some point and setting targets and following them is really essential part in strategic utilization of social media. However, the constitution and position of the

performance assessment process raised quite a lot of discussion and interesting comments. It seems that this is the part where firms have the most to develop and some basic guidelines for it would be more than welcome. Nevertheless, the interviewees found this process extremely important when considering strategic utilization of social media.

Most of the issues related to performance assessment during the interviews were really vague. Only very few of the interviews were able to give more specific answer to this and especially one was able to identify the measures used in their firm.

> *"What can we achieve with utilization of social media? Increase sales or revenue, decrease costs and customer satisfaction; those are the three things that we can think about. There are other possibilities as well, but those are the 3 that we want to follow and based on those we can divide our activities accordingly."* (Interviewee 5)

One of the interviewees pointed out that the shareholder value as such is quite high-flown target and the financial results could be presented as social media return-on-investment (ROI) instead. According to him the chain goes from different measures to ROI and only after then can the shareholder value be evaluated and this was also mentioned by another interviewee; to have more narrow business targets first that result in the end as shareholder value. But not all the interviewees agreed with that.

> *"We have been thinking about the sales measures for a bit, but as a matter of fact we haven't been thinking about the impact on shareholder value, which would actually be really interesting."* (Interviewee 3)

As shareholder value can be seen as ultimate results of the activities, unintended consequences are another thing that can be evaluated as a result of all the activities. Most of the interviewees stated that it is something that cannot be entirely avoided no matter what you do and therefore you need to be prepared for it. Many of them were willing to accept the fact that there are some downsides in utilization of social media as there are in every other business actions.

"In social media there are a lot of threats for a company, but there are many more up-sides than downsides. In everything you do there are threats, social media is not an exception." (Interviewee 4)

One of the interviewees even argued that the investment in social media should be seen as cost avoidance since then we have the ability to react on the issues happening on the Internet.

"In my opinion the best way to justify our social media marketing and other activities is with 'cost avoidance'." (Interviewee 5)

As mentioned in the *strategy development process* few of the interviewees were raising the issue that in which phase are the key performance indicators (KPIs) and other targets set? They argued that it would be more logical and understandable if they were in the *strategy development process* phase to indicate that they are set at that point and that the actions are done based on these.

"It should be carefully though that in what phase are the KPIs and other target set. It would be logical to have them set already in the strategy development phase." (Interviewee 5)

However as mentioned already previously, the framework assumes that the KPIs and other targets are set when the strategy is developed, that is during the first process of the framework. The last process in the framework is to show that the pre-defined targets need to be measured and followed at some point to evaluate the activities and to be able to do corrective measures in case needed.

7.2.6 Information management process

After viewing the original framework all the interviewees found *information management process* highly important even though in the first part of the interviews only few of them mentioned this as an important step in the social media utilization. The interviewees appreciated the fact that there were separately mentioned the *data analysis* part as well.

Many of the interviewees mentioned that not only analyzing the information but also reacting to the information could be presented more visibly in the framework. In the original framework there are arrows going from the *information management process* to the other processes to indicate the information flows and reactions. The firm shouldn't only collect information and analyze it but rather see how the information can be utilized in changing the operations.

> *"One thing that is really essential in that information management process is, of course the information gathering and data analysis, but also reacting accordingly. That is something where firms have a lot to gain."* (Interviewee 3)

Since the framework is developed for the *strategic* utilization of social media both the short term and the long-term actions should be considered.

> *"- - We can monitor, follow and see what needs to be done today and we give our employees tools and empower them to react accordingly. This way we react on daily- or weekly-basis. And on the other hand we have this performance assessment which is more of a heavy duty and based on that we make more far-reaching decisions."* (Interviewee 4)

When considering the difference between the short term and long term actions the framework could be interpreted in a way that the arrow going from the *information management process* towards the strategy development process could be seen as a long term action and the other arrows could be seen as short term actions (figure 6). These actions, both short-term and long-term, are done based on the information gathered and analyzed. The long-term actions require changes in the strategy and therefore the information related to the bigger, more constructional changes is transferred to the strategy development process. Smaller, more tactical changes and short-term actions can be done without altering the strategy.
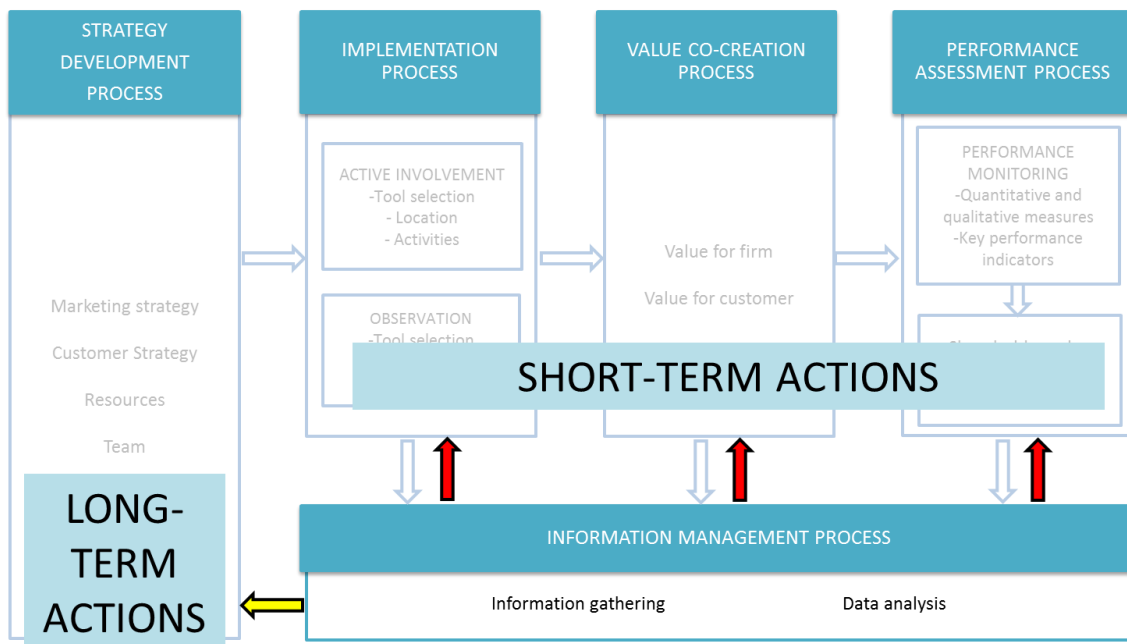
Figure 6. Information flows for long-term and short-term actions.

Related to both short-term and long-term actions is organizational learning, which is closely related to the term listening. We have to be able to not only listen but also to learn from what we are listening before we can act accordingly and alter our processes.

> *"We have been using the term listening for quite some time now, but learning is better, since it is more of a continuous process. I mean if we only listen, it is not… we have to consider how we are really going to utilize the information that we are receiving. We can't just be listening and nodding, and do nothing."* (Interviewee 5)

8. ANALYSIS AND DISCUSSION

In this chapter the findings are analyzed and overview of the finding is presented. First there is discussion on the first part of the interviews, followed by the discussion of the second part of the interviews where the new, improved framework is build.

8.1 Overview of the first part of the interviews

During the first part of the interviews the areas related to the framework were discussed with open questions related to strategic utilization of social media. The idea was to see how many of the topics in the framework were discussed by the interviewees and what areas they found important without framing their mindset with showing the framework. Figure 7 indicates which of the interviewees discussed which topics during the first part of the interview.

Figure 7. Individual issues of the framework and how they were mentioned by the interviewees.
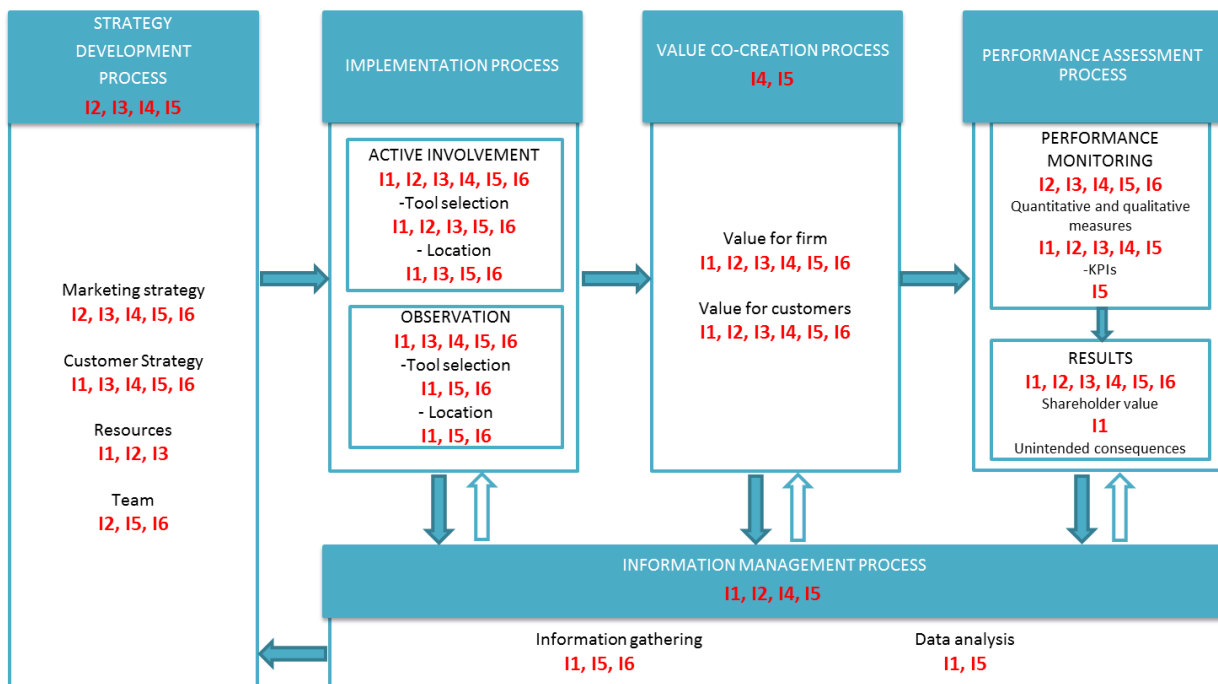
The figure 7 indicates that most of the interviewees considered the marketing and customer strategy important. They also discussed more about firm's active involvement in social media rather than just observing the existing information. In addition, most of the interviewees found it important that both of the parties, customer and firm are getting value from social media utilization but only two of them emphasized that the value is produced together with the two.

These finding indicate that firms don't have strategic approach to utilization of social media. They are thinking about their own actions and what suits their overall marketing strategy and how they can influence their current customers. They are not thinking about the possibilities of collecting information and how analyzing the data they could develop and change their own way of doing things. The performance assessment is not linked well to the actions and even though most of the interviewees say that the targets of the actions should be established before doing anything, there are no indications of the measurements of whether the targets are met.

8.2 Overview of the second part of the interviews

In the second part of the interviews the framework was presented to the interviewees and there were few modifications done to the framework based on the feedback received from the interviewees. The new, empirically grounded framework is presented in the figure 8. This framework combines the findings from the interviews with the framework constructed based on the literature review is presented There was a need for clarifying few point of the framework since few of the points seemed to confuse the interviewees a bit. It would be most beneficial if the framework was self-explanatory and thus, some of the existing points have been adjusted with few defining points.

First of all, the entire framework has been divided into two different parts: strategy and activities. This clarifies the processes; the strategy and planning are done in the strategy part and the activities are actions that are done based on the strategy. This should clarify the fact that in strategy phase the targets are set and in the performance assessment process in the activities part signify the actual monitoring of the key performance

indicators. The same thing applies to the value co-creation process where the value generation is realized based on the plans.

Figure 8. The empirically grounded framework.
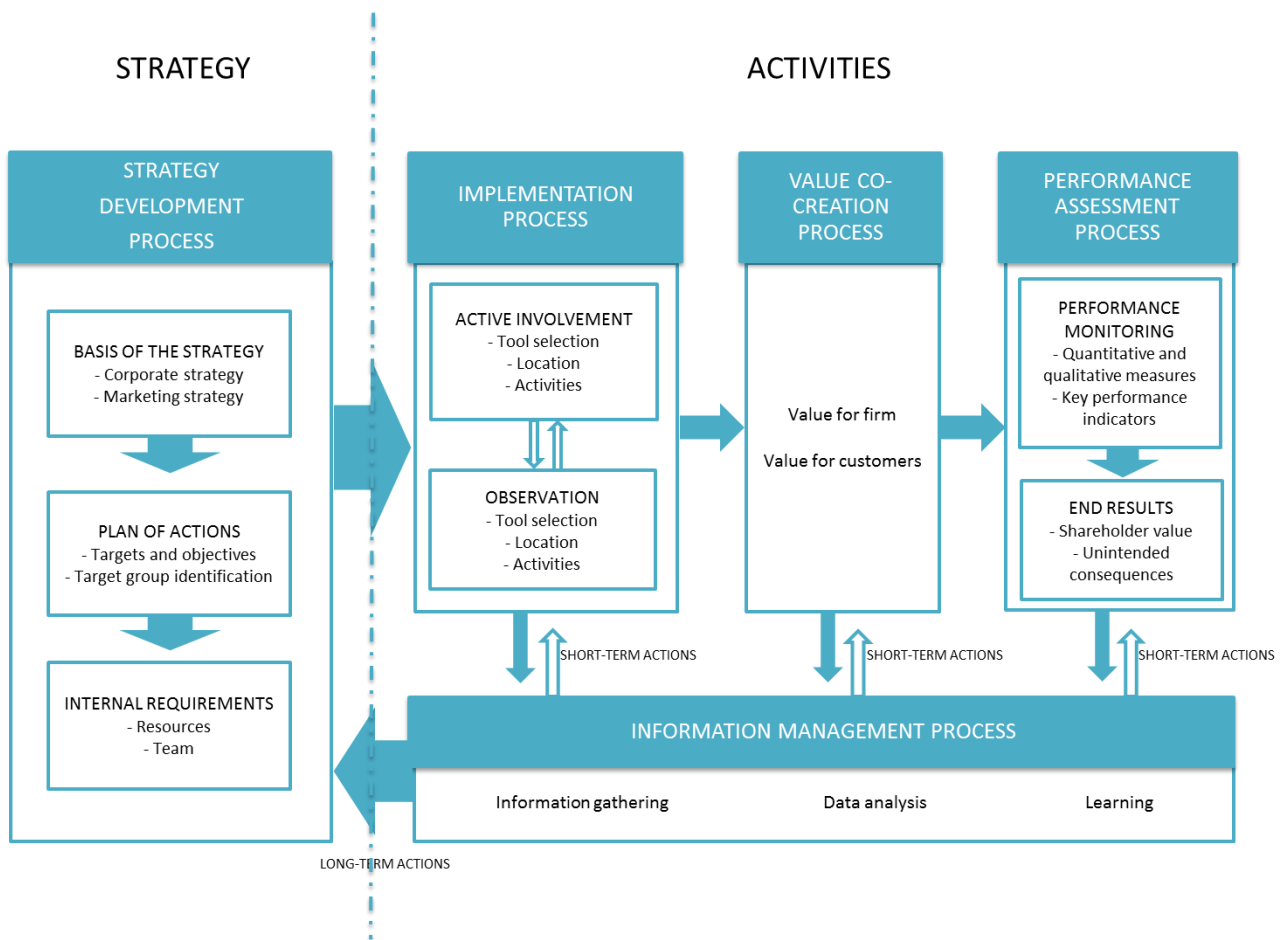
Most of the interviewees emphasized the strategy part and were hoping to see even bigger role for it in the framework. Thus, the area is visually made bigger and it has been divided into three parts to emphasize the amount of work done in the strategy development part. The parts in the process are: *basis of the strategy, action plan* and *internal requirements*. The *basis of the strategy* refers to the fact that both the overall corporate strategy and the marketing strategy have to be considered as a foundation for the social media strategy. The *action plan* means that the plan of actions needs to be built in the strategy development phase. In the plan of action the targets and objectives

are defined and based on those the set of operations that lead us meeting those targets can be defined. The target group has to be identified also in this phase to be able to target our actions to the right places at the right time. *Internal requirements* refer to the resources and team that is required from the firm to be able to implement the plan.

In the implementation process the *activities* have been added to the framework to demonstrate the fact that action happens in this phase. Also the arrows are added in between the active involvement and observation to emphasize that they can be overlapping or utilized simultaneously. To the performance assessment process there is only heading *end results* added to emphasize that these are the end results of our strategy and activities.

In the information management process information is gathered from different sources of the social media but it isn't enough to analyze the data; in the modified framework it is emphasized that the firm needs to be *learning* from the analyzed data and consequently learning is added to the framework. Related to the learning the arrows going from the information process to other processes have more relevant meaning. The arrow going towards the strategy development process represents that information that needs to be included in the strategy development, and thus it refers to the *long-term actions*. The *short-term actions* that are done based on the information received from the information management process can be directly allocated to the other processes.

9. CONCLUSION

In this chapter the conclusion of the study is presented. First the main findings and theoretical contribution are discussed. In this part the aim is to find answers to the research questions defined in the introduction chapter. The managerial implications are presented afterwards. At the end, the limitations of this study are discussed and also suggestions for further research are provided.

9.1 Main findings and theoretical contribution

People are using more and more Internet and different kinds of technology-enabled social media tools in their everyday lives. People are spending their time in Facebook, keeping in touch with their friends and sharing information and content with other users of social media. Through utilization of social media firms have a great opportunity to be involved in people's lives through channels they normally use in their everyday lives. But with simply establishing presence in social media is not sufficient to ensure the business value for a firm (Culnan et al. 2010; Bernoff & Li 2008). The approach should be more comprehensive and strategic.

The objective of this study consisted of the following research question and three defining sub questions:

1. How to build an effective strategy for utilization of social media in a firm?
   a. What is the link between strategic marketing and social media?
   b. Which are the core processes in strategic utilization of social media?
   c. How could these processes be combined to establish a conceptual framework?

The main goal of this study was to examine how social media can be used efficiently in a firm and the main focus was on the consumer context. The literature indicates that an effective utilization requires more strategic approach on social media (see e.g. Truong &

Simmons 2010; Bernoff & Li 2008; Culnan et al. 2010) and thus the link between strategic marketing and social media was established in this study. This research indicates that a link between social media and strategic marketing can be identified. Social media has a strong market-oriented nature and close relations to service-dominant logic. In addition, the relations between social media and the core business processes can be established. To be able to benefit the most out of social media, the team and operations should be cross functional and the performance assessment and setting targets has a strong role in strategic utilization of social media.

Building a strategy requires processes from a firm's point of view and therefore the core processes related to social media strategy were investigated. There were five core processes identified for strategic utilization of social media: *(1) strategy development, (2) implementation, (3) value co-creation, (4) performance assessment* and *(5) information management.*

To build a coherent strategy, the linkages between the processes are established. Based on these five processes a strategic framework for utilization of social media was established by identifying the correlations between the processes. The framework build in this study presents an overview on the entire process how social media can be utilized as a tool for strategic marketing. The approach of the framework is two-folded; by establishing a well-defined *strategy* can firm develop the *activities* needed to utilize social media most efficiently.

The first draft of the framework was developed based on the academic discussion presented in the literature review. The framework was then validated with several interviews with social media experts and managers working with social media. Even though the interviewees obtained different approaches on social media and they saw the opportunities from a different perspective, they had quite similar views on the framework. Thus, it can be stated that there was a consensus established among the managers and experts on what processes are related to the strategic utilization of social media and what are the component needed from a firm to be able to establish effective strategy.

There were few modifications made on the framework based on the interviews and all in all it can be stated that the framework established is now based on the literature review and experience of the interviewed experts. Common sense was also used in putting the pieces together to make a coherent framework that is consistent with the values of strategic marketing as well. Thus, in the basis of this framework were typical; literature, common sense and experience (Eisenhardt 1989).

In the existing literature the link between strategic marketing and social media has received only a little attention (e.g. Brady et al. 2008; Simmons 2008) and there is a need for more strategic approach on social media utilization in firms to harness the benefits of social media (see e.g. Culnan et al. 2010; Berniff & Li 2008). Thus, this study is a step to the right direction: defining social media as a tool for strategic marketing and identifying the more broad view on utilization of social media.

9.2 Managerial implications

The framework presents an overview on how firms should be utilizing social media and what things should be considered during the operations. First a firm has to choose a strategic focus and then consider all the components presented in the framework to effectively harness the value of social media. Thus, this study presents few guidelines for the effective, i.e. strategic, utilization of social media.

First of all, the *strategy development* for the actions needs to be done carefully. Basis of the strategy is built by considering the *broader strategy of the firm* that may set some limitations to the utilization but also defines what kind of a value is created for a firm. The *marketing strategy* needs to be taken into consideration to integrate the social media utilization to other marketing measures and to select the target groups. When the basis of the strategy is build, the *plan of actions* is prepared accordingly. The targets and objectives of the operations are set and the targets groups are identified to be able to provide them services that create value for them and to find out how to reach them through social media. Also the *internal requirements* are part of the strategy

development process: the needed resources should to be evaluated as well as the team responsible for social media activities needs to be assigned.

The *implementation* of social media strategy contains the activities in social media. The activities can be related to *active involvement* or more passive *observation* from a firm's perspective. Tool selection and the location for the actions are done based on the plan of action conducted during the strategy development.

The *performance assessment* is an essential part of the strategic utilization of social media. The KPIs are decided during the strategy development process and in this phase the performance is evaluated with the help of the pre-defined KPIs. Results should be then evaluated as what kind of shareholder value was obtained from utilization of social media and where there any unintended consequences realized.

During all the activities it is important for a firm to constantly monitor the actions and collect information from different sources of social media. This *information management* process requires *information gathering*, as well as *analyzing the data*, as an organization needs to be able to *learn* from the gathered information. The corrective actions can be done based on this information. These actions can be divided into short-term and long-term actions; *the short-term actions* can be done ad-hoc and the employees should be empowered to be able to do this. The nature of social media requires ability to react fast to the changes in the environment. With the *long-term actions* the information is analyzed in more detail in the strategy development process and the overall strategy for utilization of social media may be changed accordingly.

This study indicates that firms have the opportunity of gaining value from *strategic* utilization of social media. There were many different use-cases presented in the study that show the diverse opportunities of utilization of social media from a firm's perspective. There were multiple use-cases of social media identified where the firm is gaining value from the usage, not necessarily the customer. The value for the customer is created indirectly: when the firms operations improve, they can offer better services and products for their customers and thus create value for the customers. When customers receive value, they are more satisfied and there are numerous studies that

indicate that satisfied customers mean increased shareholder value for the firm. (see e.g. Fassnacht and Köse 2007; Kumar 2004; Vargo & Lusch 2004; Sheth and Sharma 2005.)

With this kind of a framework firms are able to put their actions and ideas in a context and to see which parts are missing and which need more resources and development. As one of the interviewees said after the interview:

> *"I really need to start thinking about this more carefully. It feels that everything should start from building clear targets for the operations and that's what we should be thinking about as well."* (Interviewee 1)

This indicates that there is a need among firms for this kind of a broad framework that gives them the idea what kinds of parts need to be considered in utilization of social media. The fact that the framework is so wide and contains a lot of different parts is an immediate indicator for the firms that there are a lot more things to be taken into consideration than merely the tools. But as other interviewee put it, the framework is at its current form quite academic, and it is a really thorough and great starting point for firms to develop a wireframe that suites their needs and expectations.

How are different kinds of firms able to gain from this framework then? The idea behind the framework is to give an overview on *how* social media strategy should be build instead of presenting tactical measures on *what* to do. This enhances the transferability of the framework to different kinds of firms. In addition, in the interviewee selection one of the used criteria was the fact that all of the interviewees would have a bit different background with utilization of social media to validate the feasibility in different kinds of situations. In social media there are no right or wrong answers on what to do and to all the firms the utilization may be a bit different. With the help of this framework the planning of the utilization should be easier for a firm. This supports the fact that this framework is applicable in different kinds of firms and in different use-cases.

9.3 Limitations and suggestions for further research

This study consists of a literature review and empirical research on utilization of social media in consumer context from a firm's perspective. However, there are some limitations that need to be taken into consideration. As social media is a relatively new topic and since in the academic review process it takes quite some time to get articles published the most up to date research is automatically slightly out-dated when the article gets published. The world of social media is changing rapidly which makes it even more difficult to find current topics from the academic discussions.

As with every qualitative research the sample size can also be debated. Addition interviews could have helped to cover the aspects more thoroughly. But the sample size in qualitative research tends to be rather small (Marshall 1996) and there are only few practical guidelines given to estimate the proper amount of interviews. According to Guest et al. (2006) even six interviews can be found as a sufficient sample size, which indicates the validity of this study.

Based on this study there were different kinds of approaches towards utilization of social media identified. Categorization of the approaches was done based on these six interviews and therefore the study should be broader to find out whether these are the approaches that can be identified based on a wider sample and whether there are more possible approaches to be identified.

The focus of this study is not on the social media tools as such and the tools will be discussed only briefly on a conceptual level. In addition, even though the social media environment can be seen as a many-to-many communication channel between the consumer and firm, the issues are addressed from the firms' perspective and the focus is mainly on the consumer context. It might be interesting to study from other perspectives' as well to see how the framework vary in case the context is changed. Also it would have been interesting to see whether the results vary if the interviewees were only managers from small firms versus managers from big corporations.

Since the topic itself is such a broad subject and contains many interesting things that could be discussed individually in more detail, it is unfortunate that in relation to this

study it was possible to just scratch the surface of many things, like WOM, social media tools, opportunities and so on. It would be interesting to have an individual study about all the different processes addressed in the framework. Also the connection between social media and strategic marketing could be researched in more detail as an individual subject. One interesting idea for future research would also be to conduct an empirical study on the framework to see how this it really works in corporate settings and what kinds of advantages were achieved by utilizing the framework.

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APPENDICES

Appendix I, The use-cases of social media and the value for a firm and for the customers.

In this appendix the use-cases of social media presented and divided into the internal and external utilization from a firm's point of view. The table consists of the use-cases mentioned by the interviewees. The values of all the individual use-cases are evaluated whether they create value for a firm or for customers.

INTERNAL UTILIZATION			EXTERNAL UTILIZATION		
USE-CASES	Value for a firm	Value for customers	USE-CASES	Value for a firm	Value for customers
Community building			Community building		
Product development			Feedback channel		
Decrease cost of sales			Discussion		
Snooping trends			Customer service		
Social CRM			Marketing campaign		
Internal communication			Creating buzz		
Internal development			Creating recommendations		
Innovation			Image		
Customer survey			Brand building		
Desicion making			Employer image		
Stakeholder relations			Marketing		
Employee satifaction			Testing new concepts		
B2B communications			Testing new services		
Internal blogs+wikis etc.			Testing new products		
Personal learning environment			Affecting masses		
Social bookmarking			Moving people		
Decision support system			Following customer discussion		
Wisdom of he crowds			Wisdom of he crowds		
Knowledge sharing+transformation			Creating transactions		
Networking (internal/B2B)					
TOTAL: 20	20	3	TOTAL: 19	19	7