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IMPROVING SME'S BRAND AWARENESS BY DIGITAL MARKETING

– A guide for SMEs

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The concepts of *brand awareness* and *digital marketing* are familiar to most people by name, but they are often mistook as something vague or hard to understand. This thesis aims to provide applicable and practical information as well as practical research results. Both of the subjects are wide and ample, hence it would be hard for a beginner to know where to start. This thesis aims to explain both of these concepts and the synergy between them in a clear but professional manner in order for companies to step away from the shyness and vagueness of these terms, and to try something new.

This thesis will provide a qualitative study about the digital marketing field in accordance to developing brand awareness. Most importantly the thesis should provide valuable information to SMEs and the responsible employees within them who are not experts in the field, but wish to learn and gain more insight on the matter of SME brand awareness and digital marketing. The thesis will present different thoughts and theories about brand and branding, as well as provide statistics and planned brand strategies. The most common digital marketing tools are explained and presented shortly, with the benefits and principals behind them. The research will offer an observation and a professional's insights into the subject of SMEs embarking digital marketing, with pre-assumptions, common mistakes and valuable suggestions on how to reinvent the marketing strategy of a company.

Netta Soininen

PK-YRITYSTEN BRÄNDIN TUNNETTAVUUDEN KASVATTAMINEN DIGITAALISELLA MARKKINOINNILLA – OPAS PK-YRITYKSILLE

Brändin tunnettavuus ja digitaalinen markkinointi ovat konsepteja, jotka monet tuntevat vain nimeltä. Ne kuitenkin usein mielletään epäselväksi tai vaikeaksi ymmärtää. Tämä opinnäytetyö tarjoaa käytännönläheistä ja hyödynnettävää tietoa ja tuloksia aiheista. Molemmat aihepiirit ovat erittäin laajoja ja käsittävät niin monia aiheita, että aloittelijan olisi vaikeaa tietää mistä aloittaa. Tämä opinnäytetyö pyrkii selittämään molemmat konseptit ja niiden välisen synergian selkeällä ja ammattimaisella tavalla, jotta yritykset uskaltaisivat tulla esiin näiden termien epäselvyyden takaa ja koettaa jotakin uutta.

Tämän opinnäytetyön tutkimus on laadullinen tutkimus digitaalisen markkinoinnin alasta, sekä sen suhteesta brändin tunnettavuuden kasvattamiseen. Ensisijaisesti, opinnäytetyö pyrkii tarjoamaan arvokasta tietoa aiheista pk-yrityksille - ja niiden vastuuhenkilöille - jotka eivät ole alan asiantuntijoita, mutta jotka toivoisivat saavansa lisätietoa aiheesta. Työ esittää erilaisia ajatuksia ja teorioita brändäyksestä, joita tukee erilaiset tilastot ja brändistrategiat. Digitaalisen markkinoinnin yleisimmät välineet esitellään ja selitetään lyhyesti, työ tarjoaa myös tietoa niiden hyödyistä ja periaatteista. Tutkimuksessa tarjotaan ammattilaisen näkökulma olemassa olevista ennakkoluuloista sekä yleisistä virheistä joihin pk-yritykset lankeavat. Näkökulmaa tuo myös arvokkaat ehdotukset siitä kuinka yritys voi uudistaa oman markkinointistrategiansa.

CONTENTS

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LIST OF ABBREVIATIONS (OR) SYMBOLS

SME(s)   Small and medium-sized enterprice(s)

PR   Public Relations

SEO   Search engine optimatization

SEM   Search Engine Marketing

ROI   Return on investment

R&D   Research and development

HTML   HyperText Markup Language

PPC   Pay Per Click

CPC   Cost Per Click

POS   Point of Sales

AMA   American Marketing Association

B2B   Business-to-business

B2C   Business-to-consumer

1 INTRODUCTION

This thesis aims to provide a useful bridge for SMEs to develop themselves from traditional to more modern way of marketing. Companies who avoid embarking the inevitable change in the economic environment, will only lose. The same theory has been known since the times of Darwin's evolutionary theories, specifically the theory of natural selection, where species that adapt to their envinroment, will prevail (Darwin, 1859). This thesis will study the different methods and benefits of digital marketing to SME's brand awareness through the literature review and a practical study with applicable results. SME is a abbreviation used for small- and medium sized entreprises. According to the European Comission standards, SMEs are companies with less than 250 employees with a maximum turnover of 50 million euros. However, most companies in Finland are small or micro companies; small companies under 50 employees, and micro companies under 10 employees (European Comission, 2014). In 2013 there was about 280 000 companies in Finland, from which 99,8% were SMEs (Yrittäjät.fi, 2014).

In the economic situation and ongoing vigorous competition, companies are required to evolve and find new ways to develop and make themselves known to new audiences. Digital marketing seems to be thought as something new, hip and just for last few years –at least in the eyes of older, more established companies - in some way it is new. Search engine optimatization, AdWords and social media are tools that majority of companies have just acquainted with within the last few years. However, the digital marketing started in the early 1990s – almost 25 years ago - when web 1.0 was created and become stronger in 1998, when Google was founded. When at the start of the web-era, the information was only controlled by the creator, every year that passed by made the new web versions more interactive. In 2004, the interactive scene grew faster and bigger than was ever seen before with WordPress, LinkedIn and Facebook. (Clow and Baack, 2014, 255)

World Wide Web (more commonly know as web) is a techno-social system, where humans are able to interact in technological networks. Web 1.0 was created by Tim Burners-Lee in 1989. The web has developed into the current web 4.0 from a web of cognition to a web of integration. (Aghaei et.al., 2012, 1) The web has changed from a reading site to a interactive, responsive place for e-commerce, networking, marketing and sharing information. The development in the past, and the development yet to come are some of reasons behind my decision to embark this topic.

The goal of this thesis is to provide SMEs with valuabe and practical information about a subject they are not so familiar with, and struggle to understand. I want to provide an eye-opener for the companies that are in the risk of falling behind. I hope to provide easily understandable and applicable information about the methods and consequences of modern marketing, and how it can benefit the brand awareness of the SME. In addition to helping companies understand new areas, I want to self-educate myself. I have worked in a company mostly concentrating its marketing in digital field. However I feel I have a lot to learn and hope to gather as much valuable information as possible to improve my knowledge and skills in the area. Simultaneously I want to improve my chances of employment by educating myself better in this matter. It is my belief that if one wants to work in marketing, there is simply no other choice than to become aware of the new common practicalities of the business. In order to sustain a competitive position, the SMEs need to be aware of the methods applied by many competitors.

1.1 Research questions

The objectives of this thesis can be expressed as the following research questions.

Q.1 How can brand awareness be developed for SMEs in Finland?
This thesis will present a wide selection of theories and strategies about brand, brand awareness and branding as well as the different aspects it covers. I will

present theories on how to improve and support a brand and what new methods can be used in order for SMEs to position their brand better.

Q.2 Which are some of the methods and tools used in digital marketing for SMEs? Presented in chapter 3. a comprehensive explanation of the meaning and principals behind digital marketing and some methods and tools to take advantage of it.

Q.3 What are the benefits of using digital marketing methods and developing brand awareness?

The literature review, interview and observation will widely present the benefits of embarking digital marketing and developing a clear brand strategy in accordance to each other.

1.2   Focus and structure

Due to the vast theories, ideas and definions of brand, digital marketing and other terms used in the thesis, I will not be able to cover all common ideas. Also, areas like Search Engine Optimization would be able to star a whole thesis by themselves, but for the purpose of this thesis being an overall guide to the digital marketing space not all subjects are studied in depth.

This thesis will explain the main concepts and terms related to the topic i.e. brand, brand awareness, digital marketing and SMEs. The literature review will present theories ranging from many years back to the newest theories in the field. This is in order to present how the ideology and the definition of the concepts in hand have changed throughout the years. The literature review will cover the topics of brand, brand awareness and the digital marketing methods in a manner that is relevant to SMEs. The digital marketing methods are shortly presented in chapter 3. with clear explanations and characteristics. Chapter 4. will present the research methology with the reasons behind the chosen methods. Following the methodology is the analysis of the reseach in Chapter 5. and the results and consequences of them provided with a clear explanation of the research results

in practical. Figure 8. will present a summarized output of the research results gathered.   After research analysis I will conclude my thesis with an ending in reading suggestions and further research topic.

2 BRAND AWARENESS

2.1 From brand to brand indentity

Brand is a very broad subject and can cover aspects from logo to advertising, PR, mental image and crisis control. The actual word *brand* comes from the habit of branding livestock by hot irons in order for one farm (or farmer) to recognize their livestock from another (Clow and Baack, 2014, 48). Nowadays almost everything has a brand; a company, a country, city, politician, an artist and so on. Marketing and advertising a brand is a form of sales (Sounio, 2010, 12). The definition of *brand* has changed throughout the years, since the economical environment has changed too. While some years ago a brand was perceived as the logo or trademark, nowadays the emphasis has grown to cover immaterial aspects as well for example mental image (Novitsky, 2007). Brand is not what you say it is, it's what they say it is (Walker, 2014). The main goal of any branding activities is to be able to create trust and loyalty which often leads to the possibility of charging a higher price for the product. Brand is built to create action (Goward, 2015). Brands are supposed to provide the consumers with aspects of "both tangible and intangible, functional and hedonistic, visible and invisible – under viable economic conditions for their businesses" (Kapferer, 1998, 47).

Coca- Cola is known for their cola drink, even though the company presently owns many other labels like Sprite and Powerade (Coca-Cola, 2015). For Coca-Cola to change their brand name to something else would lead in losing years of hard work in building the Coca-Cola brand. The aspects the brand is known for and what it represents is also known as *brand identity* (Aaker, 1996). Brand identity is shortly depicted in the Figure 1. As is seen from Aakers' figure, brand identity includes different aspects and layers from brand essence to extended brand identity. Brand identity is influenced by the various aspects of business, including the product, organization (company), brand's personality and the actual logo and symbolism behind it. All these four main aspects have factors which can help define and depict the brand indentity of a product and company.
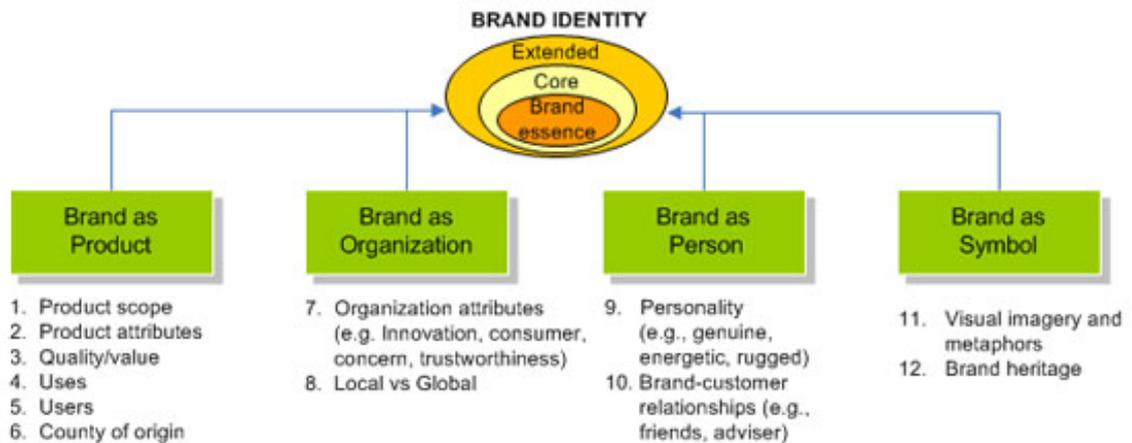
Figure 1 Brand identity percpectives (Aaker, 1996, 79)

We could say that developing a brand is a long process that includes many important decisions to be made. The most important thing to remember when developing a brand is to be consistent (Novitsky, 2007). Developing a brand can be compared to raising a child in the sense that mixed messages are not helpful, instead a consistent theme and actions build a balanced brand with a clear personality. Strong brands have a clear personality of they own, much like a child; brand's personality can be "cool", "empathic" or even "posh". Consumers who relate to that personality and value the product or services provided will become attached to that brand. An unconsistency in the personality might push away the current consumers who are loyal to the brand. The most established brands are known for a precise thing they do exceptionally well, and the mental image of the brand is consise (Sounio, 2010).

2.2 Value of brand awareness

Brand awareness can be defined in many ways; in everyday life brand awareness shows as the selection one makes in a grocery store as a consumer who picks a brand of coffee familiar to themselves instead of a strange brand. Brand awareness means the physical possibility of becoming aware of a brand, to knowing the brand and to finally, preferring the brand in comparison with others.

Aaker defined it as "both the customer's knowledge and the potency of the brand in customer's mind." (1996, 330). Brand awareness is achieved by an ongoing process of active business, advertising, service and other PR. Hence, the actual process of building brand awareness is often referred as branding or building a brand (Sounio, 2010). The objective of these actions is to make the brand known to as many people as possible, with a positive image. Building a brand is unfortunately also connected to the amount of money one has in building it. However, in most cases the money one invests into their brand pays off; for example according to Forbes, Apple's brand value itself is about $124 billion. The market value of Apple as a company is $483 billion. (Forbes, 2014) When investing in a brand and campaigning for its awareness, one needs to be consistent. As already mentioned, changing a brand name, logo or the personality of the brand often leads to diminished brand awareness and the loss of your initial investment in the brand building process (Novitsky, 2007). The company can lose the investment towards a brand for many different reasons. Not always the money invested towards a brand pays off; for example in situations, where the marketing efforts have been misguided or aimed wrongly towards the wrong demographic. Also the surrounding external environment can lead to diminishing the investment; for example the economic situation, political atmosphere in a certain region or PR-scandals.

A study conducted originally by Hoyer and Brown in 1990, and since replicated with similar results studied the role of brand awareness in the choosing process of consumers. The study showed that consumers have the tendency to rely on their heuristics of choosing a known brand. *Heuristics* is a term used to describe the methodology or process of problem solving, where a person arrives to a certain decision (not always the most logical or optimal) by a shortcut, for example stereotyping, common sense or familiarity (Kahneman and Tversky, 1973, 237). The results of the replicated study showed that in a situation, where consumers had the choice between an unknown brand and a known brand, about 90% of the subjects chose the known brand. Further more, the results showed that in the presence of brand awareness, the subjects were less likely to use price as a heurestic. In situations where brand is unknown, consumers used other criteria

such as packaging and ingredients. Only 10% of the subjects informed that the only criteria they used was price. (MacDonald and Sharp, 2000) The *brand equity*, which is the added value of a brand derives from brand awareness, brand loyalty and brand associations, as seen in the Figure 2. below. These factors of brand equity are the factors that led to the results of the study mentioned above.
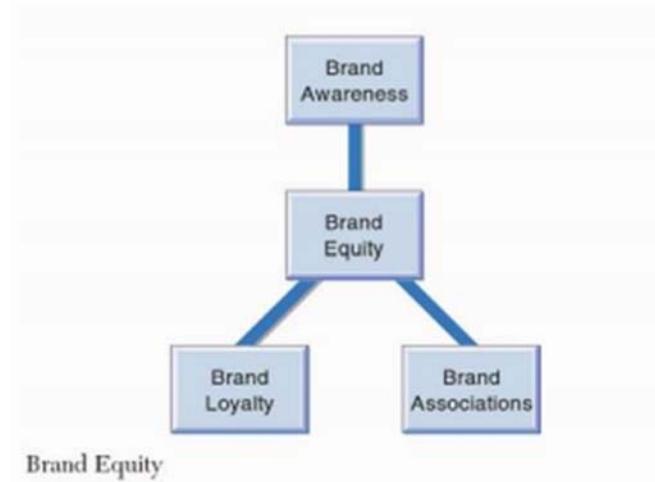
Figure 2. Brand equity (Aaker and McLoughlin, 2010)

According to Edelman, what has stayed the same even when the means of branding have changed rapidly is the fact that customers still want a clear brand and value promises. The change is seen in the "touch-points" where the consumers are most open to influence, and the means of interaction with them in those touchpoints (Edelman, 2010). These touch-points can be studied more deeply through *service design*, where one can map the interaction and influence situations during a process of encounter with the consumer (Blomkvist, 2014). These means and tools that can be used in the interaction are presented below in the *branding strategies* chapter 2.3, as well as the digital marketing tools in the chapter 3.

2.3 Branding strategies

This section will present different branding strategies that can be useful in order for SMEs to improve their brand awareness. As it is important to strategize a company's financial situation, it is also important to strategize the branding; what efforts do we take in the following years to accomplish a certain brand? A branding strategy helps the company to maintain a focus in the branding and to

realistically plan their positioning (Kapferer, 1998, 149). A clear brand does not only offer benefits in form of sales, but also creates a more cohesive and community-like environment for the company where employees have a more clear idea of the goals and the personality of the company. By engaging the managers and employees in the brand image, it is easier for them to share that message forward (Fisher and Vallaster, 2010). The following will present different kinds of branding strategies and premises to build the strategies on. These strategies were picked due to their suitability for SMEs. These strategies are also easily executed via digital marketing tools and principals.

Name branding

The main strategy of name branding is to built the name of the brand to reach maximum awareness with great associations of quality. Brand name basically sums up everything your business represents and offers into a symbolic name (Kotler & Armstong, 2011, 232) This strategy of branding is often used by fashion houses like Louis Vuitton or Gucci. Successful name branding leads to the opportunities of asking premium prices on about any product possible. Even though the strategy is often used my global fashion brands, this strategy could benefit a SME too, only on a smaller scale. A very grassroot example is small private restaurants in cities. They only have one location, and they often provide a certain flag-ship dish that every local knows, that allures customers from nearby regions to try it.

The significance of the name has been known for a very long time. Even many of the most iconic actors or artists have changed their name to something more rememorable and attractive, for example the singer diva Cher, who's real name is Cherilyn Sarkisian. Cher's concistent style has kept her in the loop for decades, the same is to be expected of companies. Consumers enjoy reading *the story* behind the company and company name in their website. Opt the company name for something long lasting. (Bickle, 2011)

Brand extention

When company has reached a certain success level, they often wish to extent their brand. Brand extension occurs when a established brand name (and image) will extend their business by using the same brand name with a different product or category. (Clow & Baack, 2014, 49) For example some musical artists successfully extend their brands from music to fashion or fragrances. The original brand is called *parent brand* whereas the new category is called a *spin-off.* The benefit of brand extension is, that the new category gets to benefit from the brand equity of the parent brand without having to build an brand equity of its own. This leads to money saved on advertising and branding.

Excecuting extension in the right manner can lead to very profitable results, but also has a downfall in case of greediness; brand dilution. When extending, one needs to practice self-control. (Clow and Baack, 2014) An example about a fashion brand Pierre Cardin has become a text-book example of brand dilution. This started, when Pierre Cardin still had a strong name brand, and it was seen as quality brand. During the last years Pierre Cardin has licensed it's name to multiple ventures from socks to sunglasses, and often have campaigns in sale-platforms like Groupon. The over-use of –what at the time was- a luxury brand, has diminished into a commodity brand for fashion. If many people own a supposedly exlusive product, the product is not exlusive anymore (Kort et.al., 2005).
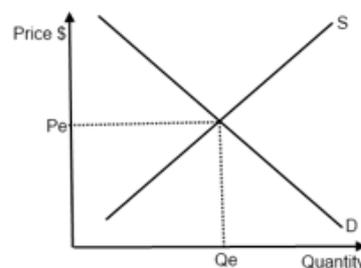

Figure 3 Market equilibrium (IBGuide, 2012)

For example the basic economic graphs like market equilibrium (Figure 3.) could be applied in this situation. In this case the picture will present the market of high-

end brand products; the market equilibrium or "market clearing" price is achieved when a market price is established through competition so that the amount of goods sought by consumers is equal to the amount of goods produced by sellers. With luxury brands, when the company dilutes (= over produces/licences) it's products the equilibrium price is lost, and the price (and the perceived value/brand) of the product tends to fall. (Heikkilä, 2013)

"no-brand" branding

The modern times of consumption and critisism towards it has raised a new strategic position in branding called "no-brand" –branding. This strategy was basically formed with small companies, often producing ecological products, who want to stand up to the capitalism of huge global brands. These brands drive on locality, privacy, being green, inventive and disattached from the capitalist "blood-sucking" companies. The movement can also be called as anti-brand. (Dawson, 2013) Of course, these companies are in the same capital markets, and sometimes in the same shelf next to the big global brands. One could criticize these "no-brand" companies for being hypocrite, because *no-brand* is also a form of branding nevertheless. These companies often pursue a generic look in their packaging, relying on their message, the product itself and word of mouth. The message seeked to provide is that money spent on branding is wasted, and that the companies should stop pursuing to manipulate consumers by misleading advertising. Some say, this movement started already in 1999, when Naomi Klein released a book called *No Logo* containing parts: *No Space, No Choice, No Jobs,* and *No Logo.* The book criticized for example the brand-oriented corporate bullies of disroping the consumers of choise by market dominance (for example Wal-Mart) and taking jobs to abroad and establishing "sweatshops" in the hunt for pure profit.

Place branding

Place branding is a general term used to describe the competition between countries, regions and cities. The competition can revolve around tourists, taxes, domination, attention, resources or quality. The brand can basically occur as

strategic or organic. Strategic place branding grows with intention to brand a place with certain connotations, for example Las Vegas as "Sin city". The sin city-brand conveys a clear message to the tourists that Las Vegas is meant for merely one purpose: to have "sinful" fun. Organic place brands usually have a longer history, and have required less intentional branding in its meaning; for example Jerusalem as a *holy city*. (Lucarelli and Berg, 2011)

For SMEs that are not pursuing global, or even national growth, locality or "place branding" is a great opportunity to utilize. Some companies might decide to establish a successful business just for oneself, and not pursue geological growth. Local companies are the ones that distinguish regions, countries and cities from another, and when branded correctly with great products they can allure business from nearby regions. For example companies in the same region can join their forces in branding a certain part of town as the top-region for quality food and entertainment. By being an exclusive company, one can establish a brand image of quality, speciality and some kind of luxury. The main idea behind place branding is to develop the place *from location to destination.* The development can take place through the right mix of marketing tools and principals presented in the next chapter.

3 DIGITAL MARKETING

The global spending of advertising in the internet has grown from $18 billion to $63 billion between the years 2005 and 2010 (Percy, 2014, 133). In the year 2014, the spending had reached a staggering $137 billion and it is estimated that by 2018 the internet advertising spenditure will reach $205 billion (eMarketer, 2014).

This chapter aims to provide information about the strategies and theorethical frameworks concerning digital marketing as well as a brief overview on some of the digital marketing tools. These tools were chosen due to their suitability for SMEs. The tools provided will show different ways of enhancing the brand; when the image of the brand gets stronger through these tools, building a brand becomes easier.

3.1 Brand awareness through digital marketing

"Digital marketing is not just traditional marketing on steroids. It is not just a faster or newer channel. It is a new approach to marketing" (Wind and Mahajan, 2001, 6) Digital marketing is a term used to refer to marketing that utilizes electronic devices like computers, smartphones and tablets to engage the consumers. 28% of marketing professional have reduced their advertising budget to re-allocate more money on digital marketing (Gartner, 2013). Many of the marketing means and strategies conducted in the recent years and decades have aimed at mass marketing, however the shift in the field is towards direct marketing either as primary marketing strategy or complementary (Kotler and Armstong, 2011, 496).

Figure 4. presents a rather simplified version of the main idea of digital marketing. Digital marketing, as well as traditional marketing often follows a certain path or process. This process in this context is called the digital marketing funnel. Firstly, consumers get found by achieving their attention on the *first level* of the funnel. This attention has been achieved through SEO (chapter 3.2), blogs etc. The better your SEO, or the better quality of the content, the more traffic a companies' website generates as a result.

Figure 4 Inbound digital marketing (Marco Polo Digital Solutions, 2010)

Some of these potential consumers will convert into leads in *level 2* by alluring them to further examine one's webpages by landing pages, or engaging them otherwise, for example to become a newsletter subscriber. From these leads a small portion will further convert to closed sales in *level 3*. By creating an easy and pleasant expencience through the digital marketing funnel, the SME has the biggest changes of converting the closed sale into a repeat loyal customer.

The funnel process can be easily tracked and measured by gathering data along the process. When this data is analysed, the company will receive useful information about the behavior of the consumers during that process. By closely analyzing the funnel process, the SME can improve it and increase the amount of leads and also improve the conversion rate.

Conversion rate can be easily presented with the following equation. The *number of goal achievements* can change with the situation. Most commonly its used to describe a closed sale, but the same equation can also be used to calculate for example the conversion rate of individual comments in relation to the total amount of visitors in a stated website.

$$\text{Conversion rate} = \frac{\text{Number of Goal Achievements}}{\text{Visitors}}$$

For example, if a set e-commerce website receives 5000 views a week through a Google Ad (read 3.2 Google Adwords), and these viewers lead to 200 emmidiate closed sales, the conversion rate in this case is 200/5000*100% = 4%.

Gowards suggests that there are two types of marketers: "Brand Marketers" and "Response Marketers". The main difference between these two is that brand marketers aim to market the brand as a whole and as a comprehensive picture, whereas the response marketers aim to execute campaigns that would drive sales. He continues that "response marketers often reference John Wanamer's quote, *"Half the money I spend on advertising is wasted; the trouble is I don't know which half.""* (Goward, 2015) The great benefit in digital marketing is, that with right tools - and the skills to read them - one will know if money is going to waste. For example if you have established a banner campaign aiming for fast-response sales which no one clicks, we could say the money has gone to waste. When seeking brand awareness through digital marketing, one needs to consider, if they really are implementing *brand marketing* efforts or *response marketing*.

Yoon and Eckels (2013) suggests that in some cases, digital marketers are focused on wrong aspects. Attention of one person is much cheeper in digital vs. analog (printed ads). This often leads to marketers using the same budget they used in analog to spend on more views in digital; this might work in some cases. However, the article pushes us to make a difference between effectiveness and efficiency. By using the benefits of digital marketing i.e. tracking, one can define the top-consumers; the consumers who buy more, visit more and spend more.

By establishing a connection of communication with these top-consumers, one can target their efforts better for the ones "who care" and figure out individual improvements suggestions. By creating an effective community you can improve the brand by closer customer service, and save the money wasted on advertising to non-interested demographics. (Yoon and Eckels, 2013) In terms of digital marketing this could be for example a newsletter campaign only for the top-consumers or building a strong community in social media.

A term called *content marketing* connects closely to the branding and digital marketing field. Content marketing is in an essence marketing in a way that provides useful, relevant and valuable information instead of the more traditional marketing taglines, which often lack meaning or foundation (Steimle, 2014). The whole concept of content marketing is in no way new, actually it is seen to have started already in 1891 when August Oetker printed food recipes in the back of his baking powder package (Dr.Oetker, n.d.). He saw already then the added value of providing the recipe for the product. During time, jingle songs, colorful ads with explanation points and other "loud" advertising took place of the actually interesting and valuable information that should come with an advert or marketing campaign. Only after the growth of social media and search engines, people have again understood the huge need for relevant and interesting content instead of empty marketing promises. More on the matter in the research analysis chapter 5.

A study showed that the number one reason for consumers to follow companies on social media is interesting information and content. The study showed that consumers consider interesting and valuable content in company's social media sites even more important than offers and competitions. The top reason for discontinuation of following was boring content (Grapevine Media Oy, 2014).

3.2   Chosen digital marketing tools

A finnish thesis study in 2011 showed that from 271 SMEs biggest part (about 39%) of respondent companies used 0-1% to marketing from the company's turnover. Close second group was about 38% of SMEs who spend 1-3% to

marketing. Only 8,68% of the SMEs spend over 6% of the turnover to marketing. When the study was conducted, about 27% of the companies did not utilize digital marketing at all. (Autio & Ketola, 2011)
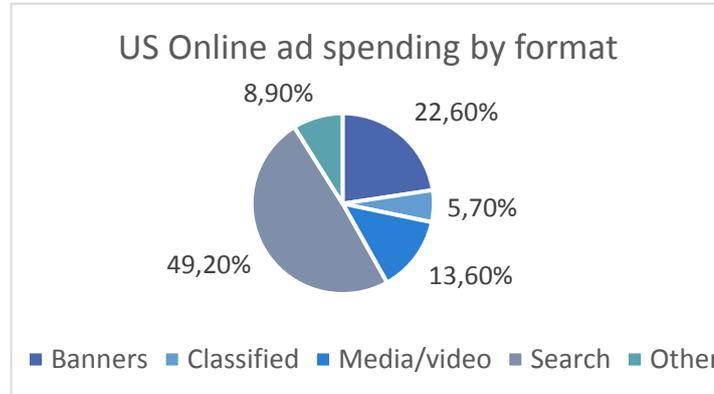

Figure 5. US Online Ad spending by format (Clow and Baack, 2014)

Digital marketing is achieved through different softwares and platforms (Blakeman, 2014, 101). Above replicated Figure 5. shows the online ad spending spread in terms of percentages in the US (Clow & Baack, 2014, 265).

As can be seen from the figure, almost half of the online ad spenditure goes towards search, which basically means SEO in all search engines (for example Google, Bing and Yahoo) and tools like Google Adwords. There are other search engines besides Google, but particurarly in Finland, Google is the most commonly used and has the most developed tools for search- advertising. Globally, Google has 67,5% share in the search engine markets (Hartig, 2014).

The main benefits of digital marketing compared to traditional marketing are that it is easy to reach thousands of people at the same time by utilizing popular sites, tools and applications like Facebook and Google. The shift in the marketing industry towards digital marketing is seen yearly, and the future or the field is molded through all the different rising platforms and tools (Aghaei et.al., 2012). Another amountable benefit of digital marketing is that the investor can easily track their ROI (return on invest) by click data. This data is mainly gathered with *cookies*.

Cookies

Cookies are a set of data that stores information of activities in a website in the web user's browser. Every activity made in the webpage will be sent to the server for safekeeping. The cookies convey information like what tabs has the user clicked, did the user open files from the webpage, how many times did the user visit the same page or how did the user find the page (from Google search-results or for example through a banner ad). The big link between cookies and SEO is that today, many people go through search engines before landing on a webpage, even though they would know, what page they are looking for. There are different kinds of cookies, for example a *session cookie* and a *persistent cookie.* Session cookie saves the click-data from only that one session on the website, and deletes the data when the web browser in closed. A persistent cookie saves the data for a longer time, for example a year. Persistent cookies are more used as a tracking tool. (Rouse, 2006) Cookies are in right hands a very useful tool to gather information like preferences and navigation in a set website. This allows the provider to customize services accordingly. A important criticism towards the cookies is the worry for user's privacy and the "market" of selling user navigation information to third parties. As the AMA has set the ethical norms and values to the professional marketing field, the marketing efforts should always follow values like honesty, transparency, responsibility and respect (American Marketing Association, 2014).

Search engine optimatization (SEO)

One basic assumption about search engines is that there are two kinds of results: organic and paid. When one searches a key word, they will often see the view below. The top results with the small yellow box are paid and the ones below it are organic search results.
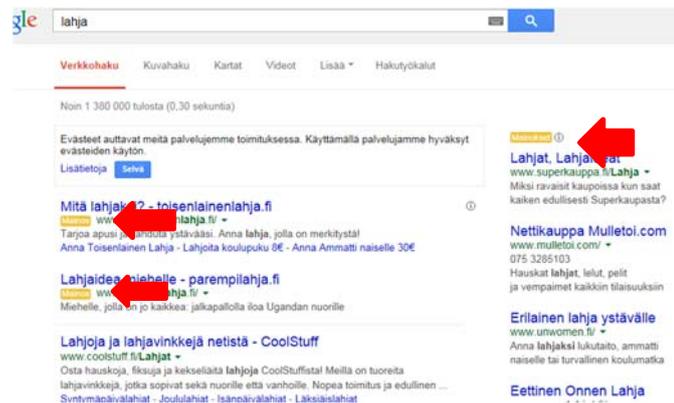
Picture 1 Screenshot

Often people mix up bundling everything connected to search engines as *search engine optimatization*, but generally the term SEO is only used for the non-paid actions that influence the organic search results; these non-paid actions are for example optimatization of the code, content and organization of a site (Davis, 2010). The main idea of SEO is to optimize the webpage to a maximum compatibility with the search words (the words people use in Google to search services). Understanding how the pages are created (for example HTML) will help to understand what keywords are important and where to put them. To further understanding of the structure of your site and to acquire information about the persons visiting it, Google has a tool called Google Analysis. Analysis provides important basic information like the traffic in the site (how many visitors per certain timeframe), what device are they using (PC, phone) and do they click forward in your page, or leave immediately (Davis, 2010, 374).

The Search Engine Journal has found that SEO leads close sales much better than outbound leads (graph below). Outbound leads are considered as the leads the company has sought for, for example in tradeshows or telemarketing,

compared to inbound leads which are consumers that have themselves sought for your services for example via calling the company or by visiting the website (Hoty, 2009).

SEO leads   **14,60 %**
Outbound leads   **1,70 %**

<u>**14,60/1,70**</u>= <u>**8,588235**</u>

SEO leads close business about 8,6 times better.

Search engines are sometimes thought to be like persons; they monitor the webpages and order the search results accordingly. For example, when targeting a certain search words like "Christmas presents", the search engines takes into consideration your *keyword density,* which means the ratio of the keywords (in this case *Christmas presents)* in your page. But, as mentioned before, the search engines act like persons, and they do not like to be offended. If a webpage is full of keywords, only to get into the top of search results, the ratio is too high, and search engines will rank the page in low quality. (Davis, 2010,100) The main focus should be on *which* keywords you use, not *how many*. As explained earlier in page 16. the content marketing principals are obvious in search engines, because the relevancy and quality should be guaranteed since the consumer themselves decides which content to look for, and hence all the results should be somehow relevant. The exeptions for the relevancy and quality are for example spam sites with too high keyword density or other poor quality content which does not meet the hopes of the consumer.

Google also has a tool called the *PageRank*, that influences the quality of your site. Page ranker ranks the page from number 1-10 taking into consideration aspects like links from other sources. For example if a company is mentioned in multiple blogs with links to the website, it improves their page rank. Google has defined it as: "PageRank works by counting the number and quality of links to a page to determine a rough estimate of how important the website is. The

underlying assumption is that more important websites are likely to receive more links from other websites" (2011).

Banners

Banners receive the second biggest spenditure of the Figure 4. Banners are ads embedded to a website, usually in the top of the page, as marked in the picture with the red box. The banners can also be located in the sides or in the bottom of the webpage.

Picture 2. Adam's Advertising blog

Banners are usually designed to catch attention and can give information similar to a magazine ad picture. The web banners are clickable, and they lead to a landing page (usually the company's front page, but sometimes for example a campaign page). Banner ads are a relatively efficient way of achieving attention with a wanted demographic, but when banner ads and pop-ups are taken too far, they can present themselves as intrusion and distraction for consumers. Whereas banner ads are in picture or video format, the Google Ads presented in the paragraph below are ads in the form of text in search engines.

Google AdWords

AdWords is possibly the next commonly known and used method of digital marketing after SEO (Salminen, 2015). Google Adwords is not the only tool of SEM, but this section will concentrate on it, because the other similar tools obey almost the same principals and Adwords is the one most commonly used. The program is relatively easy to download, has no minimum budget and gives the option to target the wanted population with the tools to analyze the results. The

basic idea behind Adwords is to create a campaign/ad (=bid on certain searchwords). When a webuser types the same searchword (for example *valentine's day gifts*) the bids that have been placed on that word by companies are taken into consideration. To put Adwords in simple terms, it is an auction of ads in the Internet. The highest bid (considered with quality factors of the site) will win, and their Google Ad will show on the search results with the yellow box seen in the picture 1 under SEO chapter. (Davis, 2010, 277) The company only gets charged when their bid wins, so you only pay when someone has already seen your ad and possibly will click it; this is an advantage compared to tv- or printed ads where one has to pay upfront for the exposure.

The software itself has easy tracking tools for the campaigns. One can manage bids, create multiple simultaneus campaigns and see their CPC among multiple other measuring data. The software can seem a bit intimidating at first but by starting slowly with only a few campaigns, collecting data and familiarizing oneself with all the terms and abbreviations, it is quite easy to self-educate and become a skilled Adwords user. Also, using Adwords has its benefits; it is relatively cheap compared to say, printed ads; you can start a campaign with literally 3 euros, and it is estimated that AdWords reaches about 80% or all internet users. (Davis, 2010, 277)

Affiliate

Affiliate is a performance- based marketing method, where a business will pay to one or more *affiliates* (=persons, sites) based on the amount of achieved goals (Duffy, 2005). The goals can be for example clicks or online purchases. For example, a fashion blogger agrees on presenting a cosmetic brand's competition in her blog, and presents a campaign link for admission. The blogger and the party organizing the competition will agree upon a commission, which the blogger receives from every admission for the competition. The more the blogger gets people to take part, to more she will earn on the affiliate- contract. Also providing the link on the blog will improve the previously mentioned page rank of the other party. The performance of the affiliate is measured with same means as in paid search engine marketing (SEM) – PPC (Pay per click). Affiliate campaigns do not

only exist in small scale like blogs but also between big companies, for example travel websites and airlines (Duffy, 2005). The SMEs in Finland can easily utilize different affiliate options by using local bloggers or combining forces with another company in terms of mutually beneficial affiliate campaign.

Social media

A previously mentioned study (chapter 3.2) by Autio and Ketola showed that about 88% of the respondent SMEs stated their reason for embarking social media as gaining more awareness (2011, 23). The top two reasons for consumers to follow companies in Facebook are interesting information and content, as well as personal interest towards the company (Grapevine Media Oy, 2014).

Social media can be defined in many ways. The experts seem to have disputes over what is counted as social media. Is social media all the sites, where individuals are able to interact and modify content together, or is social media something connected only to the most obvious and popular sites that have masses of users. Propably the most common definition is:

"Social Media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content." (Kaplan and Haenlein, 2010, 61)

Something that seems to be common in every definition and theory are two features, that can be named as *Media research* and *Media presence* (Kaplan and Haenlein, 2010). *Media research* can be described as the acts of companies seeking information about their customers as well as the users seeking information about other users. The *media presence* is presented as self-disclosure and presentation of one's information, interests, pictures and hobbies. These disclosures are released in order for one to control the impression of themselves (self-image) given to other people, as is already presented in the theories about presentation of the self by Goffman (1959).

It seems as if now when many companies have understood the meaning of social media and hence are somehow present in some channels, they rely on a false perception of safety. This has been expressed perfectly: "as if the simple act of *exposure* is somehow the same as *influence*." (Evans, 2008, 16). Company which has a profile in social media sites for example in Facebook, Twitter or LinkedIn has a good start, but that is only what it is; a start. To correctly utilize the potential of social media by effective advertising, creating trust and awareness and building a social community that leaves a lasting impression is not achieved by simply being present at a website.

Social media is a great place to show the previously discussed *brand identity* (chapter 2.1). The key concepts of being successful in different social medias varies across the sites, but have common features; activity, interesting and valuable content and differentiation. SMEs have the possibility of building small, but effective communities, where their social media presentation emphasizes locality or nationality with local humor, knowledge and networking. Companies all around the world seem to realise that in order for them to remain attractive and gain new customers, they need to take an active role beside their customers, not above them. The importance of the social media is not only because of marketing opportunities but also customer service efficiency. Through different social media platforms the companies are able to monitor what kind of word-of-mouth is generated in the social media, and consumers can easily give feedback to the company through different platforms. Social media makes it possible for SMEs to answer the feedback quickly and with ease (Isokangas and Kankkunen, 2011, 84).

3.3 Case company example

The main research for this thesis is the interview with a marketing chief Joni Salminen (Ph.D) from an international e-commerce company and my observation from the time I was working for that same company called ElämysLahjat Oy. This company was founded originally in Lithuania in 2006. It is active in eight countries (for example UK, Poland and Estonia), and came to Finland in 2010. The

company in Finland provides over 950 different activities and experiences under one website from over 500 service providers. The experiences vary from spa treatments to helicopter flights all the way to a Ferrari drive. The company works with same themes in all the countries and some activities are combined, for example the design department. The relationships between different country brances are close with weekly contact.

The company depends much on digital marketing. The interviewee said that all the different countries rely much on digital marketing, but the emphasis varies between them. For example in Poland, they allocate a lot of resources to offline-marketing such as promotion events in shopping centers near their POS (point of sales). Mr. Salminen stated that for ElämysLahjat the marketing starts from digital marketing due to low start-up costs, and moves towards offline, when the emphasis in on branding. In situations where sales are wanted instead of building a brand, digital response marketing is the company's choise. I believe based on my observation and interview the differences between the interviewee and myself are that the interviewee sees digital marketing mainly as a response-marketing channel, not a brand-building channel. I see potential in blogs, videos and display-ads as a means of connecting with consumers in a way that can arise emotions and create brand awareness for the company alongside straight-response. Digital marketing is a great place for companies to make their brand name known, which makes it easier to follow with other branding efforts. When a consumer has already heard of your business, it is easier to build a brand upon that familiarity.

The channels of digital marketing vary between the countries, because the local masses rely on different networks. For example in Finland, Twitter is not used very much, since many Finnish people are not active in Twitter, but in UK the company haa a bigger emphasis on Twitter. The company also utilizes a blog connected to the company webpage. All the country brances have digital marketing specialists as employees.

Even though the interviewee could not disclose the percentual or nominal amount of the marketing budget, he disclosed that the case company's marketing budget

in Finland is divided accordingly; 2/3 of the budget goes towards digital marketing, and 1/3 to offline marketing. Most of the digital marketing budget goes towards SEO and Google Adwords, but also towards sponsored Facebook ads. Other channels are more seldomly used, these include for example Pinterest, affiliate campaigns with bloggers and use of freelancer copywriters. To be said, based on my observation and work experience in the company, the company prefers barter-deals when possible. Barter deal is a term used to describe a means of payment other than straight money (O'Sullivan and Sheffrin, 2003, 243). For example the company took part in a festival, where they paid for the logo exposure on the website and the POS in the festival by providing experience giftcards for the festival organizers to raffle within the participants.

About the case company's brand, Salminen tells that the concentrated brand strategy comes from Lithuania, where the company was first founded and where the design department in located. The country brances rely on the common marketing material coming from there, with local twists. The main message of the company is to stop waisting money on useless trinkets, when one can give unforgettable memories and experiences as a gift. The company was founded during the "peak" of ecological consumption thinking and has utilizes this topic still. The idea is that people have the natural tendency of wanting to buy presents for their loved ones, even when they do not have a great idea for a gift. The case company helps the person in this situation, because one can purchase a gift and receive the giftcard via email in 5 minutes. The slogan is roughly translated from Finnish to English as: *"A gift more valuable than it's worth"*.

4 RESEARCH METHODOLOGY

The research questions of this thesis are the following:

Q.1 How can brand awareness be developed for SMEs in Finland?
Q.2 Which are some of the methods used in digital marketing for SMEs?
Q.3 What are the benefits of using digital marketing methods and developing brand awareness?

4.1 Methodology

The research conducted for this thesis was done by qualitative methods using an interview and personal observation. This study is a multimethod study, since I have acquired information from an interview, observation and presented a case company example. Interviewee is a marketing chief Joni Salminen in a e-commerce based service company. He is also a digital marketing teacher in Turku School of Economics and he has completed a doctorate dissertation (Ph.D) about the problems of internet-platforms for start-ups. The observation provided in this thesis is from the time I was working for the interviewee (year 2014). The observation was made quite freely without for example written forms. The interview was a semi-structured interview. The decision not to have structured interview was because I wanted to have more creative flow in the interview and see where the interviewee would take it. However, I did have some themes and topics I wished to receive opinions on.

This thesis is based on abductive approach. Abduction in essence means finding the most simple and straight forward results, not only relying on the premises as in deductive approach. (Saunders et.al., 2009, 41) Abduction is also seen in my observations where the observations have led to hypothesis, and the hypothesis is supported by the observation as well as by the interview.

The time horizon of the study is cross-sectional, however I hope I have presented some longitunal aspects in referring to the development process of the branding and digital marketing field. Cross-sectional studies are a beneficial choise in situtations where the researcher wants to present the ongoing state of specific

topic. This research could easily be studied again after few years to compare how the familiarity of digital marketing to SMEs has changed and how the pressure points of brand awareness have developed.

For my thesis concerning sampling I have used both theorethical and convenience sampling. Theorethical sampling in essence means the process of generating data and theory for their relevance for the already existing pre-assumptions. For convenience sampling, the main idea is to pick case companies or interviewees accorning to what is convenient. In practical, the convenience usually is presented through location and existing relationships. (Saunders et.al., 2009, 509) My population was the digital marketing specialists in Turku, where I ruled my sample frame to be the executive position marketing experts in SMEs in Turku. Through theoretical and convenience sampling I arrived at the decision of picking Mr.Salminen as interviewee, ElämysLahjat Oy as a example company, and my observation of the same company as my base for empirical data.

In this case, the decision to pick the interviewee and use observation in the frame of theoretical sampling arised from the expertise of the interviewee in this particular field. He is also an accomblished academic, and hence has wide knowledge of the common theories concerning this subject. My decisions were convenient sampling in the sence that I already had a pre-existing professional relationship with the interviewee, and by utilizing my observation from the time working for him gave me a great opportunity to triangulate my observation, theory and his expertise within the same company. Not only was the interviewee and the example company a convenient pick, but also relevant. The company is a local SME with less than 10 employees in Finland. The company has an emphasis on digital marketing. They have built a successful brand around the company, and the digital marketing efforts are converting great. All these conclusions let me to the opinion, that this was not only the right choise, but also easy to execute concerning my thesis subject for the set timeframe.

4.2   Research process

The personal process of arriving in the qualitative study and the picked interviewee was easy as a choice, but set some limits to the generability of this research which you can read on the chapter 4.3 below. The themes and topics of the interview were molded through the whole process of thesis writing. The questions and most interesting topics changed through the literature review. Also the conversations between me and my thesis supervisor influenced some topic choises. The best way to answer the research questions set for this thesis, as well as my personal interest towards certain topics was to choose the methodology presented above in chapter 4.1. As suggested by Kovalainen and Eriksson (2008), the process of qualitative study is not linear, instead it possesses circular characteristics. Their definition of the *hermeneutic circle* is "the methodological process of understanding, constructing and deepening a meaning in the interpretative process during research activities". This circularity was often seen in the

 thesis process where I circled the empirical part and the literature many times "feeding" from the information in other parts to generate more on the other. The circulation also helped me to construct my thesis better and to create bridges and a better flow.

4.3   Limitations of methodology

The limitations of the methodology are that the observation is made by me for a company I worked in, hence the view is only from one person and from one company. As a research method, observation is always subjective. By recognizing that limitation we can still conclude that observation is a useful research method when we want to gather a wide perspective of a certain topic. The interview is conducted with one person, who is active in many fields (business, education) but still is only one person. These limitations will interfere with the study's relibiality and validity.

The criticism towards convenient sampling is relevant. However, in this case I believe the reasoning behind the decisions made are valid. The aim of this thesis is not to provide numerical data that could be generalized without a doubt, instead the aim is to provide a deep look into the set subjects and give suggestions of how things can be done concerning the topic of brand awareness and digital marketing.

The choosing of qualitative methods in general has defects as well as benefits. Qualitative methods allow a deeper study with a more profound and spontaneous answering process. Defects are that the information received in this case has come from only a few sources, and cannot be generalized to apply a region, field or population. However, I hope the the literature review and the results of the study provide a clear, yet diverse understanding on the field, and provide valuable answers for the research questions set for this thesis.

As Lincoln and Guba's (1985) evaluative criteria for qualitative research suggests, this thesis will be evaluated on the same criteria:

Credibility defined by Lincoln and Guba is the "Confidence in the 'truth' of the findings". The credibility of this thesis is molded through the use of a highly competent professional and a wide literature review based on multiple professionals and publications of the field.

Transferability is to show that the results of the study has applicability in other contexts too. The results of the thesis will be applicable to many companies who posess same characteristics and ambitions set in this thesis. The guides and suggestions provided in this thesis are free to be adapted to reach optimal suitability.

Dependability is to measure the dependapility of the results in a different time and place to show consistency. The consistency of the results might not be too strong through time, since the usability and familiarity of digital marketing solutions is growing all the time. However, at this moment I believe the results would be somewhat the same even with a different researcher.

Confirmability is used to measure the neutrality and non-bias of the study. The degree of neutrality is a bit diminished in this study, since observation cannot be anything else than subjective, but as the author, I have tried my best to keep an open mind and not let my opinion effect the results. The neutrality has developed through a triangulation between the literature review and the interviewee.

5 RESEARCH ANALYSIS

The interview conducted was semi-structured, it had stated objectives that were made clear before the actual interview started. The interview's main two themes were digital marketing in SMEs and branding. The observation was conducted freely during a 7 month employment period.

Mr. Salminen's (Ph.D) suggestions for SMEs only starting digital marketing was that to decide whether the actions are conducted in-house or by outsourced consults. Salminen emphasized that if the company wants to operate from within, they need to hire a competent professional. He pointed out that even though the start-up costs in digital marketing are small - when developed and properly used- they take a big portion of the marketing budget and the company should make sure that the funds are used accordingly. Salminen emphasized that the channels of digital marketing should be chosen in accordance with the target group and the company's vision. For example, many of the middle-aged parents of the youth at the moment are in Facebook, but very few are for example in Pinterest. An advice for SMEs is to follow your demoghraphic segment. The first thing Salminen would do, is to optimize the webpage. Make it easily accessible, easy to navigate and attractive. He continued that being on top of organic search results is always more valuable than to have Google Ads, even though the Ads would come second in his list. Based on this thesis literature review as well as my observation, easy and non-techinical way of improving the organic search results in relevant and interesting content as was presented earlier in discussion of content marketing.

Salminen pointed out that in his opinion, not all companies need to build a brand. As mentioned before in the literature review, there are response marketers and brand marketers (chapter 3.1). The interviewee confessed on boxing himself more as a response marketer, where he does not see the value of a brand too important in all companies. He sees, that especially for SMEs, sometimes the better option is to remain operative. This is due to lack of resources. He continued, that when SMEs do have enough recourses, branding is a good option but if resources are scarce, he would choose to allocate the budget towards

marketing that produces results in a short-term. I observed the same; when funds are tight, it is more important to create new leads and customers. The company can acquire better cashflow, which will hopefully lead to the situation where marketing budget has some room for branding as well. The interwiewee continued that the biggest mistake SMEs make when building brand awareness, is the lack of patience. Funds allocated to building brand and brand awareness become fruitful only after a certain period of time, if at all. The lack of patience also showed in my observation time as employee. For example from my time of observation, one of my main tasks was to find parterns who would join the company in marketing efforts or would co-operate with a common campaign. The partners were hard to find; due to the financial situation the companies were reluctant to take part in a "outside-the-box" campaigns which were mostly aimed to create hype and brand awareness instead of emmidiate sales.

The interview moved to the topic of the problems SMEs tend to do with digital marketing. Mr. Salminen (Ph.D) pointed out that in his experience consulting start-ups, he sees a clear difference between start-ups and already established SMEs; "The modern start-ups are more aware of the different platforms and the ways to utilize them." However, to conclude general mistakes, the problem is the same than with building a brand; the lack of patience. He gave an example of a company who had just embarked a sponsored Facebook campaign. He pointed out, that many companies try sponsored Facebook campaigns, but when they do not get the results wanted, they give up quickly. He wanted to emphasize that it takes time to try different "vibes" in the Facebook campaigns and the company needs to figure out the right allocated effort they are willing to put on the campaigns, before they find out which kind of campaign works for their likers/followers. As suggested in the literature review, not only the product needs to meet the requirement of your target segment, but the advertising should meet the requirements too. On the first workday in the observation company I was given a task to make a Women's Day Facebook post, including a sale code for the products. I was given almost free range on the post, and later we discussed did it work or not, and why. After gathering a bit more information and experience with the company I realized that the campaign post I made did not obey the set

"vibe" the company had established with their Facebook followers, and hence did not convert very well. As discussed in page 13, conversion rate measures the percentage of a wished result in comparison to the full exposure. The same principle of traditional marketing also seems to apply in digital marketing where different target groups need different advertising. This is the reason many social media campaigns fail, because the company does not take into consideration their target group. It seems a bit obvious, since companies do consider their segment with the product packaging and print advertising etc. but they somehow forget to continue that to the social media environment.

He also emphasized the difference of the critical success-factors in different platforms. What works in Facebook, might not work in Instagram because the platforms are build to serve different needs, for example Instagram has emphasis on pictures. The platforms as well as companies all have different success-factors that provide them the chance of differentiation. A competent company and marketing team takes the differentiation potential into consideration, take actions accordingly and turns it into profit. Based on my observation a general approach to all marketing channels will lead to a substandard result especially in social media.

Salminen emphasized a phenomenom he called *expertise illusion*, which he explained as the blind trust in his own skills and expertise. This also occurred with employees sometimes trusting him in situations where he was clearly wrong, because they trusted his expertise. He pointed out that companies and employees who are gaining success in their branding, should still regurlary check their strategy. Employees should –respectfully- challenge their superiors. Sometimes the best ideas come from surprising sources. This was often seen during my observation, when my superiors wanted to consult my opinion on a certain matter, they would state that they already have their opinion, but I should tell my opinion first, so I could not replicate their answer.

Salminen felt another general mistake in starting digital marketing is the lack of using specialists. As stated before, the specialists have the ability to utilize the critical success factors of different softwares and marketing methods. He

remembered a study which concluded that Swedish SMEs buy more marketing services from marketing agencies than Finnish SMEs. Salminen emphasized that finnish people tend to try digital marketing themselves, and if/when it does not provide results, they leave it be. He would like to see companies utilising more specialists, not generalists. With this he meant that by using professionals who are masters of only a few platforms, might generate better results than a general digital marketing employee who knows a bit about most of the platforms. He pointed out, that the competition between the platforms is tough, he named it as *internal competition.* Marketing tools, just like companies compete with each other, the tools that have become obscolete or are not used anymore are run down and replaced with new softwares and tools.

The one mountable mistake SMEs do in Mr.Salminen's opinion is the decision upon the budget. Based on Gartners study, on average 10,4% of company revenues are allocated towards marketing in the U.S.


Gartner for Marketing Leaders
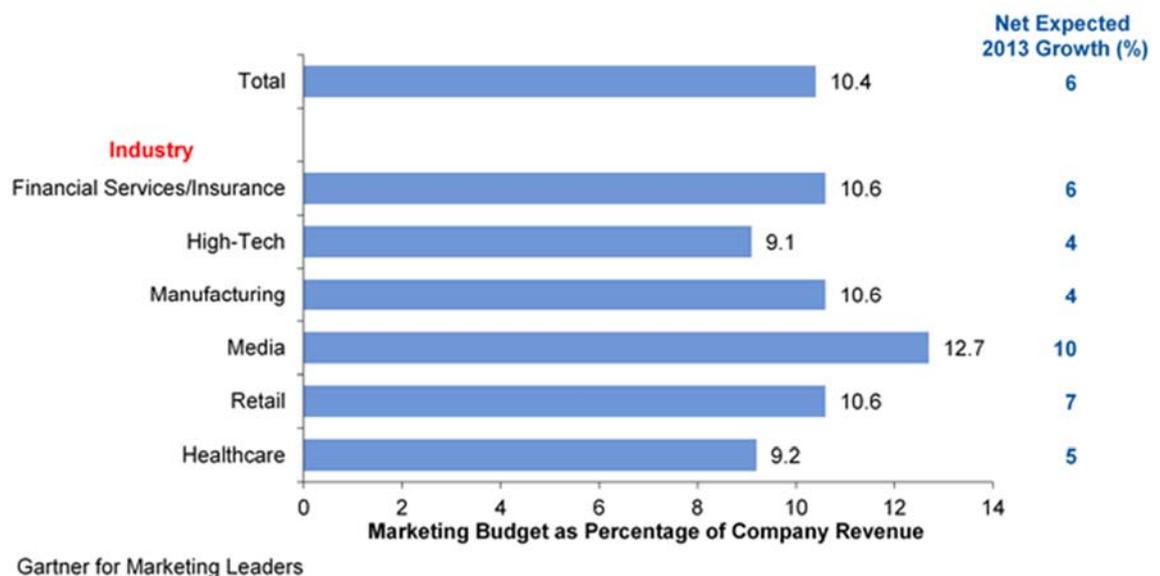
Figure 6 Marketing Operating Budgets as a Percentage of Company Revenue

The figure 6. shows the spread of percentual marketing budgets on average by business field. However the average hides the wide spread between companies' budget allocation. 14% of the respondent companies spent less than 5 % on marketing, whereas 17% of the companies spent over 15% of their annual

revenue on marketing. These expenses include the staff expenses of marketing, as well as a combined budget for traditional and digital marketing. (Gartner, 2013) Based on observation, the case company had quite an average marketing budget. The allocation of the recourses was considered very carefully and marketing efforts were highly prioritized.

No matter using a consulting company, or an in-house employee the media budget should always exceed the expenditures. Even though the nominal budget for marketing would be small, the percentual amount of staff expenses has to be taken into consideration. Mr.Salminen has seen a lot of companies who spend more in a month for consulting marketing services (shown as *staff expenses* in the table below), than they give the consulting company as the media budget. He would like the companies to understand the administrative costs better.

Example	Staff expenses	Media budget	Multiplier
Non-sufficient budget	2000€	1000€	1000/2000= **0.5**
Sufficient budget	2000€	4500€	4500/2000= **2.5**

Figure 7. Budget multiplier

In the non-sufficient example above, the media budget was 50% of the expenses. Based on his professional opinion, the media budget should be atleast twice the expenses, preferrably 2.5 times. In this case it would mean that instead of a 1000€ media budget, the amount would be 4500€. He continued that companies should allocate the experts and platforms with enough recourses that it is worthwhile the work. This principle was also seen during my observation. For example, the company knew how much sales derive from newsletter ads or campaigns, so the employees were instructed to use a maximum timeframe for designing them. This also applied to many other marketing efforts, if one already knew that a certain celebration day sales peak is quite modest, one should not invest too much money and time on it. The factor whether one's work is worthwhile or not can be developed and tracked. ROI does not only apply to the invested money on a paid media space, it also applies to the invested human capital. In addition, a limited media budget and coverage can lead to a too limited

amount of data received from different campaigns. If the amount of information is too small, the data cannot be analysed and used to develop operations in the future. The data from marketing tools applies the same principals as any quantitative study, if the amount of data is too small, the results are not reliable.

As one might expect from the literature review, the interviewee's opinion on the most important digital marketing platforms are Google and Facebook. Not only, because they are used by millions and millions of people, but because both of them have the potential for international marketing and these platforms are the most developed not only for the consumer, but for the marketers with different ad-on tools and softwares. Study showed that companies rank tools like Facebook as the second most important activity to gain marketing success after their own website (Gartner, 2013). Based on the interview and my observation the conclusion is to utilize these tools and softwares in a way that optimizes the valuable content potential. As discussed earlier in chapter 3. the content marketing concept should become a integrated part of any company's marketing strategy and the companies should aim for valuable, relevant and interesting information. In practical for SMEs this could mean sharing information about the creating process of the company or certain product, or they could share videos in social media with tutorials on how to use their product. The principal behind content marketing thinking is "how is this valuable to my customer?".

Digital marketing also has weaknesess, which are useful to know so that other marketing methods may fill the gaps which digital marketing misses. Salminen tells that the media expenditure is very fragmented. Especially in Finland, different means of medias (mobile, computer, TV, magazines) are still used widely. One weakness he mentions about digital marketing is the perceived *lack of brand legitimacy*. He means that based on his professional opinion there is a set perception, that companies who have a nationwide quality tv-ad and front-page exposure in the biggest magazines (for example Helsingin Sanomat) are perceived as bigger and more trustworthy compared to companies with equally big internet coverage. Somehow, TV ads are more trustworthy and give a bigger picture of the company than for example banner ads. This also showed through

in my observation and personal life. This perception actually derives from a good reason; the criticism towards Internet. During the last years consumers have learnt that Internet stores a lot of different information, much of it is not relevant, useful or wished. The criticism is good in an essence but can reflect badly for SMEs who centralize their marketing online. This is also one of the reasons why the traditional media is still needed and has not become obscolete. Based on my observation, the customers of the case company still enjoyed for example the live promo-events the company organized. In addition, the consumers' wish for a tangible paper catalogue of the products was created even though the business runs mainly online. By quicly responding to the needs and feedback of the company's customers, we were able to grasp a new potential channel of acquiring leads.

Differences between digital marketing and offline- marketing can be discussed widely, but the three main differences according to literature review, interview and observation are:

Ability to target - As explained earlier in the chapter 3. with SEO and Google Adwords, one can target their ads only for people who are already seeking information about the same subject, or at least a complementing subject. The targetability however also covers aspects like Facebook sponsored ads, building targeted communities in the social media and newsletters. The targeting also occurs in a much more simpler way, for example placing a banner ad to a webpage which is mostly visited by women, if you seek to reach women leads.

Efficiency - As previously mentioned, one of the main benefits of digital marketing are the low start-up costs. By utilising free softwares and creating free profiles in social media gives a good chance to observe and start. The efficiency can be compared between newsletters and call-centers. With one click, you can send a newsletter to thousands of people, but by trying to promote something through a call center to the same amount of people would take much more time. It is efficient in ways of reaching your audience fast and immediately in mobile with social media. For example one can quite quickly bring up a small campaign

or a special offer for a day, whereas taking the same action in offline would require much more time and resources.

Measurability – As emphasized in the chapter 3. tracking ROI is much easier in digital marketing than in offline-marketing. The traditional marketing is nearly impossible to track; for example how do you know if a person coming to your brick and morter store has seen your ad in the magazine, and for that reason pays a visit to your shop. However with e-commerce one can retrace the data to see, that the purchase came from a consumer who arrived to your page through a Google ad. However, even though the measuring is easier, it is very common to achieve visits to the site throurgh digital marketing, but the actual purchase is made a few days later, in these cases the tracability is diminished without persistent cookies. Salminen critises the media-sales people in more traditional channels like TV; in his opinion they are not interested in developing ways to provide tracking information for companies who buy their media space. He finds it paradoxal, because being able to measure results would help them sell media space in the future. As an observant I believe the trend of gathering and tracing data will become even more important in the future, and many companies will apply this principal even outside the marketing space. The tracking trend has already been seen for many years in the development of navigation systems not only in the road, but for example in grocery and clothing stores.

The interview also touched the subject of prejudice and false beliefs connected to digital marketing. One of the biggest false beliefs is that digital marketing is nearly free. As discussed before, the start-up costs are small, but if a company really wants to utilize different channels and manage them accordingly, it is definitely not cheap. Simply creating free profiles in social media is not considered digital marketing. Especially in Finland, even though the start-up costs would be small, the company has to pay someone to start the digital marketing, and work is expensive in Finland. According to the latest Eurostat study, Finland has the 7th highest staff expenses in the EU with 32,3€ per hour compared to the EU average of 24,6€ per hour (Eurostat, 2015). Even one of the main discussion points of the 2015 Finnish parliament election was whether to freeze the index-

increases of salaries in order to help beat the recession and gain better competitiveness (Vaalipaneeli, 2015).

During my observations, I learned the crucial meaning of efficient planning and excecution in the business sector. As the interview also resulted, efficient planning and execution is also very important in the digital marketing field. As stated before, the digital marketing campaign need to be developed in accordance with your segment and the software. Because the excecution of a campaign can sometimes be one click away, most of the worktime is aimed at clear planning. According to my observation, to improve the efficiency and not loose time for mis-communication, the company had a Trello board, where everyone could see what tasks other employees are implementing at a set time to avoid double-work. Also the marketing team had a skype-meeting every week to keep track where all the projects were going. The employers were instructed to CC (carbon copy) colleagues in emails that could in any way interest them, so that the information would flow nicely and we would avoid repeating information. This practice looses its efficiency in companies where employees receive too many emails already; but the practice can be applied well in SMEs if the email flow is more restricted.

6 CONCLUSIONS

The output of this thesis can be presented as follows in a form of graphic. The Figure 8. presents tips for SMEs as conclusion of this study as well as the common mistakes the SMEs should try to avoid. The content of this graph has been gathered through the findings and suggestions based on the observation and interview, and supported by the literature review.

Results of the study	
Tips for SMEs	**Common mistakes**
Be bold	Expertise illusion
Research your segment	Lack of patience
Gather data by testing	Not using specialist
Customize to your needs	Insufficient budget
Analyze your results	Too afraid of new
Relevant content	Prejudice
Be consistent	Not testing enough
Be active and present	Focusing on wrong segment
Create a clear brand	Being passive
Documented strategy	Not engaging on brand strategy

Figure 8 Results of the study

The empirical and theoretical research conducted for this thesis has provided a wide range of information. Based on statistics, literature review, interview and observation we can say that the digital marketing channel is growing all the time. However, it will not make the print or live-marketing field redundant anytime soon. The traditional marketing channels are still needed, yet, digital marketing has emence benefits in its ability to track movements, traffic and ROI. It is also in many ways a faster mean of communication. Digital marketing, as well as traditional marketing both have benefits and downfalls and hence I would suggest companies to seek their optimal mixed-ratio of digital and traditional means of marketing that will benefit them the most.

Concerning brand awareness, we have learned that companies have very individual needs concerning their branding. For SMEs with limited budget, it is better to concentrate on response-marketing first instead of branding. The differences are also bigger depending on whether the company exists in B2B- or B2C markets. Based on resources and desired brand image and target group, the companies should decide to embark on a set course of documented brand strategy. The right brand strategy is unique to every SME, and is much dependable on the desired brand image and the financial resources that are made possible. Building brand awareness is a long process and requires consistency, time and patience.

Based on the decided brand strategy, the company will then decide on the marketing channels which best converts with the chosen goal by testing. SMEs should decide whether to manage the marketing inside the house or to outsource them; in either one of the options the media budget should exceed the staff expenses of marketing to make to work worthwhile. Companies could start digital marketing and building brand awareness by consulting a specialist and asking for advice. If the SME does not want to regularly utilize outsourced services, after the initial consult they can continue where the specialist has left off. A good idea would be to test few channels simultaneously to utilize the multi-channel momentum, as well as gain valuable analyzable data from different marketing channels. In the digital marketing field, the "golden word" seems to be *data, data, data,* similar to the *location, location, location* in the real-estate markets. Data is such an important aspect of digital marketing because - as it was explained earlier in the literature review and came across with the interview - the measurability of data is one of the main benefits of digital marketing compared to traditional offline marketing.

As discussed in chapter 3. the privacy and ethical issues of marketing need to be addressed by all the companies, big or small. Kotler and Amrstrong remind us that deceptive practices for example unsafety, price gimmicks or non-transferability might lead to short-term gains, but are not sustainable business practices in the long-term for the consumer nor the company (2011, 584). The

set ethics of AMA should be discussed and followed to their best in every company no matter the budget or strategy.

Concerning the research question 1. *How can brand awareness be developed for SMEs in Finland?* based on the study and literature review we could conclude that SMEs need to involve themselves better for example in social media, and embark new areas, either by themselves of with consultants. The biggest decision for SMEs in the path of improving their brand awareness is to figure out their brand identity by utilizing frameworks such as Aaker's brand identity perspectives presented in the literature review. SMEs should create a clear brand strategy, which is optimal to their demographic, stick to it and follow actions accordingly. Everything the company does; PR, publishings, service, marketing etc. are all part of branding, the consistency in the communication is one key factor of success. SMEs should aim for relevant, valuable and consistent content in all channels of interaction as emphasized through a discussion of content marketing in the literature review, interview and observation. By finding the right mix of different marketing tools online and offline, the company can achieve attractive and long-lasting brand awareness.

In regards to question 2. *Which are some of the methods used in digital marketing for SMEs?* The thesis has offered valuable numerical data from consumer's and from company's perspectives which should support the urgency of embarking digital marketing tools. This thesis has presented multiple different digital marketing tools with the principals and benefits behind them. We could conclude that as a minimum the companies should optimize their webpages in a manner that is not only search engine optimal, but also optimal for the consumer. SMEs should not only be present but active in social media channels like Facebook, Twitter and LinkedIn. The SMEs should also consider embarking SEM (for example Google Adwords actions), which are proven to be a cheap way to start digital marketing with a great potential to leads and sales. The most important principal is not *what methods you use*, but *how you use them*. Mastering different tools and methods and utilizing them to the full potential takes time, testing and expertise but can be achieved. What SMEs need to remember is that to make

the work worthwhile, they really need put effort towards learning and utilizing the tools.

The research questiong number 3. *What are the benefits of using digital marketing methods and developing brand awareness?* This question can be answered with multiple different views. What has been proven in literature review and the research is that digital marketing methods have emence benefits in trackability and analysis potential. The start-up costs are small and the digital marketing space can open doors to new leads. The time savings with social media customer service and newsletter for example provide a more efficient and faster way of consumer communication. The companies who still will not embrace the proven change in the field, will be considered as obsolescent and non-flexible. In regards to developing brand awareness we can conclude that companies with a clear brand create trust and can lead to preferable brand selection and even demanding for premium prices. Successfull brand awareness allowes the SMEs to create consumer communities around them and gain valuable feedback, data and opinions on the company. By creating a emotional connection with the consumer through brand awareness will guarantee you loyal customers. Clear brand not only has benefits for the company in the form of sales or customers, but also offers clearer guidelines in the recruiting process and offers employees a community-like environment with clear company goals.

Complementing studies and further reading

As a further research subject (for example at Master's level) this study could benefit from a quantitative research about the present state and usage of different digital marketing methods in the SMEs in the area. These companies could also be studied on the view of their current brand strategy. If the time resources were sufficient, a further research could include a longitunal test of implementing some of the methods presented in the thesis for results to be gathered later on whether the brand awareness or sales have risen since the start of testing period.

For further reading I suggest a book called *Google Advertising tools* by Harold Davis (2010), which covers huge areas in digital marketing from designing good

websites, to SEO, Google advertising tools and improving performance. For further reading on brand awareness and building brands I suggest a book *The new Strategic Brand Management* by Jean-Noël Kapferer (2012), which has a reputation of being in the forefront of strategic brand thinking.

The interested parties it would be beneficial to start following respected blogs of the digital marketing field, because the tools and practices change rapidly and printed information may already be obsolescent on arrival. For example a blog published by an entrepreneur and "a top 10 online marketer" according to Forbes, Neil Patel, whose blog you can find under http://www.quicksprout.com/blog/.

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