International Digital Marketing Strategy
as a Growth Opportunity
Case: Finnish Startup

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Digitalization and globalisation have, as a combination revolutionized the world of business. Many say that the change has been at least as enormous as during industrialization. Latest development of different digital tools and e.g. the effects of social media have brought many businesses to a completely new position. Today it is even possible for a tiny local start-up to challenge big global players.

The objective of this study is to create an international digital marketing strategy for a Finnish startup. One intention is to study how PR Smith’s SOSTAC© framework can be applied to this purpose. Another intention is to suggest which factors need to be considered when creating an international digital marketing strategy for a startup.

The theoretical framework is based on combination of theories the most important of which are: different schools of strategy process (Mintzberg et al. 2005), different concepts of marketing especially from the entrepreneurial perspective and how they have evolved towards digital era (Kotler 1986, Kotler 1997, Hill & LaForge 1992, Chaffey et al. 2016, Ryan 2017, Constantinides 2002, Halligan & Shah 2014, HubSpot 2017, Smart Insights 2017 and PR Smith 2014), views to business’ growth (Butler 2014 and Greiner 1998) and different views and aspects to be considered when planning internationalization (Ghemawat 2001), international marketing (Smith and Zook 2011) as well as the forces governing competition in an industry adapted to international business environment (Porter 1979).

The study was carried out as a case study during autumn 2016 - spring 2017. Data were collected through interviews, consultative discussions, search word, digital channel and business plan analysis as well as utilising author’s own experience. The analytical approach was qualitative.

The findings show that SOSTAC© framework is a useful tool but cannot be taken too much to the point. Additionally as a result it is suggested to give the digital marketing strategy process enough time and use iterative approach, not trying to finalize the strategy too soon. Aiming towards international growth requires a thorough analysis not only of one’s own business but also the environment and international opportunities before making strategic decisions. SOSTAC© is one good framework and a check-list type of a tool but is not as such adequate for planning internationalization through digital marketing means.

As a conclusion from the broader context of digital marketing as a growth opportunity, this study rose more further questions than it gave answers: how does the applicability of a strategy creating process vary internationally or by the size or age of the company? What are the factors that affect, how well and which parts of the process should be emphasized? What parts of the process are affected by domestic and/or international legislation and how? How should the SOSTAC© framework or other frameworks be developed for the purpose of internationalization through digitalization?

**Keywords**

Digital Marketing Strategy, Internationalization, SOSTAC©, Start-up, Entrepreneur, Growth.
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1 Introduction

This study is about how to create a digital marketing strategy for a start-up. The importance of digital marketing has increased dramatically during the latest years. The rise of the digital era has brought disturbance to many industries but on the other hand digitally driven business also gives great opportunities even to very small and peripheral businesses which previously have had very little or no chance at all in rivalry against global giants. The digital revolution has clearly changed this set-up and already by far we have witnessed many former industry giants struggling even for their existence as the digital newcomers revolutionise industries and force business model innovations.

The literature and case studies regarding digital marketing strategy typically address in more detail the operational level of how and what to do with different digital channels to best seize the digital opportunity in marketing communications. In this study the approach is more holistic, emphasizing the need to consider the overall business strategy and digital marketing strategy as a whole and even so that they end up being one and same. As a result, this study reveals how to create this kind of a holistic digital marketing strategy in the meaning of digital business strategy. The case company in this study is a small business startup in Finland which may well be considered as a peripheral country. However, some aspects if not all written in this report might well be applicable to any type of business.

In this chapter I'll first briefly introduce the case company. After that I'll go through the needs and objectives for this study followed by clarifying the scope. Since this is a Master’s thesis in a degree programme of International Business Management, I'll also summarize the international aspect of this study followed by presenting the structure of this study.

1.1 Case company

The case company is a small startup which was registered as a company in Finland in March 2017. The service concept of the company is based on providing information and support to private persons to enhance their quality of life. This is done by supporting and guiding towards healthy life habits through dietary and exercise related recommendations taking into account individual variance through genetic testing and analysis.

According to the definition of SME by European Commission, the case company is an SME and more specifically in the micro company category. (European Commission, 2017)
The staff headcount is below 10 and both turnover and balance sheet total remain below 2 M€.

The first phase in the entrepreneurial life-cycle is the stage of existence and startup phase. During this initial stage getting started and gaining the first clientele and being able to deliver the services to them are the primary concerns. This study is needed to support this essential, initial stage and to provide tools to get further in the business life-cycle. The need to go international right from the beginning has been the foregone conclusion for the entrepreneurs since the products and services of the case company are considered to be for a such narrow market niche which is not large enough in potential in the domestic markets.

1.2 Needs and objectives

Like stated above, the primary challenge and concern of the case company is to get the business started, gain customers and ensure the delivery of their services to those customers. The entrepreneurs are neither themselves full-time employees in the company but at least at the moment are earning their living in other jobs. This combination is challenging and it is difficult to balance with ramping up everything and spare some time for proper strategy work which should also guide the concrete actions.

The value contribution of this study for the case company is to operate as a consultancy in regards of the strategy building and also touch some concrete, initial action plan issues here and there. During this study process, the entrepreneurs have received sparring and tips from an objective but professional bystander ending up to getting the first strategy paper for their start-up as a result of this study to which they have themselves contributed.

1.3 Scope of the study

This study is about how to build a digital marketing strategy in international context as a growth opportunity to a small start-up company from a peripheral country. To be able to cover this topic, the study needs to include referencing to all relevant key theories there are in regards of strategy, strategy process, marketing, digital marketing, digital marketing strategy, growth scenarios and international aspects related to all previous.
What this study will not cover are strategic planning, internationalisation or the process of growth in more detail. The aspect of a startup pursuing its first steps of growth not only from domestic markets but also internationally, is touched to some extent.

What this study will neither cover is the internationalisation in the meaning of establishing operations in some foreign country. This study will include the perspective of a startup company offering their services for customers in domestic market as well as in selected international markets through digitally enabled means and measures of business.

More detailed digital marketing action plan is not fully included in this study nor studying the essence of different current available tools and channels even though several of them are mentioned indicatively.

The digital marketing strategy created during this process, the list of questions handled during the strategy process as well as the Google Trend analysis on selected key words are included in appendices which are classified as confidential.

### 1.4 International aspect of the study

Digitalization has brought the internationalisation opportunity much closer to any today’s business. On the other hand, the international competition has never been so versatile and fierce as it is today. This holds both threats and opportunities for companies of any size and from any location.

The core of the international aspect in this study is in the mechanism, how and what needs to be taken into account when a digital marketing strategy is built for domestic and international markets. This means that the main topics related to international markets and international marketing are the key components of the international aspect in this study.

### 1.5 Structure of the study

How the study is structured is that after this introduction chapter in chapter 2 all relevant theories from the field of this study are introduced and summarized. Literature review covers the topics from business strategy and strategy process, marketing, “digital vocabulary”, digital marketing, digital marketing strategy, entrepreneurial business’ growth and the international aspects to digital marketing strategy.
After the literature review in chapter 3 is presented the theoretical framework built of the key theories, followed by the introduction to the research methodology and methods used in this study in chapter 4. Chapter 5 will present the findings of this study and chapter 6 includes the discussion of those findings. Chapter 7 discusses the implementation and follow-up, chapter 8 covers areas of further research and chapter 9 includes reflections of the author. Lastly there are the list of references followed by appendices. In appendices there is all the material which are confidential, non-public content: questions covered during the process, digital marketing strategy for the case company and the Google Trends results for selected key words.
2 Literature review

In this chapter I will introduce the most relevant theories that form the backbone of this study on digital marketing strategy. To create a holistic picture, I will start by introducing the concepts of strategy and strategy process. Then, I will continue with presenting the concept of marketing followed by a brief history of “digital terminology” and concepts related to digital marketing and digital marketing strategy. Lastly, I will introduce some aspects to growth and internationalization as growth opportunity as well as the issues that need to be considered with international marketing. The intention is to form a robust base for the theoretical framework that will be presented in the next chapter.

2.1 What is strategy?

The word strategy originates from the Greek word “stratigos” or often written also “strategos” which means “general”.

Everything we have learned up until today to know as “strategy” in business has been formed by several streams of studies originating from various differing perspectives and backgrounds during the past decades. Discussing tasks of the general manager took the form of business policy courses in Harvard back in 1960’s, concentrating on practical approach and simulating different types of situations and cases and was based on common-sense experience of executives. At the same time during 1960’s and 1970’s books on corporate planning started to emerge emphasizing the analytical approach. Based on those, highly systematised approaches to planning were formed, incorporating techniques and concepts of operational research. This analytic approach is said to be the dominant legacy in the study of strategy.

Both previous approaches encountered criticism evolving towards diverse research addressing many key strategic questions, typically taking the form of examining evidence how the financial performance of organizations links with different strategies followed in them. Others, including Mintzberg started to argue that the cause and effect relationships are much more complex and that more study was needed on managerial processes related to strategic management.

Meanwhile from 1980’s onwards the work of Michael Porter started to influence the scene and since 1990’s resource based theories of the firm by Hamel and Prahalad emerged. Last mentioned have been most influential in regards of strategy conceptual frameworks.
Ever since even more complex approaches have been built, even emphasizing the impact of individual differences of every person working in organizations as complex small worlds of social interaction; change and innovation becoming the key concepts. (Johnson et al. 2005, 20-21)

A similar evolution of strategic management research is visible in the study of Antonio-Rafael Ramos-Rodríguez and José Ruiz-Navarro. Their bibliometric study identifies the most influential published sources in strategic management research during 1980-2000 in which they conclude that even though Chandler 1962, Ansoff 1965 and Andrews 1971 are recognized as the writings constituting the basis of the discipline, also other perspectives have been influenced already back then by contemporary works mentioning Penrose 1959, Cyert and March 1963, Thompson 1967, Lawrence and Lorsch 1967 and Rumelt 1974. Furthermore, the same study shows the decrease in citations to the previous works which however they state might also indicate just the universal acceptance and integration of the concepts introduced by them. Another conclusion Ramos-Rodríguez and Ruiz-Navarro make is that the most influential have been the works of Porter 1980, 1985, over-taken most recently by the contribution of the resource-based view in the form of works by Wernerfelt 1984 and Barney 1991. (Ramos-Rodríguez and Ruiz-Navarro 2004, 999-1001)

For this study it is important to understand the history and key concepts of strategy since digital marketing strategy is one embodiment of strategy in today's business. The intention however is not to handle in detail the development of strategic management research. Even though there are several key gurus regarding the theories relevant to this study, I think that also their thoughts and theories have too, emerged, evolved and formed due to interaction with other scholars, studies, researchers and researches. In that sense I could say that I also am for the latest thoughts of organizations as more complex small worlds of social interaction in a sense that the core idea of it can be generalized also to the study on strategic management.

One of the very first and still one of the most cited definitions on strategy is Alfred Chandler's: “Strategy can be defined as the determination of the basic long-term goals and objectives of an enterprise, and the adoption of courses of action and the allocation of resources necessary for carrying out these goals.” (Chandler 1962, 15-16) This was afterwards accepted and taken as the basis for further research and work by other key scholars of that time. (Rumelt et al. 1995, 17) Chandler’s work was also said to resonate most strongly in the discipline even some 45 years afterwards. (Whittington 2008, 267)
Johnson et al. (2005, 9) state: “Strategy is the direction and scope of an organization over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations.”

Quite commonly strategy is defined as some kind of a plan. This is also the first P of Mintzberg’s 5Ps for strategy: Plan, Ploy, Pattern, Position and Perspective. According to Mintzberg, strategy as a plan can be general or specific or even a ploy. Another P in Mintzberg’s theory is strategy as a pattern in a stream of actions, intended or unintended consistency in behavior. Categorizing strategy as realized and unrealized or deliberate and emergent comes from the combination of strategy as plan and pattern: realized strategy is when the plan comes true through the pattern of action of the company. Unrealized strategy is the one where the plan existed but there is the lack of pattern in action to ensure the realization. Deliberate strategy is closely connected to the realized strategy: the plan is deliberately realized through pattern of action. As contrary to deliberate, emergent strategy is at hand when the pattern in action becomes true as a realized strategy without being a plan first. Strategy as position means the place in company’s environment where resources are concentrated, seeking to locate the organization in the external environment. Strategy as perspective is described by Mintzberg to be something similar to a company to what personality is for an individual. This treats strategy as a concept where the perspective is shared within the company through either the intentions and/or the actions of the individuals as members of the organization. (Mintzberg 1987, 11-17)

During this study the intention is to keep in mind these 5 Ps of strategy and ensure that also these different perspectives towards strategy are taken into account. What is interesting in Mintzberg’s writings is the idea that all other Ps than perspective are in a way dispensable meaning that only perspective becomes difficult to change once established (Mintzberg 1987, 19) In my study the case company is a small start-up and from a such view this idea however interesting is not so relevant since everything is being crafted and done pretty much to a clean slate. In other words this would mean that in comparison to each other in this respect the 5 Ps of strategy need not to be treated differently during this study.

Johnson et al. (2005, 11-12) distinguish three different levels for strategy to exist in organizations: corporate level strategy, business-level strategy and operational strategy. In this study I focus on a very small start-up business where the scale of the business is still close to non-existent and the amount of resources is small. Thus it is not so relevant to focus on different levels of strategy than it is to ensure that all relevant aspects are covered. However, since this work concentrates on digital marketing strategy, it is fair to question
should the study concentrate only on operational level strategy? Johnson et al. (2005, 11-12) state that the corporate-level strategy is concerned with the overall scope of the organization and that it is the basis for all other strategic decisions in the company. After that they state that the business-level strategy is about how to compete successfully in particular markets and that operational strategies are concerned with how the resources, processes and people of the organization effectively deliver the corporate- and business-level strategies. So, it could be summarized that the operational level of strategy by Johnson et al. is close to the strategy as pattern presented by Mintzberg, the actions and way of behavior that can be either planned or unplanned, which realize the strategy and form either deliberate or emergent strategy through action. The way I approach digital marketing strategy in this study, will not be only operational strategy and action plan but will include the corporate- and business-levels even though those terms poorly fit to the context of a start-up. Thus, I argue that the three levels of strategy by Johnson et al. are not as such suitable for smaller businesses but with small businesses the levels need to be seen differently.

Ellen Chaffee has categorized strategy definitions into three distinct groups building three models of strategy: linear, adaptive and interpretive. Linear being the one focusing on planning, developed primarily for profit-seeking businesses, based on the assumption that every company has goals and that accomplishing those goals is the most important outcome of strategy. (Chaffee 1985, 90) The adaptive model differs from linear in 1) monitoring the environment and making changes are simultaneous and continuous; time lag for planning is not present 2) no emphasis on decisions on goals; focus on manager’s attention on means 3) incorporates changes with broader scope than linear model 4) more multifaceted, less centralized but top management still assume overall responsibility for guiding the strategy development. The adaptive model can handle greater complexity and more variables than the linear model. Interpretive model mimics linear model in its emphasis on dealing with the environment more than adaptive model’s emphasis on changing with the environment. (Chaffee 1985, 90-94) Taking into account the previous categorisation, the type of strategy built during this study is an adaptive one since it is formed by iteration where environment monitoring and forming the strategy are simultaneous and continuous and in that way the strategy changes with the environment.

It would be inappropriate to ignore what Porter has written about strategy since he has been the most cited author in the field and has had most influence in the development of the discipline. (Ramos-Rodríguez and Ruiz-Navarro 2004) Porter introduced the five
competitive forces and how they affect strategy. (Porter 1979) Ever since being introduced, these 5 forces have been a relevant corner-stones for further research and theory building.

Figure 1. Forces Governing Competition in an Industry. (Porter 1979, 141)

These five forces include the threat of new entrants to the market, the bargaining power of suppliers, the bargaining power of customers/buyers, the threat of substitute products or services and the rivalry with current competitors. Based on understanding these forces and how they influence the profitability of an industry, Porter suggests to develop a strategy where the company is positioned where the forces are weakest, the changes in the forces are exploited and the forces are shaped in company's own favour. (Porter 2008, 24)
2.2 What is a strategy process?

Mintzberg has introduced the metaphor of crafting a strategy. (Mintzberg 1987, 66) According to that, managers of a company are craftsmen and strategy is and becomes of the clay they work on. Mintzberg uses the metaphor throughout his writing according to which like a potter with clay, managers craft the strategy recognizing corporate capabilities, future of the market and bring the knowledge of the material at hand into the crafting process. (Mintzberg 1987, 66-67) Strategy can be formed or be formulated so that it in fact emerges from the real-life actions within a company meaning that the strategy process may be either intentional or unintended. (Mintzberg 1987, 68) I think this is a bit contradictory with the idea that only the managers of a company would be the craftsmen. If there is the possibility for an unintended strategy especially through the actions of others and not just managers’, it would be more correct way to state that each person working for the organization is the craftsman for the strategy. When deliberate, the managers would be the craftsmen and when emergent, the whole personnel, managers and all others of the company could be seen as the craftsmen.

During his discussion on the dilemma of realized vs. unrealized strategies, Mintzberg states that the problem beyond unrealized strategies is often because of the assumption that thought must be independent of and precede action. “No craftsman thinks some days and works others.” (Mintzberg 1987, 68) This applies also to this study since the process for crafting a digital marketing strategy should and in this case was not based on an assumption that the digital marketing strategy is first completely built and only after that starts the implementation.

Mintzberg et al. (2005) have developed the idea of strategy process further in their book “Strategy Safari” in which they separate 3 distinctive groups in which there are in total 10 different schools of strategy formation:

A) Prescriptive Schools
   1. The Design School - strategy formation as a process of conception
   2. The Planning School - strategy formation as a formal process
   3. The Positioning School - strategy formation as an analytical process

B) Descriptive Schools
   4. The Entrepreneurial School - strategy formation as a visionary process
   5. The Cognitive School - strategy formation as a mental process
   6. The Learning School - strategy formation as an emergent process
7. The Power School - strategy formation as a process of negotiation
8. The Cultural School - strategy formation as a collective process
9. The Environmental School - strategy formation as a reactive process

C) Configurative School
10. The Configuration School - strategy formation as a process of transformation

The Design School originates from the first definitions of strategy formation back in 1960’s and proposes a strategy making model where the intention is to actively plan and achieve a match between company’s internal capabilities and external possibilities. (Mintzberg et al. 2005, 5, 24) The second school Planning School does not differ much from the Design School, the key difference is that according to the Planning School, the strategy formation is a highly formal, detached and systematic process through which the strategy is formed by educated professionals. (Mintzberg et al. 2005, 5, 48) The third and last prescriptive school is the Positioning School which is much based on Porter’s findings on competitive forces. The Positioning School is less concerned with the strategy formation process as it is with the content of strategies. Unlike the first two schools it argues that only a few key strategies as positions in the economic marketplace are desirable in any given industry, ones that can be defended against existing and future competitors. (Mintzberg et al. 2005, 5-6, 83)

The first of the descriptive schools, Entrepreneurial School emphasizes the leader’s role in strategy formation and the vision. (Mintzberg et al. 2005, 124) The Cognitive School continues to concentrate on the single leader as the strategy builder but from the perspective where the experiences of that leader form the knowledge-base of that leader which then again shapes what they do, thereby shaping their subsequent experience. (Mintzberg et al. 2005, 150) Whereas the previous 2 descriptive schools concentrate on the leader as an individual the process beyond the individual, to other forces and other actors, emphasizing the collective learning about the situation and the organizations capabilities in it.

The Learning School is most interested in how the strategies in organizations are formed, not how they are formulated, raising interest and focus towards the level of success in implementing the strategy. The Learning School argues that every failure of strategy implementation is by definition a failure of formulation and that the world is too complex to allow strategies to be developed but must emerge in small steps as an organization adapts and learns. (Mintzberg et al. 2005, 6, 176-177) The Power School sees strategy process as a process of negotiation, emphasizing the use of power and politics in negotiating strategies favourable to particular interests. This could be either within an organization or regarding its outside environment or both. In this regard, according to this school the strategy is
never an optimal one but merely reflects the existing power structure. (Mintzberg et al. 2005, 7, 234) The Culture School then again considers strategy process to be rooted in the organizational culture, social force of culture, process of social interaction and may often actively resist strategic change. (Mintzberg et al. 2005, 7, 264, 267) The last of the descriptive schools is the Environmental School, emphasizing strategy process as a reactive one initiative lying in organization’s external context. According to this school, strategy is formed with a sort of a mirroring process where the environment sets the agenda. (Mintzberg et al. 2005, 7, 286)

The last school in a category of its own is the Configuration School which has its roots in the ever-changing business environment as well as the business itself during its lifecycle. This school intends to merge all other schools and suggests that either one of them can be applied at any time according to the specific moment at hand and introduces the connection to the continuous change management and transformation. (Mintzberg et al. 2005, 6-7, 305-306, 322-324)

In all the above listed approaches to strategy process in one way or the other, some sort of analysis is always included in the strategy process. Regarding this study, the most relevant school is the entrepreneurial school but also some features of the cognitive school and even the positioning school resonate well. Day and Wensley (1988) state that a proper strategy is built on comprehensive and balanced diagnosis. With balanced they refer to having both competitor and customer perspective included. They provide a framework for this diagnostics phase, see figure 2 below.
According to this framework, competitor centric part of the analysis covers traditional analysis of strengths and weaknesses, identifying relative skills and resources giving certain cost position and evaluating the whole value chain to identify key success factors. (Day et al. 1988, 8-9) On the other hand just as important is to recognize the criteria based on which customers’ decisions are made and identify the difference in customer segment-specific factors enabling e.g. to choose most profitable possible target segments. (Day et al. 1988, 12-14)

This balanced diagnosis including the customer focus starts to resemble some elements covered typically in more detail in the context of marketing which is presented and discussed more in the next chapter.

Understanding different aspects and approaches to strategy is important for this study since one key argument of mine is that there is or at least there should be little if any difference in the overall business strategy and digital marketing strategy. On the contrary: they should be merged into a one strategy even regardless of the size of the company.
2.3 Basics of marketing, marketing strategy and digital marketing

In this chapter I first introduce the concept of marketing and what marketing means. Then, I will present how the role of marketing in companies has evolved followed by listing the marketing strategy concepts and methods.

Theodore Levitt wrote already back in 1960 his prize-winning article “Marketing Myopia” in which he introduced the idea that marketing should not be seen as a consequence of a product but as the opposite: understanding the customer needs for which some products are the current solution. (Levitt 2004, 145)

Christian Grönroos has stated that according to marketing concept, marketing is a philosophy where all firm's activities are based on selected target markets' customers' needs and wants. This market-oriented perspective is seen as opposed to the production orientation. (Grönroos 1987, 52)

Kotler defined marketing to be “a social and managerial process by which individuals and groups obtain what they need and want through creating, offering, and exchanging products of value with others”. (Kotler 1994, 6)

American Marketing Association’s current definition of marketing is: “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.” (American Marketing Association 2017)

All definitions above are applicable with this study. The emphasis is in understanding the current and future customer needs for which as an answer the services and offering of the case company have been established enabling the business. Kotler’s definition is probably the most vague or general one of these. American Marketing Association’s definition (2017) again stresses offering before the value which in my opinion should be the other way around. American Marketing Association’s definition mentioned above also in my opinion lacks the clear statement towards overall business approach which of course could be seen hiding behind the word “offerings”. The word offering in my opinion however leaves too much room for the varying interpretations possible as the word offering can mean so many different things to different people.

In Figure 3 there are illustrated five different views of marketing’s role in the company in comparison with the production, finance and personnel and how they relate to the position
of the customer. In the first three views the focus is on different functions of the company and the weighting of each in comparison to others. In the last two views, the customer is also included, and company’s functions shown in relation towards the customer. In this study the view is closest to the last one presented where the customer is seen as the controlling function and marketing as the integrative function. However, the more correct view would be such where marketing covers or is behind all other functions. Even though it has been written about for decades, even today in 2020’s in many organizations marketing is still often thought like McKenna (1991, 69) wrote: as a separate part and distinct function of an organization whose job is to take all needed measures to identify potential customers and find ways to convince them to buy company’s products or services. In this study I have adopted the opposite approach that in business marketing is everything and everything is marketing: marketing is a way to do business. (McKenna 1991, 68-69)

Figure 3. Evolving Views of Marketing’s Role in the Company (Kotler 1997, 27)
What marketing means and how it shows in an organization varies and depends e.g. on the size of the company. Marketing in the small firm is different to marketing in a larger organization. In small firms marketing is considered to be more intuitive, competency based, revolving around networking and operating under financial and human resource or time constraints. (Carson et al. in Gilmore et al. 2007, 236) To some extent I agree with this also based on my personal experiences from working in bigger corporations. In my opinion the approach towards marketing should not be drawn too far away from “the actual business” as in the meaning of business units commonly being separate units and marketing a support function in bigger companies. The basic elements are still the same but in bigger companies, different types of complexities exist and need to be taken into account. On the other hand, in small companies, other complexities exist which are not relevant in bigger, better established companies.

"Different marketing strategies are suggested depending upon whether the firm is trying to maintain a functional, symbolic, or experiential image for the brand. The framework also suggests appropriate marketing strategies for new ventures (brand introduction stage), the early stages of growth for the new venture (brand elaboration stage), and as the venture develops into a large, mature firm (brand fortification stage). One of the major contributions of this framework is that it addresses key marketing strategy issues from the inception of a venture throughout its development into a large, established firm."

(Hills & La-Forge 1992, 48)

In this study marketing is approached as a holistic, demand-based way of running business. Following this, it is not necessary in this study to make a distinction in company’s overall strategy and marketing strategy, but they are approached as one and same and that is why the general theories about strategy and strategy process were introduced so broadly previously.

Due to digitalization and the rise of the digital marketing, the set-up will soon change rapidly and radically. Marketing is rapidly becoming more and more technology-dependent function requiring a complete change in attitudes towards it and in ways of organizing and
resourcing it. Like de Swaan Aros et al. state (2014, 59): “Marketing has become too im-
portant to be left just to the marketers. All employees, from store clerks to IT specialists,
must be engaged in it." I am sure that those companies who continue keeping marketing
in its own separated silo, will fall. This is already visible in the dramatic shift in business
where many of the traditional businesses are really struggling and even falling to bank-
ruptcy due to the rise of the digital era and disruption facing many of the business models
in various fields of businesses.

2.3.1 eVocabulary: digital marketing and other related terms

During the recent years, several new hot terms have been formed and re-formed. The
ones used during the past 10-20 years and which most frequently appear in the context of
digital marketing are the terms e-business, e-commerce, e-marketing, internet/web mar-
keting and online marketing. How do these differ from each other and what are the similari-
ties?

Before digital marketing, terms e-marketing and internet marketing have appeared. All
these among other "e-terms" are not however completely synonyms to each other but
have partly differing definitions. In the following table I have summarised the key defini-
tions for the most important terms.

Table 1. eVocabulary: terminology related to digital marketing

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<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Marketing</td>
<td>Achieving marketing objectives through applying digital technologies and media.</td>
</tr>
<tr>
<td>e-marketing</td>
<td>Synonym to Digital Marketing.</td>
</tr>
<tr>
<td>Internet Marketing</td>
<td>Subset of digital marketing, concentrating on internet-based activities.</td>
</tr>
<tr>
<td>Web Marketing</td>
<td>Synonym to Internet Marketing.</td>
</tr>
<tr>
<td>e-commerce</td>
<td>Technologically mediated exchanges. Subset in digital marketing.</td>
</tr>
<tr>
<td>e-business</td>
<td>Conducting business using digital interactive technologies and information technology.</td>
</tr>
</tbody>
</table>
Technology has entered heavily into the field of marketing. There are several types of digital media channels that are essential to today’s marketing and e.g. social media has obtained a solid and essential role in it but still not being a perfect substitute for traditional marketing (Chaffey et al. 2016, 32-35) This makes it important to also understand and to become familiar with some basic technical terminology. Social media sites are much more than websites but from a technological perspective, they can be seen as software applications or web services. (Chaffey et al. 2016, 34)

Kingsnorth states that digital marketing first appeared as a term in the 1990s, the first banner advertising started in 1993 and the first web crawler (called Webcrawler) was created in 1994. The web crawler was the beginning of what has evolved to today’s search engine optimization (SEO). All this happened four years before Google launched, over 10 years before YouTube, and social media was not even a dream at that point. The term Web 1.0 was introduced in early 1990’s and Web 2.0 as a term in 1999, getting more popular in early 2000’s. This was a turning point as the technological development enabled the web to become a social place due to the shift in the way websites were created. (Kingsnorth, 2016)

![Figure 5. Evolution of web technologies. (Chaffey et al. 2016, 36 - enhanced image)](image)

Even though these more technical terms are, and maybe will never be so common in the academic writings about marketing, it is good to know they exist and understand their connection with marketing.
E-marketing is defined by Gilmore et al. (2007, 235-236) to be an extension “to fulfil the traditional market practices of creating, communicating and delivering value to the customers”. E-marketing is defined being much more than just the internet but involves any other technologies in enabling e.g. customer relationship management. Internet marketing and e-marketing are typically used as synonyms to each other (Strauss and Frost, 2005; Coupey, 2001; Chaffey, 2003; O’Connor et al., 2004 in Gilmore et al. 2007, 235).

E-commerce is defined being the facilitation of the transactions created by the businesses marketing activities. According to that definition, e-marketing or internet marketing include e-commerce activities, e-commerce being defined as technologically mediated exchanges. (Gilmore et al. 2007, 235-236)

“E-business refers to the use of digital interactive technologies and information technology in order to conduct a firm’s business.” (Gilmore et al. 2007, 235). So when compared to e-commerce and e-marketing, e-business is the holistic term for technology aided business and covers e-marketing.

In my opinion, if marketing would be the holistic, demand-based way of running business, digital marketing should equal to e-business. It looks however, that digital marketing and e-marketing are still treated in literature mostly as a narrower concept restricted to digital activities than marketing as the way to run the whole business. There are exceptions to this but still there is clear bias towards digitally enabled parts of the big picture and the holistic approach is not in balance yet.

2.3.2 Digital Marketing and Digital Marketing Strategy

In this study, digital marketing is defined as a combination of previously presented definitions, holistically: digital marketing is a customer demand driven way of doing business, utilising digital interactive technologies and information technology.

There are several ways to build a digital marketing strategy. Even though there are several options to choose from, no strategy framework as such brings same results for different companies. “Every business needs to ‘bake’ its own unique strategy based on its own particular set of circumstances.” (Ryan 2017, 24).

One of the recent authors in the field of digital marketing strategy is Simon Kingsnorth who presents in his book “Digital Marketing Strategy. An Integrated Approach to Online Marketing.” several marketing strategy models which are shown in Table 2 below.
Table 2. Kingsnorth’s suggested marketing strategy models (Kingsnorth, 2016)

<table>
<thead>
<tr>
<th>Model</th>
<th>Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>The 4 Ps</td>
<td>The established marketing model</td>
</tr>
<tr>
<td>Porter’s five forces</td>
<td>A view of competitive positioning</td>
</tr>
<tr>
<td>Brand positioning mapping</td>
<td>Analysing your perceptual positioning</td>
</tr>
<tr>
<td>Customer lifetime value</td>
<td>Understanding true customer value</td>
</tr>
<tr>
<td>Segmentation, targeting and positioning</td>
<td>Understanding the customer</td>
</tr>
<tr>
<td>Boston Consulting Group matrix</td>
<td>Product categorization</td>
</tr>
</tbody>
</table>

Surprisingly, there are few new models in this list and neither any new model as a combination of the ones included in the table is built in the book either. The 4 Ps model and the evolution of it is covered in more detail in chapter 2.3.3. It is somehow strange that “the other versions of the Ps” are not getting any attention in Kingsnorth’s book the 7Ps only getting to be mentioned. Porter’s five forces approach was covered previously in chapter 2.1. Brand (or perceptual) positioning mapping is suggested to be used as a useful tool to develop market positioning strategy for company’s products or services or to identify opportunities to launch new brands. (Kingsnorth, 2016) It is suggested that any variables may be chosen to X and Y axes and an example of perceptual map is given below:

Figure 6. Automotive perceptual map as an example (Kingsnorth, 2016)

Even though the case company would benefit of such brand positioning, utilizing perceptual map is not included in the scope of this study.
Another model Kingsnorth presents is the Customer Lifetime Value (CLTV or LTV) where the value or profit is calculated for the entire customer lifecycle. (Kingsnorth, 2016) This could be seen as a way to measure and control as a part of the strategy but Kingsnorth seems to present CLTV as a way to measure channel-specific profitability in the context of marketing as of list of actions. In this way the separate role of digital marketing away from “the actual business objectives and KPIs” are unnecessarily handled apart and separately, creating unnecessary complexity and different layers for running the business.

The next model introduced by Kingsnorth to be utilized in defining digital marketing strategy is the segmentation, targeting and positioning model which Kingsnorth suggests to be utilized to enable “smarter, more appropriate targeting and messaging within your marketing communications”. (Kingsnorth, 2016) Somehow, I would have expected to see this model to be associated more with the idea of buying personas and creation of relevant, useful content for the assumed/anticipated audience. Also, the business-wide approach to identify the potential market-service combinations and/or the requirements to fine-tune the service portfolio, would be the broader way to apply segmentation called for in this study. That way, it would connect the model to the overall strategy formation more than if it is done just for defining specific targeting and messages in marketing communications.

The last marketing strategy model introduced by Kingsnorth is the Boston Consulting Group matrix known also as the growth-share matrix which “is used primarily to maximize long-term value creation in a business by maximizing high-potential areas and minimizing poor performers.” (Kingsnorth, 2016)
The intention is to identify each product/service of the company, whether they are a:

1. cash cow, having high market share in a slow-growth environment
2. dog, having low market share in a slow-growth environment
3. question mark, having low market share in a high-growth environment
4. star, having high market share in a high-growth environment

This model is suggested to be used to identify, which products or services should be sold through which methods and channels or to assess the digital channels used themselves whether they are cash cows or something else and adjusting the usage based on that.

The original thought behind the BCG matrix stated by the founder of Boston Consulting Group is that “to be successful, a company should have a portfolio of products with different growth rates and different market shares” (Henderson in Kingsnorth, 2016) This idea is not fully relevant for the case company of this study since the startup phase is not primarily concerned with long term success but with gaining enough customers in the beginning to get the business started. Startup’s perspective to growth is discussed more in chapter 2.5.

Unfortunately, Kingsnorth seems to approach digital marketing strategy as something quite separate from the overall business strategy: “What we look at in this book is how to turn your great ideas and those of your team and business into one strategy that is robust,
agreed and *aligned with your wider business.*” (Kingsnorth 2016) I think the approach should be the opposite: not to create a separate digital marketing strategy and align it with business strategy but to create one strategy that is digital marketing strategy in the meaning of digital business strategy. The models presented by Kingsnorth are however useful regarding this study when used in the more holistic way.

Since marketing in small firms is operating under financial and human resource or time constraints, “This poses the dilemma of either jumping on the bandwagon of internet marketing adoption, and perhaps not fully understanding all the implications, or waiting and being left behind by competing businesses that are already using the internet and e-marketing (Herbig and Hale in Gilmore et al. 2007, 236).

In the following chapters I will introduce the evolution of “the Ps” of marketing from the original 4Ps towards the 7Ps and even 10Ps of digital marketing. After that, an early 4S model for digital era is presented followed by introducing the concept of inbound marketing, inbound marketing funnel and RACE as well as the concepts of content marketing and content marketing matrix as a concrete action planning tool. After those, I introduce SOSTAC framework which is the main tool utilized in this study.

### 2.3.3 Digital marketing mix - from 4Ps and 6Ps to 7Ps and 10Ps

Philip Kotler introduced already 1986 in his article “Megamarketing” the need to broaden the marketing mix from the original Jerome MacCarthy’s 4Ps Product, Price, Place and Promotion to 6Ps adding Power and Public relations. (Kotler 1986, 117) These additional Ps are relevant from this study’s perspective in the sense that they are extremely important when entering new markets which might have different power balance and public relations rules.

As an evolution to these, Chaffey et al. (2016) have introduced the digital marketing mix including 7Ps: Product, Promotion, Price, Place, People, Process and Physical evidence. The aspects requiring attention with each of these Ps are listed in more detail in the figure beflow.
The most recent version of “the Ps” is the one presented by Damian Ryan. Ryan lists 10Ps that are an elaboration of the original 4Ps of McCarthy’s to better apply to 21st century’s generation of stakeholders. (Ryan 2017, xi-xii) These 10Ps are: Performance, Presence, Pleasure, Proximity, Pertinent, Process, Personal, Preferences, Profit and People. What is strange in Ryan’s 10Ps, is the strong emphasis on the issues related solely to digital world, why is e.g. the Product and Price from the original Ps left out? Broadly thought they might be considered to be a part of the Pleasure: how does the customer rate company’s customer experience and user experience when compared to the competitors. (Ryan 2017, xi) On the other hand it is good that in Ryan’s 10Ps the emphasis is put more to different aspects of digital user experience and also raising the Profit as a P which is missing from the other sets of Ps. It might be that Ryan’s 10Ps is one more step towards actual holistic approach towards marketing as being a demand-driven way of running business and the other previous marketing mix models have somehow out-scoped that profitable business-part of their definitions. But still, it seems that some kind of a combination of the 7Ps of Chaffey et al. and 10Ps of Ryan would still be needed.

All these different versions of the marketing-mix presented above are good check-lists also in regards of this study. Even though the business of the case company mainly happens in digital world, there are also those non-digital elements that need attention in the strategy building and are not to be forgotten.

2.3.4 The 4S Web-Marketing Mix model

Constantinides (2002) has introduced a 4S web-marketing mix model which has quite early adapted a marketing model to fit better for a business in the internet-era. The 4 Ss in this model stand for Scope, Site, Synergy and System.
The first S which stands for Scope covers issues typically included in a strategy work: market analysis, identifying and describing potential customers and their buyer behavior and internal analysis. Web-aspect in the first S is in the form of identifying the strategic role of web-activities which could be one or several of following generic categories: informational, educational, relational, promotional and transactional. The web-aspect is included in the internal analysis in such way, that it should be identified whether the web is a sustaining or disruptive technology for the business.

The second S stands for Site and concentrates fully on issues related to company’s website in regards of customer expectations and behaviour. These include summarising what the customer expects from the site starting from domain name and covering the content, design and layout of the site and all the way through specifics related to the customer experience and customer behaviour.

The third S of Synergy includes aspect of integrating web with the business as a whole. This part is divided in three sub-classes: front office integration, back office integration and third party integration. Front office integration covers the integration of web activities to the physical marketing and “traditional marketing strategy” and actions. Back office integration means the integration of web to the company’s organizational processes, legacy systems and databases. Third party integration includes creating the network of partners who are involved in commercial, logistic and other activities regarding the site.
The fourth S stands for system and is purely about the technical issues including technology, technical requirements and web site administration.

Constantinides’ 4S model is a good addition to other models available, including some such aspects which are not included in other models in such detail but have huge impact on the customer experience e.g. the site structure, "look & feel" as well as the technical
functionality. On the other hand, the 4S model is simplistic in such way that it seems to be built for a situation where the business is already existing and needs to adapt to web-era. The model lacks the perspective of a starting business, which today is often easier to build right away to the web-world and old businesses struggle when trying to transform themselves towards digital.

2.3.5 Inbound Marketing

The concept of Inbound Marketing is considered to be developed by Brian Halligan and Dharmesh Shah, cofounders of HubSpot. They started to call the traditional ways of marketing as outbound marketing as being about pushing a message out and the new way as inbound marketing being about “pulling people in by sharing relevant information, creating useful content, and generally being helpful”. (Halligan & Shah 2014)

One academic definition available for inbound marketing in a Harvard Business School case study is that it is "a collection of marketing strategies and techniques focused on pulling relevant prospects and customers toward a business and its products." (Steenburgh et al. 2011, 3) According to Steenburgh et al. (2011) to maximise inbound marketing requires three distinct skills:

1. the ability to write compelling content
2. the ability to distribute that content so that it is easily found by prospective customers
3. the ability to attract and engage a community of followers

The core idea of inbound marketing is that customers are attracted through relevant and helpful content and interactions as opposed to outbound marketing fighting for potential customers’ attention through interruptive means of advertising. (HubSpot)

Even though just lately the concept of inbound marketing has come to its current form, the very idea of inbound marketing has actually existed even before the digital era. As an example of this could be the Jell-O’s free recipe books in 1904 (Content Marketing Institute) combined with positive word of mouth bringing customers has been an embodiment of inbound marketing. Similar examples from the past, starting from over 100 years ago exist numerously. The enormous amount of attention and visibility during the recent years through different digital channels causing the “gross amount of audience” to increase dramatically, has ended up to the need for a more formal, structured and disciplined approach to something that previously has also existed maybe just as a clever way of running business by individual companies.
The inbound marketing methodology is based on the idea that it is better to create and share content which then attracts potential customers instead of push marketing efforts possibly interrupting the potential customer’s other activities. Through a successful journey the delighted customer becomes a loyal promoter.

### 2.3.6 Inbound Marketing Funnel and RACE

One key concept related to inbound marketing is the inbound marketing funnel. Without going into any more detail with the history or academic approach to different kinds of funnels in sales and marketing, they can be said to have been a part of sales strategy for decades, breaking down the sales process into different steps as parts of the funnel. (Forbes 2015) In sales-related funnels it is typical that on the top, in the beginning of the process there is the widest part of the funnel as the first phase, followed by the next step a bit narrower part of the funnel to which the flow from the previous step is partial, ending up after varying amount of steps to the most wanted end-result as the most narrow, ending part of the funnel.

Smart Insights has introduced an inbound marketing funnel to illustrate how to use content marketing to first get customers’ attention, then support their purchase decision-making process, followed by the actual purchase, resulting to the advocacy of pleased customers. (Smart Insights)
Figure 11. The Inbound Marketing Funnel (Smart Insights)

The top-most part of the funnel is about the high quality content which the company produces and which is of the essence. The actual steps of the funnel follow then with four steps called buyer stages, the first of which is the exploration stage. During this stage the content is published and promoted affecting people searching for information finding the company and ending up to the selected “content hub(s)” which could be the company’s home page, a separate landing page, facebook-page or why not even an offline-site: the company’s physical store location. The success of this buyer stage is typically measured
with the amount of fans/followers of the company’s Facebook-page, the amount of visitors the certain web-page has or the amount of inbound links to that page. Inbound link means that there is a link to that specific web-page from somewhere else meaning that the content on that page is so high-quality or interesting that others are referring to that and linking to that.

The second buyer stage is the stage of decision making. During that stage the potential customer has ended up to which-ever content hub (web-page, facebook-page etc.) and studies the further content provided there. If the content meets with the customers’ expectations, they move to the next stage. This stage can be measured e.g. with using an analysing tool that tracks the time used on a specific site, the amount of shares, comments and/or likes or with the amount of leads and lead-conversion that site gets e.g. through filled-in questionnaires or RFP-forms.

Third stage in the inbound marketing funnel is the purchase stage. This is the actual stage where the potential customer becomes a customer. This stage can be measured with the amount of orders, revenue and average order value.

The fourth and final stage is the stage of advocacy. Customers in that stage have become loyal customers which make repeated purchases and give positive referrals of the company and its products/services. This stage is measured by the amount of repeated purchases and the amount of referrals.

In the left of the above picture there is also included the RACE-model of Smart Insights. RACE-model is another marketing planning framework and gets its name from the first letters of words Reach, Act, Convert and Engage. (Smart Insights) Before these four steps there is the planning step which means creating a digital marketing strategy followed by those four steps:

- Reach - growing the audience online
- Act - encouraging brand interactions and leads
- Convert - increase sales through conversion rate optimisation
- Engage - building customer loyalty and advocacy

Both inbound marketing funnel and RACE framework are useful to apply in this study since the business of the case company exists practically only online. Both models should however have the perspective of offline included more in them to be generalisable more broadly outside only-digital and more towards real multi- and omni-channel businesses.
2.3.7 Content Marketing

The concept of inbound marketing is strongly based on content. Then, what is content marketing?

One type of content marketing is the one Nina Koiso-Kanttila introduced in her literature synthesis on digital content marketing. Koiso-Kanttila’s content marketing is about marketing digital content, marketing of digital products as content. (Koiso-Kanttila 2004, 46)

In this study a different definition of content marketing is relevant, a one such as Content Marketing Institute’s definition: “Content marketing is a strategic marketing approach focused on creating and distributing valuable, relevant, and consistent content to attract and retain a clearly defined audience - and, ultimately, to drive profitable customer action. Instead of pitching your products or services, you are providing truly relevant and useful content to your prospects and customers to help them solve their issues.” (Content Marketing Institute) In this study with content marketing is meant all possible content that is produced, published and promoted in any way.

When creating content it is relevant to remember the global business each company is involved in when content is published to the internet. Like Didner (2015, 12) suggests: “Continue to create content with a specific target audience in mind, yet think through how your creative approach, copy, or storytelling can appeal to both your target audience and audiences beyond.”.

What differs the definition of content marketing from the concept of inbound marketing is that the same content can be utilized in both inbound and outbound marketing.
2.3.8 Content Marketing Matrix

Content marketing matrix created by Smart Insights is one practical tool to be utilized when creating the digital marketing strategy.

Figure 12. The Content Marketing Matrix (Smart Insights)

The content marketing matrix is a tool for content marketing actions’ planning helping to generate ideas for engaging content for different types of audiences. The matrix introduces 4 categories of content based on 2 dimensions describing the audience. The first dimension is rational-emotional meaning that different type of content is relevant to audience that makes decisions more on rational basis and another type of content is relevant to such audience that makes decisions on emotional basis. The other dimension is awareness-purchase where the idea is that the audience gaining awareness is different from the
audience that is closer to the purchase decision, both aspects requiring different types of content.

Based on these dimensions describing the audience, the matrix presents 4 categories that illustrate what is the purpose of the content for each audience and which kinds of practical examples of content each category could include. It is important to understand that not all types of content is required but it is merely a list of examples that can be used. There are also such types of content that are “in the middle” and are useful for both/all types of audiences in regards of the dimensions (Smart Insights).

1. Educate
   This category includes educational content for the audience that is seeking information on certain topic and is more rational than emotional. Different types of guides, trend reports and infographics are the best fit for this type of audience. E.g. someone searching information on taking care of their health could find a guide which includes information on the topic, including the possibility to find a certain company providing products and/or services related to that.

2. Entertain
   This category includes entertaining content for the audience which is more emotional than rational and is seeking information on certain topic. Examples of types of content relevant for this audience could be quizzes, competitions and games. “Gamification” has been one way to make this type of audience aware of certain company’s products and/or services. Competitions promoted e.g. in Facebook have also been quite popular and to some extent are still used.

3. Inspire
   This category includes inspiring content for more emotional (than rational) audience closer to purchase decision. Types of content for this audience given as examples in the content marketing matrix are celebrity endorsements, community forums and reviews.

4. Convince
   This category covers convincing content for the audience closer to purchase decision, making the decision more on rational than emotional basis. Types of content relevant for this type of audience could be e.g. case studies, webinars or calculations.
Content marketing matrix is a useful tool which has been applied in this study when building especially the tactics (T) and (A) actions parts during the creation of digital marketing strategy with SOSTAC®. These steps and SOSTAC® are introduced in the next chapter.

2.4 Digital Marketing Planning Model, PR Smith’s SOSTAC®

SOSTAC® is a marketing planning model created by PR Smith. The name “SOSTAC” comes from the first letters of the 6 main phases for defining a marketing strategy:

- S - Situation analysis
- O - Objectives
- S - Strategy
- T - Tactics
- A - Actions
- C - Control

Co-operation between PR Smith and Dave Chaffey has resulted e.g. in the form of the following infographic:

![Figure 13. The SOSTAC® Planning system - infographic (Smart Insights)](image-url)
The first step of situation analysis contains a thorough analysis of customers, competitors, partners (and intermediaries), competencies, performance/results and market trends. Analysing customers covers three key questions: who is the ideal customer, why do they buy or don’t buy and how do they buy. (Smith 2014) The last one emphasises the digital journey but in my opinion the whole customer journey regardless of digital or non-digital environment, needs to be considered. PR Smith includes also the aspect of the physical location but still the emphasis is quite heavily - maybe here and there even a bit too much on digital details.

Competitor analysis includes several different actions going into quite detailed level instructing e.g. to find out what inbound links competitors are using.

The next phase in SOSTAC® is defining objectives. Smith acknowledges that typically the most important goals or objectives are to increase revenue, margin, customer satisfaction or brand value but still he prefers to start with “ultimate objectives” meaning mission and vision statements followed by more typical KPIs including also the previously listed aspects. Smith connects his planning model to the sales funnel in regards of KPIs. Below are the two approaches to KPIs, first being the approach where the primary objectives are broken down to secondary and user objectives. The other KPI-pyramid is the upside-down version bringing the sales funnel approach to objectives. (Smith 2014)

![KPI Pyramid and Objectives Pyramid](image)

Figure 14. The KPI Pyramid and the Objectives Pyramid Turned Upside-down. (Smith 2014)

In the pyramid on the left, there are first on top of the pyramid the primary objectives: ROI, sales, market share etc. followed by secondary objectives e.g. visits, conversion rates and cost per lead. These again have been broken down to user objectives such like page
views, shares and cost per visitor. The pyramid on the right has been turned upside-down bringing the sales funnel perspective. This version of the KPI pyramid starts from the amount of site visits followed by page views, shares etc. ending up setting e.g. the amount of email inquiries and RFP requests as KPIs ending up with KPIs regarding sales and ROI.

After setting objectives, comes the phase of strategy. Smith defines this phase as the one answering the question “How do we get there?”. This phase includes nine key components:

- Target Markets
- Objectives
- Positioning
- Processes
- Partnership
- Sequence (or stages, in what order strategic steps are intended to proceed)
- Integration (of data)
- Tactical Tools (ref. channels e.g. PPC - pay per click, SEO - search engine optimization)
- Engagement

After strategy phase becomes the tactics phase which Smith defines to be “simply the details of strategy”. (Smith 2014) In this part comes the traditionally more narrow, more tactical, operational marketing activities planning. Smith mentions the traditional marketing mix etc. in defining the tactics, but also introduces ten tactical tools to be covered during this phase. These are presented in the table below.
Table 3. Ten Tactical Tools – Offline & Online. (Smith 2014)

<table>
<thead>
<tr>
<th>Tactical Tools</th>
<th>Offline and Online Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Advertising</td>
<td>Interactive ads, pay per click keyword, display ads, remarketing/retargeting</td>
</tr>
<tr>
<td>2. Public Relations</td>
<td>Online editorial, newsletters, ezines, discussion groups, viral marketing, vine</td>
</tr>
<tr>
<td>3. Sponsorship</td>
<td>Sponsoring online events/sites service</td>
</tr>
<tr>
<td>4. Sales Force/Agents/Telemarketing</td>
<td>Virtual sales staff, affiliate marketing, web rings, links/chat</td>
</tr>
<tr>
<td>5. Exhibitions, Events and Conferences</td>
<td>Virtual exhibitions, virtual events, webinars</td>
</tr>
<tr>
<td>6. Direct Mail</td>
<td>Opt-in email and eNewsletter</td>
</tr>
<tr>
<td>7. Retail Store or Office HQ</td>
<td>Website (SEO and marketing automation opportunity)</td>
</tr>
<tr>
<td>8. Word Of Mouth</td>
<td>Recommendations, criticisms, feedback devices (e.g. reevoo.com), social media platforms, forums</td>
</tr>
</tbody>
</table>

The decisions on which tactical tools to use, should according to Smith follow directly the objectives set during the previous phases adding that the set of tools may vary from target segment to another. (Smith 2014) This part should also include the link to monthly budgeting, how much should and could be invested to each tactical tool at what time of year. Of this, Smith has an exemplary figure which is presented below.

Figure 15. An Example of Planning and Budgeting the Use of Tactical Tools. (Smith 2014)
The idea is to have an overall annual view on all tactical tools of marketing. In the columns there are months of the year and different tools (channels and ways of marketing) are on the rows. With “X” is marked, which tool is utilized during which month(s) and the total budget for each tool is included in the last column.

In the tactics phase Smith reminds to apply “the Magic Marketing Formula” IRD:
- Identify needs
- Reflect these needs
- Deliver a good customer experience

The tactics phase is followed by actions phase. Smith describes actions to be the details of tactics. In that phase he includes systems, processes, guidelines, checklists and internal marketing. These again include concrete steps of actions even to the level of working guidelines and work plans for different individuals in the organization. If compared to the previous tactics phase where e.g. “social media” was only one row when identifying monthly/weekly cycle and budgeting those, in action phase this is taken into more detailed level: which social media channels are used (Facebook, Twitter, Instagram, LinkedIn etc.) and what is the more concrete action plan for each.

The last phase of the model is control:

<table>
<thead>
<tr>
<th>Situation Analysis</th>
<th>Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategy</td>
<td>Tactics</td>
</tr>
<tr>
<td>Action</td>
<td>Control</td>
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</table>

All the metrics you measure at the end of the year will be used in next year’s Situation Analysis when analyzing performance (results).

Figure 16. The control phase linking all phases to “an endless process” (Smith 2014)

The control phase links the follow-up of results to the objectives set and the next situation analysis to be made, finalizing the model to be a circle where the phases of the model follow each other “endlessly”.

In my opinion, the SOSTAC® model is here and there a bit too biased towards digital aspects. However, by including company’s overall mission and vision and connecting objectives to follow-up (control-phase) in his planning model, Smith covers the broader meaning of marketing. This is one of the reasons, why I have chosen to apply SOSTAC® in creating the digital marketing strategy and plan for the case company.
2.5 Growth through digital marketing and internationalisation

One of the most well-known models related to company growth is so called Ansoff Matrix.

Ansoff Matrix links organization’s marketing strategy with its general strategic direction (Team FME 2017, 7). The matrix is built with two dimensions: markets that are either new or existing and the other dimension being products which are also either new or existing. As the combination of these it is possible to assess potential strategies for growth:

- Market penetration with existing products to existing markets
- Product development with new products to existing markets
- Market development with existing products to new markets
- Diversification with new products to new markets

Even though Ansoff matrix is very traditional, it is not very practical in this case since the strategy for growth has already been chosen without using this tool. In the means of Ansoff matrix the strategy could be identified to be of the type of any of the four: market penetration, product development, market development and diversification. Depending on the perspective, the view changes: for the case company as a startup practically everything is new meaning both developing the offering for the market which is new everywhere to that specific company. On the other hand, it could be said that from the customer perspective, part of the offering is new and part of it is existing - at least provided by some other company if not yet for the case company even though in details there may be something new.
If the view is from Finnish market’s perspective, in this case it is more about market development and partly about diversification. Then again from the international markets’ perspective the case is more about market penetration or maybe to some extent about product development.

One model about company growth stages is Larry E. Greiner’s 5 phases of growth.

![The Five Phases of Growth](image)

Figure 18. The Five Phases of Growth. (Greiner 1998, 58)

These 5 phases of growth depending on the age and size of the organization:

1. Creativity
2. Direction
3. Delegation
4. Coordination
5. Collaboration
The same model includes also the crisis stages as the required revolution along the way of the growth evolution. These crisis stages are:

1. Leadership crisis before growing from the creativity phase to direction phase
2. Autonomy crisis before growing from the direction phase to delegation phase
3. Control crisis before growing from the delegation phase to coordination phase
4. Red tape crisis before growing from the coordination phase to collaboration phase

According to this model, the case company of this study is in the stage of creativity and is expected to face the crisis of leadership as the time goes by and the company starts to grow. At this point of time, this model provides little useful aspects since the case company is an entrepreneurial startup just starting its business.

Churchill & Lewis (1983) have created a bit different type of framework about small businesses growth. According to that, there are five stages of growth for small businesses:

1. Existence
2. Survival
3. Success
4. Take-off
5. Resource maturity

When in the first stage of existence obtaining customers, and delivering the product or service are the main problems. The second stage is the survival stage where the key problem is in balancing revenues and expenses. After survival stage comes the stage of success where the main concern is to keep the company stable and profitable. The fourth stage is the take-off stage during which the key problems lie in how to grow rapidly and finance that growth. Fifth and final stage of small business growth is the resource maturity stage where the concern is to consolidate and control finances after rapid growth and to retain the advantages of small size. (Churchill & Lewis 1983)

In addition to these, two other sets of stages have been defined: Initiation - Development - Growth - Maturity - Decline (Gibbs & Davies in Butler 2014, 13) and Start-up - Incubation - Growth - Maturity - Decline/Failure (Burns & Dewhurst in Butler 2014, 13). Of these, the case company in this study could be described as one being in the stage of existence, initiation and start-up.
However, these definitions might not be fully relevant to this study. I agree with Butler that all these defined sets of stages have their weaknesses, one of them being that all businesses continue to grow since not all business owners choose to aim for continuous growth. Other thing is that a business may be sold or merged and will never as such reach maturity. It might also be that the business never reaches the stage of decline or jumps over certain stage. Also, the evolution of the entrepreneur’s self has a role in the evolution of each single business. So, Butler presents one further model of small-business growth where he has tried to tackle the weaknesses of other models. (Butler 2014, 13-14)

Figure 19. Alternative model of small-business growth and development (Butler 2014, 14)

The case company in this study is in its start-up phase and the entrepreneurs’ business decisions during future steps could benefit from Butler’s model in a way that the future ambitions, strategy and business planning could be chosen to drive towards some of these tracks.

The current state being that it aims to gain first clients in their market niche and one strategic choice has been to pursue this through international presence since the market potential in Finland has been estimated to be too small in the long run.

When thinking of which countries would be considered as relevant target markets, Ghemawat’s (2001) approach of four dimensions of distances can be of use. According to
that, there are the cultural distance, administrative and political distance, geographic dis-
tance and economic distance. Cultural distance meaning the differences or similarities in
cultural aspects with e.g. the consumers in respect of the ones in company’s domestic
market. Administrative and political distance refer to the level of monetary or political as-
association, political hostilities and the amount of power that legal and financial institutions
have. Geographic distance mean the physical remoteness, differences in climate and the
lack of common border, road or waterway access or communication links. Economic dis-
tance means the difference in consumer incomes, cost and quality of natural, financial and
human resources as well as the difference in information or knowledge. (Ghemawat 2001,
140)

Digital marketing is a way to enter foreign markets (McCue, Hoffman & Novac, Herbig &
Hale and Nguyen & Barret in Gilmore et. al 2007, 234) providing also for all companies,
including SMEs, with opportunities that otherwise would perhaps not be available to them
(Palmer and McCole, 2000 in Gilmore et. al 2007, 236). Even though the use of internet has
grown rapidly in business and the role of it has continued to grow also in small peripheral
businesses, SMEs still don’t seem to utilize digital opportunity to its full scope and potential.
(Gilmore et al. 2007, 234, 244)

Finland is a peripheral, rural area from which it is challenging for any business and espe-
cially small business to pursue foothold in international markets. E-business and digital
marketing provide opportunities also for all peripheral small businesses that otherwise
would not have a chance in competing with large global companies. For a Finnish startup
and thus for the case company of this study, digital marketing in international context pro-
vide relevant business opportunities even if the Finnish market in itself would be too small
with its potential for niche services.

2.6 International Marketing

International marketing differs from purely domestic marketing. Smith and Zook (2011) list
some examples of the issues requiring attention in regards of international marketing:

- language: not only as careful translations but also beyond the meaning of words
  and messages - everything cannot be even directly translated as such. Also, the
  same word may mean different things in different countries using the same lan-
guage.
- literacy: how much verbal explanations and wording there may be, is the text read
  from left to right or from right to left and how the usage of pictures fits the local
  market.
• color: same color has different meanings in different parts of the world. It is essential to be aware of the local meaning associated to each color.
• gestures: there are several interpretations on even a same gesture in different parts of the world. It is necessary to be aware of different meanings any gestures have if they are used in marketing.
• culture: in this context there are seemingly endless things to be taken into account. Religion, sex, eating, greeting, habits, lifestyles or the role of women are named as examples, the list is endless (Ferraro in Smith & Zook 2011, 212).
• Original national identity: national identity may be either an asset or a liability. In some countries products and services are considered differently based on the country of origin.
• Media availability: television, internet etc. are available at different levels in different countries and parts of countries.
• Media overlap: in some areas of another country (close to borders or around smaller countries) it is possible to have access to e.g. neighboring country’s tv.
• Lack of media data: from some countries it is difficult or impossible to get reliable data on media and media usage.
• Lack of media credibility: in some countries e.g. tv or even internet can be either regulated and/or manipulated causing untrustworthiness and skepticism among audience towards these media.
• Varying media characteristics: this is close to media availability since what this stands for is the variance in coverage, cost and reproduction qualities from country to country.
• Different media usage: in different countries any type of media may have a different role in peoples’ lives and the attitude and approach towards different media varies.
• Different media standards: different countries may have e.g. different standard page sizes and the same artwork as such does not work appropriately.
• Different cost structures (or different ways to negotiate and exchange): different forms of negotiating and bartering.
• Legal restrictions: the domestic legislation varies especially in details from country to country and it is essential to know the specifics of each target market country.
• Competition: even if a company would be the market leader in one country it may be a challenger in another.

All the issues listed above have to be taken into account when creating a digital marketing strategy for a company, also in this case study. This could be approached also the other
way around: excluding such countries and regions which are recognized to be especially challenging in regards of these elements. With the internet and digital marketing context this is challenging since even if a company would not be targeting any audience in some country, the web-pages and the content in internet is still available also there (excluding those countries in which the internet is either not available or controlled/manipulated by some instance). So, even if certain countries are not considered as target markets for a company, it is useful to be aware of these international differences and be prepared to react if any issues arise regarding them.

Digital and e-business provides great opportunities for new and/or small businesses. This is especially true for those kinds of businesses located in more peripheral geographical locations. Finland could well be said to be such.

In the findings of their study Gilmore et al. raised issues regarding the future of SMEs operating in a peripheral location and presented that such SMEs cannot merely have a web site and there only some “promotion” of their companies but to further utilize the technology to gain return on their investment and generate actual sales. This requires more time and resources. (Gilmore et al. 2007, 244) Gilmore et al. (2007, 244) also suggest avoiding the outsourcing the key roles and responsibilities related to digital marketing. What they found out was that SMEs were failing to utilize digital opportunities and tools to create real competitive advantage. (Gilmore et al. 2007, 237)

It is also suggested that SMEs could benefit from including the digital opportunities in their marketing mix, for example “by providing online quotes, advertising in more markets with less expense, using e-mail as a marketing tool and decreasing the costs of printing materials such as catalogues and glossy brochures. They could also enhance their credibility by creating a professional image through the presence of an efficient web site, answer questions about products and services in several languages and conduct research in foreign markets.” (McCue, Kula & Tatoglu, in Gilmore et al. 2007, 236).

It could also be harmful for an SME to open up to a global market through internet presence if the company is not ready (Burns in Gilmore et al. 2007, 238) which might be one reason for the questioning of the value of digital marketing for SMEs (Downie in Gilmore et al. 2007, 238). “Poorly thought out online activities based upon poorly designed web sites in response for a desire to have any sort of internet presence will often result in an expensive and embarrassing experience for the under-prepared company.” (Ching and Ellis, 2004; Dudman, 2000 in Gilmore et al. 2007, 239)
Table 4. Literature themes and findings in one study compared (Gilmore et al. 2007, 240)

<table>
<thead>
<tr>
<th>Literature themes</th>
<th>Findings from this study</th>
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<tbody>
<tr>
<td><strong>Generic characteristics</strong></td>
<td></td>
</tr>
<tr>
<td>Limited time, people, expertise</td>
<td>Limitations exist, but are not insurmountable Could be overcome by: Staff sharing knowledge and willing to learn Using “technology minded” staff Employing a full-time IT professional Staff training</td>
</tr>
<tr>
<td><strong>Practical/implementation issues</strong></td>
<td></td>
</tr>
<tr>
<td>Cost of creation and maintenance of web site</td>
<td>Economic costs not off-putting, but necessary Lack of professionalism in web site design All had experienced inappropriate web design and web sites had been redesigned recently Lack of multi-lingual features</td>
</tr>
<tr>
<td>Create webpage in-house or use external expertise</td>
<td>In-house – lack of time to update regularly External – difficulty in keeping up-dated, interesting, offering added value and good design</td>
</tr>
<tr>
<td><strong>Organisational obstacles</strong></td>
<td></td>
</tr>
<tr>
<td>Cost effectiveness</td>
<td>No systems in place to measure effectiveness of e-marketing, not sophisticated enough to identify if sales derived from web site</td>
</tr>
<tr>
<td>Customers, partners, suppliers not online</td>
<td>SMEs frustrated that many customers, suppliers, partners still lacked skills in electronic business activities</td>
</tr>
<tr>
<td>Spam</td>
<td>Increase in spam and junk-mail effect staff attitude to e-marketing</td>
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</table>

“The U.S. Commerce Department estimates that another 25,000 small and medium-sized firms could be exporting, but are not. Yet the entrepreneurship literature largely ignores (a) new venture market opportunity identification in other countries, (b) distribution modes of entry available to the entrepreneur (e.g., joint ventures), (c) the psychological and behavioral determinants of business owners' propensity to engage in international marketing (in addition to the "real" cost/revenue/risk factors), (d) unique factors that contribute to success or failure in international ventures, and (e) empirically grounded studies of entrepreneurs entering international markets (Tborelli & Hills, 1990).” (Hills & LaForge 1992, 52)

Summarizing all previous it can be said that digitalization brings enormous opportunities for small businesses, even those located in peripheral areas. At the same time, the international presence to some extent cannot be avoided and there are many aspects to be considered and the company must be prepared much better than a small, local offline business.
2.7 Summary of the Literature Review

For creating an international digital marketing strategy for a startup, it is relevant to understand different key theories which are related to that process. First, it is important to know the basics of strategy and strategy process. Then, understanding key theories and concepts of marketing and digital marketing is required. Additionally, the situation needs to be considered from the perspective of international business environment. Laying behind the whole scenery is the need to identify, what are the options and even decisions needed in regards of the anticipated future of the startup or business growth in more general: typically survival is anticipated in the very beginning but after that, will the business remain in small entrepreneurial mode or will there be the growth path the stages of which need to be identified and be prepared to.

Of these elements, I have built a conceptual framework which is presented in the next chapter.
3 Conceptual framework

In this chapter, I present the conceptual framework of this study. The key elements consist of theories on strategy, marketing, digital marketing, growth and international business.

The anticipated path for the business’ growth and development is fundamental when deciding how to create a digital marketing strategy for a startup. In case the startup is intended to remain as small business and the plan is to run it as an entrepreneurial lifestyle of the entrepreneur and maybe some individuals from the closest family, the situation is completely different than if the anticipated future scenery is significant growth. In case the intention is to grow significantly, Greiner’s 5 phases of growth (among other growth models) and the crisis related to those stages of growth need to be considered and be prepared to.

Choices for internationalization and which target markets to choose, call for tools. One of them is to analyse options through Ghemawat’s four dimensions of distance. Porter’s 5 forces and the international business environment requires attention and the method or
school of strategy process is to be chosen. Applying SOSTAC® and other marketing methods listed above may then be applicable not forgetting the issues related to international marketing.

During this study the path through this conceptual framework was walked through interesting steps and side-steps. Everything started with the pre-set fact that the case company is anticipated to grow outside entrepreneurial life-style magnitude and through internationalisation. The stage of growth was identified followed by iterating the digital marketing strategy utilising SOSTAC® and cross-checking single parts against other methods, frameworks and tools. In the next chapter I introduce the research methodology and methods.
4 Research methodology and methods

In this chapter I will tell more about the methodology and methods used in this study. First I will introduce the research philosophy and approach followed by an elaboration of case study research strategy and conducting the case study. Finally, I will discuss the validity, reliability and the ethical issues of this study.

4.1 Research problem, research question

The research problem is to create a digital marketing strategy for a Finnish startup. The research question of this study is: “How to build an international digital marketing strategy for a startup?”

Sub-question to the main research question is: “What aspects need to be considered when creating a digital marketing strategy?" and “How well does SOSTAC® framework cover the issues requiring attention when a digital marketing strategy is created?”

4.2 Research philosophy

This study could be described to be an exploratory study since the idea is to get insights on how a digital marketing strategy process is best done to serve the business purposes of a startup aiming for international markets. (Saunders et al. 2008, 139)

According to Saunders et al., there are two major ways of approaching research philosophy: ontology and epistemology in addition to which the different philosophies differ by their axiology and typically relate to different types data collection techniques used in the research (2008, 109-119)
Table 5. Comparison of four research philosophies in management research (Saunders et al. 2008, 119)

<table>
<thead>
<tr>
<th></th>
<th>Interpretivism</th>
<th>Pragmatism</th>
</tr>
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<tbody>
<tr>
<td><strong>Ontology:</strong> the researcher's view of the nature of reality or being</td>
<td>Socially constructed, subjective, may change, multiple</td>
<td>External, multiple, view chosen to best enable answering of research question</td>
</tr>
<tr>
<td><strong>Epistemology:</strong> the researcher's view regarding what constitutes acceptable knowledge</td>
<td>Subjective meanings and social phenomena. Focus upon the details of situation, a reality behind these details, subjective meanings motivating actions</td>
<td>Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practical applied research, integrating different perspectives to help interpret the data</td>
</tr>
<tr>
<td><strong>Axiology:</strong> the researcher's view of the role of values in research</td>
<td>Research is value bound, the researcher is part of what is being researched, cannot be separated and so will be subjective</td>
<td>Values play a large role in interpreting results, the researcher adopting both objective and subjective points of view</td>
</tr>
<tr>
<td><strong>Data collection techniques most often used</strong></td>
<td>Small samples, in-depth investigations, qualitative</td>
<td>Mixed or multiple method designs, quantitative and qualitative</td>
</tr>
</tbody>
</table>

The research philosophy adopted in this study is pragmatism, allowing me as the researcher to adopt both objective and subjective points of view focusing on practical applied research (Saunders et al. 2008, 119). However, there are also some familiarities also with the interpretivism research philosophy emphasising the difference between conducting research among people rather than objects (Saunders et al. 2008, 116).

The empirical part of my research could be structured with the help of the research “onion” presented in figure 20 (Saunders, Lewis & Thornhill 2008, 139). My research philosophy has been closest to pragmatism, allowing me as the researcher to adopt both objective and...
subjective points of view focusing on practical applied research (Saunders et al. 2008, 119). The approach in this research is a combination of deductive and inductive, moving from theory to data but being less concerned with the need to generalise and having more flexible structure to permit changes of research emphasis as the research has progressed. (Saunders et al. 2008, 127).

![Figure 20. The research ‘onion’ (Saunders, Lewis & Thornhill 2008, 108)](image)

The research strategy I chose was a case study since there is the need to investigate a particular contemporary phenomenon within real life context (Robson (2002, 178 in Saunders et al. 2008, 145).

The data which I needed for this study was how the digital marketing strategy process best fits the requirements of a small business wanting to gain a foothold in both domestic and international environment right from the beginning. The data collection method was that I as the researcher make observations combined with discussions and other qualitative, more informal types of information exchange.

### 4.3 Case study as a research strategy

In this study, I have utilised case study design and methods summarized by Robert K. Yin. After finding out that the case study would be the best research strategy for this study, the case study design emerged as a single-case (holistic) design with representative/typical rationale. (Yin 2009, 46, 48)
Yin lists six sources of evidence (Yin 2009, 102): documentation, archival records, interviews, direct observations, participant-observations and physical artifacts. Of these interviews and direct observations have been the sources of evidence in this study.

4.4 Data collection and analysis

Both primary and secondary data have been utilised. (Walliman 2011) The methods for collecting secondary data have been to study the web-page of the case company and Facebook pages of the case company and of the selected competitors and to study the initial business plan produced by the case company entrepreneurs. Collecting primary data has happened through phone conversations, face-to-face discussions and e-mail exchange with the case company entrepreneurs. One part of primary data has also been the experiences that I, myself have gained during those over 20 years which I have worked in bigger corporations. I have also participated this process by co-creating the strategy through means of consulting: presenting questions, suggestions and comments. Based on this iterative process and the observations made during the process, the analysis has been made and the whole strategy has been built. Interrogative insertion, problem-solution discourse and maybe even some rhetorical analysis have been used as the means of qualitative analysis (Walliman 2011, 138-142)

4.5 Validity, reliability and ethics

Evaluating the validity and reliability of this study is challenging in that sense that the aim is not to form generalizable results but only to develop the knowledge based on a process conducted for a single small company. The validity has been improved by including a diverse and comprehensive literature review. Digital business as a current topic itself increases the validity. Reliability is definitely challenging to prove. However, no generalizable results were anticipated and in such way the importance of the reliability is not of the highest value but the usefulness of the results to the case company. To some extent the reliability has been improved by explaining transparently, how the study process as a whole has been conducted and which types of activities have ended up to certain findings.

In regards of ethics, highest possible standards have been applied. One part of ethics is that with every statement during the literature review, the references to the original author and publication have been ensured. On the other hand, only such findings that have been
possible to present as conclusions of my own, have been presented. This may also ex-
plain the fact that conclusions aren’t that numerous and the few are not revolutionary. One
official means to ensure high ethical standards is the standard use of Urkund software to
ensure that there is no room for any suspected plagiarism.

4.6 Conducting the Case Study

After identifying the research methodology and research strategy, the case study was de-
signed based on the elements of the conceptual framework. SOSTAC® was chosen as the
key framework according to whose stages the phases of the case study were planned.
Some iteration in between the separate phases of SOSTAC® happened naturally during
the process.

First step was to get an overall picture of the case company’s business which took place
during the initial discussions with the entrepreneurs. Then, during further discussions that
took place both face-to-face as well as via e-mail and phone, the SOSTAC® framework
was utilised to build the digital marketing strategy step by step.

Most of the primary and secondary data was collected for the first two phases of
SOSTAC® during which the situation analysis was made, and the objectives were defined.
The following phases and parts of SOSTAC® were created based on the two first phases
and produced through discussions and iteration. The last part of SOSTAC®, the control
was also created in means of defining what needs to be measured and followed-up but
conducting the actual follow-up was not part of this study.

For starting the first phase of the SOSTAC® process, making the situation analysis, an ini-
tial conversation took place in September 2016. After that, two more interviews were con-
ducted, followed by e-mail exchange during winter 2016-2017. The questions and topics
which were covered during this process, are included in Appendix 1 (confidential).

Simultaneously with the previous, a web-site analysis and Facebook-page analysis were
done of both the case company as well as the Facebook-page analysis of the selected
competitors. Summaries of these analysis are included in the digital marketing strategy
(Appendix 2). One part of the first phase of SOSTAC® when conducting the situation anal-
ysis, was also to define some suspected key words which would be used by customers
when searching online. Of these key words, a Google Trends analysis was made. The
more detailed results of that are included in Appendix 3 (confidential).
The situation analysis was amended along the way after the initial conversation with discussions and e-mail exchanges during winter 2016 - spring 2017. The situation analysis phase was the most time-consuming while the other phases of SOSTAC® (objectives, strategy, tactics, actions and control) were processed during spring 2017.

The digital marketing strategy was finalized during summer 2017 and is in Appendix 2 (confidential).
5 Findings

In this chapter I will introduce the findings and in the next chapter there is some discussion on findings. Overall, it was interesting to start gathering the holistic picture and framework for this study. To some extent it was surprising that there is not yet ready-made theories or frameworks where all needed aspects would have been combined: options and stages of growth, strategy and strategy process, marketing and digital marketing as well as the internationalization through digitally enabled means.

Next, there are few sub-chapters for each of the elements and main concepts picked to my theoretical framework: Butler’s alternative model of small-business growth and development and Greiner’s five phases of growth, strategic aspect to digital marketing: SOSTAC® as a strategy process and Mintzberg et al.’s schools of strategy formation, more operational concepts of marketing including content marketing matrix, inbound marketing funnel (including RACE) and international marketing and lastly the international business environment through Porter’s five forces model.

From the holistic perspective, there were two key findings. First, there is the urgent need to start considering marketing and digital marketing as the customer and demand-based way of running business, not treating digital marketing strategy as a separate but as the business strategy itself. Secondly, there is the need to create theory and build models, tools and frameworks for businesses to grow through the combination of digitalization and internationalization.

5.1 Small-business growth and development, growth stages

Against the theories studied for this study, it was interesting to find out that a startup may also choose to remain small. Butler’s alternative model for small-business growth and development brought this up very concretely and gave good, concrete options from which the entrepreneurs in the beginning can pick and choose. During this study there seemed to be some contradiction regarding the case company’s anticipated growth rate in comparison to the future view on the resources. On the other hand, a significant growth in sales is anticipated but the plan does not include as significant investments in personnel or skills, but the choice would be to remain at the entrepreneurial stage for a while.
To be successful in reaching Butler’s choice of relative stability and consolidation and avoiding failure to reach break-even or profitability followed by voluntary or enforced closing of business right after its birth already requires that the planned inputs and expected results/the amount of revenue are in balance. Only after reaching the stage of relative stability and consolidation, it is possible and necessary to make the conscious decision on whether to target the stage of growth and development or remaining the lifestyle of family firm.

Only if the business reaches the stage of relative stability and consolidation, it is relevant to be prepared to those Greiner’s five phases of growth including the stages of growth and stages of crisis.

5.2 Marketing, digital marketing and strategy process

With a small entrepreneurial startup like the case company, the entrepreneurs approach marketing automatically with the holistic approach: as the customer and demand-based way of running business. It seems to be more natural in smaller company to have the holistic view of marketing than it is in bigger corporations.

Applying SOSTAC© is a good option for creating a holistic digital marketing strategy. Trying to “do it in the right order” starting with the first S - situation and continuing in order (objectives, strategy, tactics, actions, control) can well be replaced with “jumping here and there” maybe starting with control part, listing the first ways of measurement, then thinking some concrete action-plan things and then clarifying the strategy and listing situation content. Or any other way. The key finding of this study is that the best way to form the digital marketing strategy is an iterative process during which each part of the SOSTAC© is handled several times in what-ever order. One of the findings was, that more focused work makes strategy process quite fast but the lengthier, more iterative approach gives it depth. All those times when during this study there was the possibility to communicate the strategy more intensively, the work proceeded faster and with bigger steps. However, giving the work more time and not having only one but several discussions enabled the issues to evolve between the discussions as well. Having the opportunity to iterate some parts, it was also possible to implement some parts already along the way. This would require a combination of schools of strategy formation as process when compared to the model of Mintzberg et al. since when it comes to the initial strategy process of a startup conducted the way it was done during this study, a combination of planning school, entrepreneurial school, cognitive school and configuration school is needed.
It might not come as a surprise that one finding is about setting goals and that setting goals is difficult. This means that stating concrete, measurable targets whose realisation could then be measured, proved to be the most difficult part. On general level, some figures about the anticipated future net sales could be stated but the next step from that proved to be difficult: how many customers/purchases does it require and e.g. how many site visits will it require before reaching such target. On the other hand, it is not enough to set only quantitative goals, but certain qualitative goals are needed as well. These again tend to remain too high-level and special attention is needed to specify each qualitative target with sub-targets.

5.3 Operational concepts of marketing

Content marketing matrix and inbound marketing funnel (including RACE) proved to be very useful, concrete tools to apply when planning more concrete actions and follow-up during SOSTAC©. It was easy and convenient to scan through those models and apply them during the process. Of course, neither of them is as such enough when creating a digital marketing strategy but I can highly recommend using them for selected parts of the strategy process.

It seems, that finding the correct key words is challenging. Serious attention is needed to customer behavior and identifying the real “customer journey” to be able to select correct words which the customers are using when finding their way to your business. It is difficult to find the correct key words in the domestic business environment but becomes exponentially more difficult when trying to find correct words for international markets. To succeed in this, some discussion with native individuals from selected target markets is highly recommended. It would make sense to involve few potential customers more in this process.

5.4 Internationalization and international business environment

Choosing the target markets in the international context is challenging and might usually be more based on intuition or personal preferences and partial experiences than on profound analysis. Choosing selected international markets seems to be natural choice right from the beginning and the very first steps of business when it is for niche markets and/or originates in peripheral location where the domestic markets are small.
First, it proved to be difficult to name certain countries that would be the target markets. Since the topic of this study was not primarily on internationalization decisions, this part was supported very lightly. However, more profound analysis would be recommended when deciding the target markets and utilizing e.g. Ghemawat’s four dimensions of distance could be useful when analyzing potential options for growing through internationalization. In this case, the decision to include Finland and Germany as target markets was formed quite rapidly and it wasn’t based on a profound analysis.

Porter’s five forces is a good framework as such to keep in mind when creating and iterating a strategy. There should however, be an upgraded version of it to better support businesses operating internationally or anticipating growth through internationalization. Actually, more useful from this perspective was the writings of Smith and Zook even though they are not as such applicable to be applied at strategic level of planning.
6 Discussion of findings

When searching information and writings for the literature review, I noticed that a lot what has been written, studied and taught seems to be usually primarily from the perspective of bigger and well-established companies. Such perspective is a familiar one also for me from my previous working experience. After working over 20 years in 2 bigger corporations that are large in Finnish scale, it seems that in Finland “marketing” is still commonly seen and consequently organized as an operative function being “the side-role player which takes care of the campaigns, advertisements and arranges nice events to get customers for the existing products and services and the “actual business” is run elsewhere, strategy being built separately “by the real business”. This, to my experience is especially true with older organizations and parts of organizations whose products and services have existed longer and have well established infrastructure. These types of organizations and parts of organizations are much more difficult to change or “transform” as the trendy way of putting it goes, even though the customers’ demand has changed and the previous business model and the way of running business has become obsolete. Changing the role of business units and marketing department is very difficult without major change in organizational structure and thus “the digitalization” is a struggle in such organizations.

With a small entrepreneurial startup, the situation is quite the opposite. Partly due to the lack of resources and because the business in the beginning is practically non-existent, the entrepreneurs are forced to be more involved and interested in the holistic view to marketing as the customer and demand-based way of running business. The scarcity of resources however makes it difficult or even impossible to succeed in smaller organization as well.

For me this study strengthened the feeling that in some way “the era of big corporations” is to come to its end but this development is remarkably slowed down by the fact that during their life-span, such bigger (and older) organizations have gathered such amounts of resources from which there is to live upon for some time even after the business model itself has become obsolete. The pace of development in business environment is not going to slow down, just the opposite. Majority of bigger organizational structures are either too slow to transform and die or the change is forced in wrong ways fast and they fall. What this brings in mind is the need to develop continuous renewal method for the ways bigger organizations operate. How e.g. some company like Google does it or does even Google succeed in it in the long run? After all, it is quite new company even though the growth has been fast and enormous.
As a research process, this study has been useful as a practical rehearsal how to create digital marketing strategy. Since the study has not been possible to be performed as a full-time duty, it has suffered from several delays. Some delays have also been formed due to the time-lines of the case company’s entrepreneurs. However, there has as well been an upside in occasional slowness of the process: it has made the iterative approach possible and in that way the process itself has been more fruitful than if it had proceeded much faster. This means that certain aspects have been possible to be considered along the way and improvements come in use before finalizing the first version of the digital marketing strategy.

As such, this study has been successful in producing the first version of a digital marketing strategy for the case company (Appendix is confidential). From the academic perspective, the results are not as useful as from the practical perspective. However, it is an interesting finding that the applicability of several if not all frames and tools varies and depends at least on the size and age of the company. It would be interesting to have a further study on different types of organizations: categorize certain amount of organizations, define what determines “success” in producing digital marketing strategy and find out what would it require in each organization category to succeed in creating one.
7 Implementation and follow-up

In this chapter, I will discuss how the findings of this study have been and will be implemented and how the follow-up is conducted.

Being an iterative process, some of the results have been implemented already along the way, during the study. For example, in the very beginning of the process, a FB-site analysis was made. Based on that, some recommendations could be given already in the very beginning: first there needs to be some 30-50 posts in the company FB before it should be promoted. The case company did not sit down to wait for the strategy to be ready but started more active posting. Also, the internationalization was self-evident but in the beginning no specific target markets were chosen. During the first part of the process, Germany was selected in addition to Finland as a target market. Before that, no selection was made but also after that, further scoping was required. The digital marketing strategy as the main result has started to live and affect already from the very beginning of the process.

Due to lack of resources in the case company, some parts have not been implemented or have been modified afterwards. For example, the required technical improvements of the company web-site were not possible to such extent that first was anticipated and recommended. Also, more profound market analysis of several options was not made as suggested. One way of follow-up could be the next round with SOSTAC© during winter 2017-2018, meaning the first time the digital marketing strategy is updated after it was created.

The case company was pleased to get the support this study provided. In the beginning the entrepreneurs were more involved but such close work method was not possible to maintain for longer time which would have supported the startup in its early months of existence.
8 Areas of further research

During this study, more questions came up than answers appeared.

Some further research would be needed on the differences of applicability of several theories depending e.g. on company size and stage of growth. This would also require international perspective: does it vary depending on the country or based on some other geographical breakdown?

It would be interesting to study further also the role and position of “the marketing department”: how and why is marketing considered as it is in different types of organizations as it currently is. Is this phenomenon global or appears only in Finland? Is it something that appears only in larger organizations and in smaller organizations marketing is naturally included in the multi-role of an entrepreneur and always more included in the business and the role of top management? Is this only affected by the fact that in smaller companies there are less administrative positions and organizational layers or are there other factors and options?

The role of domestic and international legislation would also be interesting to have both country-specific and industry specific view. During recent years, different indications on movement against global business phenomena and certain protectionist actions make this aspect interesting. What issues are affected by domestic and/or international legislation?

Yet another interesting aspect is, would it be possible to create a guide e.g. especially for Finnish startups from the field of this study. Would it be possible to create a guide which would help startups from any location or industry or would it be more useful to create one for a certain category of businesses? Would it be possible to create an enhanced version of SOSTAC® which would support numerous startups to utilize opportunities to grow through the combination of digitalization and internationalization?
9 Reflections

As the main result of this study, a digital marketing strategy (Appendix is confidential) was created for a Finnish startup. From the academic perspective, this process has not been as interesting or useful as from my own perspective or as from the perspective of the case company.

Since the process was more like a consulting case, it did not fit in best way to the traditional academic research frame. Because there was no quantitative survey or strictly structured interviews, it was challenging for me to make sure there would be detailed documentation describing every single step of the research process. Even though all e-mail exchange has been stored, the discussions and conversations were not taped. Consequently, no detailed transcriptions of each discussion were made. This way of conducting the study unfortunately makes the outcome not as trustworthy nor any top case from the academic ethical viewpoint. The other option - which actually almost happened - would have been that since the research was not academically perfect right from the beginning, I would have dropped it. As I realised that my resources as a researcher would not change since having a full-time job and two gorgeous, small children in our family, I gave up reaching perfection and decided to proceed with what was possible.

I would still not undermine the brainwork I did with the theoretical framework. I am very happy and even proud of some of the thoughts and ideas I got along the way some of which I also managed to write down in this thesis report. I am honestly of the opinion that some thoughts would be useful also for the academia even though they will/would not be promoted by me. Maybe, if at some point of time there will be the possibility, I will myself study further some of the topics I listed in the previous chapter. Maybe I will start working on that guide “enhanced SOSTAC© for internationalisation”?

This study has been interesting but from time to time, stressful time-period. Since it has been conducted as a part-time duty, it has not been as systematic and swift as a process as it could have been. However, during the process I have learned even more of the theories related to creating strategy and digital marketing strategy in international context than during my previous studies. Learning has not only covered theories but conducting this study has opened my eyes to many details and real-life applicability of different theories through practice. All this has been extremely useful and has also provided me further career opportunities already during the process.
References


