

# **SMEs: Joining the Online Conversation?**

An exploration of the online relationship marketing practices of service-oriented  
Dutch Small and Medium-sized Enterprises (SME).

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## ABSTRACT

**Purpose:** The purpose of this thesis is to add to the existing knowledge of digital marketing adoption and management by Dutch SMEs. Digital media have extended the array of possibilities for businesses and customers to interact with each other. Yet, relatively limited research is done on how SMEs use digital media to attract, maintain, and enhance customer relationships. Information technologies hold great potential for smaller businesses due to idea that e-marketing and social media marketing require a limited amount of financial and human resources as oppose to traditional marketing incentives. Therefore, the aim of this thesis is to uncover how Dutch SMEs operating in the service industry adopt and use digital media through personal accounts of SME owners/managers.

**Research question:** Do service-based Dutch SMEs adopt and use digital media to attract, maintain, and enhance customer relationships? And, if so, how?

**Methodological approach:** Data was gathered through semi-structured interviews with SME owners/managers. Participants were recruited using purposive and snowball sampling. The interview data was analyzed from a directed qualitative approach using template analysis.

**Findings:** The findings indicate that Dutch SMEs do, in fact, employ different tactics to leverage the possibilities of the Web 2.0 varying from integrated marketing techniques to extending their service via digital media. It appears that SME manager/owners are aware of their presence as commercial entity. They use those channels not to promote their company, but to engage their customers by creating an approachable social identity, ensuring consistency, and providing an extension of their service. Moreover, the role of SME owners as end-user influences both SME adoption process as well as its communications management.

**KEYWORDS:** *technology adoption, SME, relationship marketing, e-marketing*

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# 1. Introduction

Digital media have extended the array of possibilities in which businesses and individuals can interact with each other. Over the last decade, the opportunities of establishing an online presence and implementing social networking strategies are discussed in an increasing amount of academic articles (e.g. Kietzmann, Hemkens, McCarthy & Silvestre, 2011; He, Wang & Zha, 2014; Kaplan & Hainlein, 2010). Subsequently, the widespread adoption of new media and social media has given way to a paradigm shift within the field of marketing (Sheth, 2002). While traditional marketing predominantly focused on segmenting the market and targeting the right audience, it now has a strong emphasis on attracting, maintaining, and enhancing customer relationships (Robinson, 2012). Within the relationship marketing perspective, marketing is treated as a holistic interaction process between businesses and consumers aimed at co-creating value (Grönroos, 2004). Information technologies such as social media and new media have changed business-consumer communication from a brand-centric monologue to a consumer-centric dialogue in which shared values, beliefs, and attitudes play a more central role (Robinson, 2012).

However, exploratory qualitative research on the ways in which small and medium sized enterprises (SMEs) adopt and use new media and social media to communicate with consumers is limited. Although there is a growing body of research on SMEs and their adoption of social media, there has been little attention toward the motivations and ideas that lead to the ways in which SMEs adopt and use digital media (e.g. McGrath & O'Toole, 2011; Carter, 2011). The relatively small threshold to join the online conversation is especially relevant for those organizations with limited human and financial resources compared to large organizations. SMEs differ significantly from large organizations in terms of culture, market orientation, structure, and available resources (Dust & Edvardsson, 2012). Moreover, Daniel and McInerney (2005) argue that SMEs generally adopt information technologies slower than large organization due to the perceived financial risks, whereas other research has shown that SMEs can play a leading role in the online environment due to a higher level of freedom and speed with which SMEs can make decisions (Durst &

Edvardson, 2012). It can be argued that these differences can cause SMEs to have a different attitude or approach toward communicating with consumers using online channels as oppose to large organizations. However, research on online marketing practices generally focuses on examples or cases from large organizations (e.g. Kietzmann et al., 2011; Kaplan & Hainlein, 2010).

Taking into account the limited research on Dutch SMEs and the ways in which these companies perceive and conduct online business-consumer communications, I will guide my research using the following research question:

**RQ:**

How do Dutch SME owner/managers perceive the adoption and use of digital media to attract, maintain, and enhance customer relationships?

**Societal relevance**

SMEs are an essential part of the Dutch business landscape. They currently make up 99,2 percent of the entire population of companies situated in the Netherlands (Aalders, 2014). Yet, the current understanding of how Dutch SMEs adopt and use digital media to build and nurture relationships with consumers is limited. If managed properly, online marketing has proven to be successful in creating business value in terms of generating increased sales, and relational value in terms of loyalty, commitment, and trust at a relatively low cost. However, since the financial downturn in 2008, Dutch consumers lost their trust in the economy, in businesses, and in media (both online and traditional)(Ketterij, 2013). It was found that among Dutch consumers the trust in both new media and social media is declining. Compared to 2012, the level of trust in media declined with 8% in 2013 (Ketterij, 2013). Nevertheless, a vast and growing percentage of the Dutch population uses digital media to interact with individuals or companies within their network (from 65% in 2012 to 81% in 2015) (Biederman, 2015). Consumers generally trust small businesses more than larger organizations. (Vorvorneau, 2012) According to Vorvorneau (2012) customers tend to see smaller businesses more as friends and take pleasure in supporting small business owners. Hence, it is interesting to examine whether SMEs recognize the importance of building

relationships, the changing dynamics between consumers and companies, and leverage the possibilities of Web 2.0. Investigating how Dutch SME manager/owners perceive their adoption and use of digital media to attract, maintain, and enhance customer relationships will contribute to an understanding of how Dutch SMEs may or may not capitalize the possibilities of Web 2.0. This understanding is not only valuable for the understanding of online relationship marketing by SMEs as a whole, it may also have practical value for Dutch SME owner/managers that perceive online marketing adoption as a risk instead of an opportunity.

Research has found that one of the main challenges for SMEs to adopt and use information technologies is the difficulty of measuring online impact (Hashim, 2007). Being unable to estimate return-on-investments is perceived as a risk, and due to the limited resources that characterize SMEs such risks are avoided as much as possible (Hashim, 2007). Therefore, the study not only highlights how SME owner/managers adopt and manage their online communications, it also explores how SME owner/managers identify value created through online communications, and how they perceive the role of customers in terms of co-creating value. Hence, the study adds to the understanding of online performance measurement by small businesses.

### **Scientific relevance**

Research on online relationship marketing often relies on examples of large companies or brands (e.g. Fournier & Avery, 2011; Kietzman et al. 2011). Qualitative research on SMEs and online marketing is growing, yet relatively underdeveloped (e.g. Hashim, 2007; He, Wang, & Zha, 2014). Online marketing holds great potential for smaller businesses due to idea that e-marketing and social media marketing requires a limited amount of financial and human resources as oppose to traditional marketing incentives (Culnan, McHugh, & Zubillaga, 2010). Since smaller businesses are characterized by a limited amount of available resources as oppose to that of larger organizations, the cost-effectiveness of digital media marketing may be particularly relevant for SMEs (Zach, 2012). It can be argued that the differences between small and larger businesses can cause SME owners to have different attitudes toward and experiences of online marketing. Therefore, it is worth

investigating how SMEs instead of large companies manage and adopt online marketing.

Furthermore, current research on SMEs and online marketing mostly has a quantitative nature (e.g. He et al.; O'Toole, 2013). SMEs generally have more personal contact with their clients (especially service providers) and marketing as a whole is becoming increasingly personal, and based on shared beliefs, values, and attitudes (Robinson, 2013). So, why is there so little scholarly attention toward descriptive and personal accounts of those participating in online marketing? Examining the motives and ideas behind SME owner-managers' online communication approach can provide a valuable contribution to the understanding of the changing dynamics between small businesses and consumers in the online environment.

Moreover, the study focuses on SMEs operating in the service industry due to the distinct nature of service marketing as oppose to product marketing. Similar to relationship marketing, service marketing has a strong emphasis on creating and nurturing relationships, whereas product marketing is generally more concerned with creating name recognition (Grönroos, 2004). Online relationship building is a relatively new phenomenon, and currently an underdeveloped area within the SME context. Seeing as the present study is aimed at exploring the role of information technologies in the creation, preservation, and enhancement of relationships, it can be argued that personal accounts of service-based SME owner/managers will enable a more valid analysis of online relationship marketing practices, and offers greater potential of adding valuable knowledge the existing knowledge of online relationship marketing by SMEs.

The findings reveal that Dutch SMEs do, in fact, employ different tactics to leverage the possibilities of the Web 2.0 varying from integrated marketing techniques to extending their service via digital media. It appears that SME manager/owners are aware of their presence as commercial entity. They use those channels not to promote their company, but to engage their customers by creating an approachable social identity, ensuring consistency, and providing an extension of their service.



## *1.2. Outline*

First, the theoretical background will discuss SMEs, adoption, online marketing, and relationship marketing. This part starts with a theoretical outline of SMEs and online marketing adoption. Then, the focus shifts toward a discussion of the changing nature of online marketing in the Web 2.0. The second part of the theoretical background presents a review of literature on relationship marketing in relation to digital media. The theoretical background concludes with a chapter on relationship marketing, and its relation to service marketing, SMEs and technology adoption.

Discussion and explanation of the study's methodological design follows. First, it discusses the qualitative research approach as discussed, and why this approach fits the study's aim, objectives, and scope. The chapter continues with a description of data collection, so ranging from the employed purposive and snowball sampling techniques to a discussion of the interview process and recruited participants. The chapter concludes with an explanation of the used data analysis techniques in terms of transcribing, coding and interpreting using template analysis. After the constructing the methodological framework, the findings are presented in three themes, namely 1) attitude toward adoption, 2) strategy & tactics, and 3) value co-creation. The thesis concludes by revisiting the research questions, discussing the key findings, addressing the limitations, and indicating areas for future research

## 2. Theory

Seeing as the study is aimed at exploring questions on why and how SMEs use information technologies to create and nurture customer relationships, the following sections reviews relevant literature in the fields of online marketing and branding (e.g, Kietzmann, Hermkens, McCarthy, & Silvestre, 2011; Fournier & Avery, 2011; O'Connor, 2013), technology adoption (e.g. Rogers, 1995; Sarosa, 2012; Venkatesh & Davis, 2000) and relationship marketing (Grönroos, 2000; Berry, 1996; Sheth, 2002).

The first part of the theoretical framework focuses on a review on literature of online marketing adoption by SMEs. This part conceptualizes the key research models within the field, and explore how these models can be applied in the SME and relationship marketing context (e.g. Rogers, 1995; Sarosa, 2012; Venkatesh & Davis, 2000). This will help to examine the motivations and barriers that influence Dutch SMEs to adopt certain information technologies, channels, or marketing practices. The models provide a framework to analyze the interview data with regards to participants' attitude toward and decision process of SMEs' technology adoption.

After presenting different articles indicating how online marketing has shifted from an emphasis on selling to building relationships, the second section discusses relationship marketing. Relationship marketing aims to explore how Dutch SMEs in the service industry manage digital media to attract, maintain, and enhance customer relationships. Therefore, this part of the literature review focuses on theories in the field of relationship marketing (e.g. Grönroos, 2000; Berry, 1983; Sheth, 2002). The basic principle of relationship marketing is the idea that companies should strive to manage their communications in such a manner that is has the ability to co-create value through interactions between company and customer (e.g. Grönroos, 2000; Möller, 1992; Gummesson, 1996) This part of the literature review will conceptualize the key definitions and elements, and discuss the role of digital media in the relationship marketing perspective.

And lastly, the chapter concludes with a discussion on the changing role of brands in the online environment brought about by social media (e.g. Fournier & Avery, 2010;

O'Connor, 2013). This part explores how the increasingly social and visible nature of online communications has distinct implications when applied in a business context (Pridmore et al., 2013). Understanding how digital marketing has changed the nature, possibilities and practices of online marketing will help examine how smaller businesses conduct their online communications.

## *2.1. SMEs & E-Marketing Adoption*

### *2.1.1. SMEs vs. large organizations*

The definition of SMEs differs per region. Since the thesis will focus on Dutch SMEs I will use the definition of SMEs as used in the Netherlands. Hence, the proposed study will refer to SMEs as companies with less than a hundred regular employees (Moritz, 2011). As previously mentioned, SMEs differ significantly from large organizations in terms of ownership type, available resources, structure, culture, and market orientation (Zach & Munkvold, 2012). One could argue that due to these differences their online communications approach also differs from that of large organizations. For example, compared to large organizations, SMEs generally have “a flat structure and an organic, free-floating management style that encourages entrepreneurship and innovation.” (Durst and Edvardsson, 2012) Moreover, small businesses tend to be less formal and more flexible in decision-making.

Although there is a growing interest toward online marketing in the SME context, research on SMEs' attitude toward online marketing adoption is limited. SMEs are a vital part of the world economy. In their research, Kuan & Chau (2001) concluded that SMEs contribute greatly to the economy and society by creating a vast amount of jobs, by adding to gross national production, and by producing technological innovations. As previously mentioned, Dutch SMEs make up 99.2% percent of the entire population of companies. (Aalders, 2014) Therefore, an examination of Dutch SMEs attitude toward technology can provide insight into how this essential part of the Dutch economy is potentially leveraging the growing possibilities of creating value through online marketing channels.

In the context of adoption of online channels and in relation to the size of a company, there are currently two perspectives. Firstly, Arnott & Bridgewater (2002) argue that smaller companies will make more refined use of online channels than

larger companies due to the fact that the Internet diminishes geographical barriers, and also because smaller companies have a more entrepreneurial character. This enables a quicker adoption and improves the learning process. The second perspective focuses on the finding that the amount of resources is important in the decision of smaller companies to use the Internet for marketing purposes. SMEs often have a limited amount of resources compared to large enterprises and, will thus likely avoid risks whenever possible (Al-Weshah, Alnsour, Hyari, Alhammad & Algharabat, 2013). Adopting online marketing can be perceived as one of those risks. More importantly, however, is the difficulty of measuring the financial impact and potential as a result from online marketing practices. Lack of measurement capabilities and limited resources are the most important perceived risks when adopting and using the Internet for marketing purposes (Gray, Suanders, Goregaokar, 2012).

According to McGrath & O'Toole (2011) SMEs have, in fact, adopted online marketing strategies, but have not yet been able to create significant business value. SMEs often establish an online presence as a defensive reaction to the online practices of competitors. The author states that this reaction stems from a fear of falling behind and does not contribute to creating sustainable business value. This finding corresponds to the classification of Imitators and Innovators as presented in Bass (1969). Bass (1969) states that there are two types of companies with regard to technology adoption. Those that adopt by looking at competitors, and those which motivations to adopt are unrelated to other companies' adoption.

Adding to the finding by McGrath & O'Toole (2011) the study conducted by Al Wesah et al. (2010) examined the degree of Internet usage by SMEs in Jordan by using a random sample of a hundred companies. The study concluded that the majority of the respondents use the Internet for business activities. However, the adoption of the Internet as a business tool is limited to merely having a website in place. This is used primarily to provide one-way and non-interactive information (Al Wesah et al. (2010).

### *2.1.2. Adoption*

There is a growing body of research focusing on the common problems faced, and respective significance of technology adoption within the SME context. For example,

in Malaysia, Hashim (2007) found that the most significant problems faced by SMEs are a lack of sales and marketing expertise and the use of dated technologies. Yet, research on SMEs' technology adoption processes is limited. Therefore, the following sections will outline and discuss the two theoretical perspectives on adoption, namely diffusion, behavior.

The first perspective focuses on diffusion concepts. Technology adoption theories that focus on the concept of diffusion aim to explain and predict why and how technologies are adopted through certain channels (e.g. Rogers, 1995). The second perspective revolves around human behavior and cognition (e.g. Dahnil, Marzuki, Langgat & Fabeil, 2014). This perspective focuses more on individual factors that may help explain why and how technologies are being adopted. Both perspectives are relevant for the present study, because combined they provide a framework to analyze the motivators and barriers on an individual level and organizational level. Conceptualizing the relevant theories on adoption will allow me to compare, contrast, and relate SMEs' attitude toward adoption.

### *2.1.3. Innovation Diffusion*

Studies focusing on diffusion theories emphasize the channels with which innovations are spread and dispersed. It can be described as "...the process by which an innovation is communicated through certain channels over time among the members of a social system" (Rogers, 1995). It is important to note that an innovation is not necessarily a technology. Rogers (1995) stated that an innovation is any idea, practice, or object that a potential adopter perceives as new. Research on information technology adoption diffusion has proposed numerous theories and frameworks to examine the adoption process of an organization. However, according to Hameed, Counsell, & Swift (2012) the diffusion of innovation (DOI) model introduced by Rogers (1983) and Rogers (1995) has been the most widely used theoretical premise. Rogers' model (1983) was first used to analyze adoption on an individual level, but it is increasingly applied in research on an organizational level (Hameed et al., 2012). In his DOI model, Rogers (1995) listed five innovation attributes that play an essential part in an individual's attitude toward adoption. They are outlined in the below table.

Attributes	Description
1. Relative advantage	The degree to which an innovation is perceived as better than the idea it supersedes. The underlying principle is that the greater the perceived relative advantage of an innovation, the more rapid its rate of adoption;
2. Compatibility	The degree to which an innovation is perceived as being consistent with the existing values, past experiences, and needs of potential adopters;
3. Complexity	The degree to which an innovation is perceived as difficult to understand and use;
4. Trialability	The degree to which an innovation may be experimented with on a limited basis. If an innovation is trialable, it results in less uncertainty for adoption;
5. Observability	The degree to which the results of an innovation are visible to others. The easier it is for individuals to see the results of an innovation, the more likely they are to adopt;

Source: (Rogers, 2002)

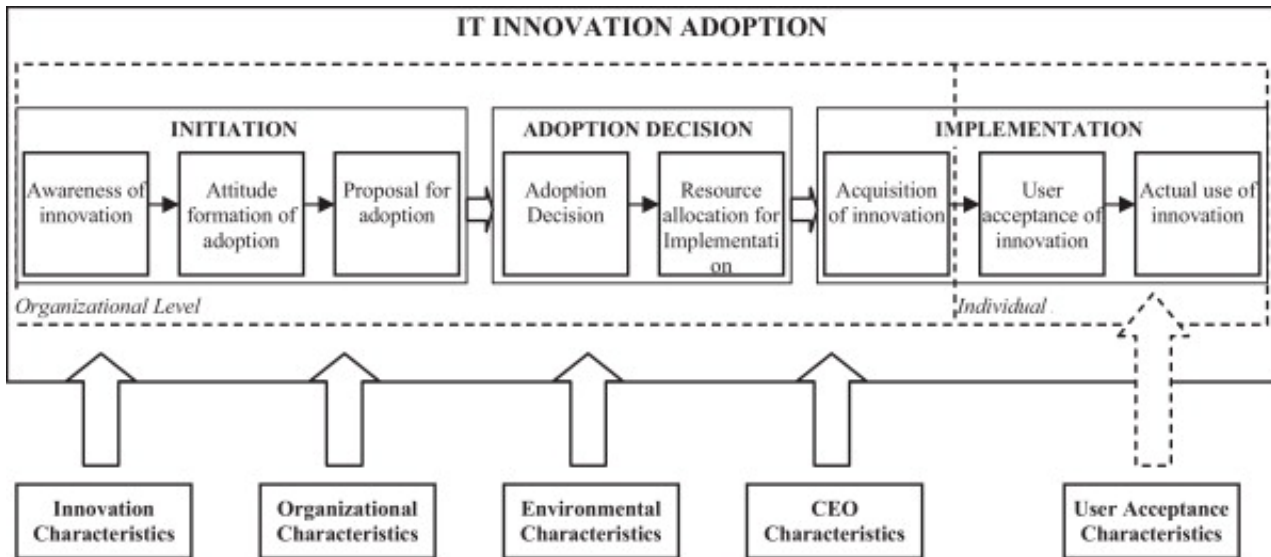
These attributes help examine SMEs' evaluation of technologies or marketing practices in their decision to adopt. The perceived attributes of innovations such as social media platforms might influence SMEs attitude toward adoption. As previously discussed, the most significant barrier for SMEs that inhibits them from adopting online channels is the perceived difficulty of accurately measuring business value generated through online communications Daniel and McInerney (2005). SMEs, therefore, perceive social media adoption as financial risk. They lack the tools to measure return-on-investment in terms of time, energy, and money spent, which means that they are unlikely to adopt those channels (Daniel & McInerney, 2005). On the other hand, the increasingly social and visible nature of social media offers

opportunities for direct and visible feedback in the form of likes, shares or comments.

Numerous research articles have applied DOI to come up with other theoretical models. Theory of Reasoned Action (TRA) by Fishbein & Ajzen (1975) was the first, however, that focuses on user acceptance behavior from a diffusion standpoint. Thus, it includes both behavior and diffusion. According to Fishbein & Ajzen (1975), attitude is influenced by subjective norms. Subjective norms refers to an individual's perception of the social pressure exercised on them to perform the behavior and is determined by the normative beliefs of adopters. SMEs may also feel pressure by others in their social system such as competitors, clients, or industry opinion leaders to adopt (Fishbein & Ajzen, 1975).

As previously discussed, McGrath & O'Toole (2011) argue that SMEs have not yet been able to generate sustainable value through the adoption of digital marketing, because their motivations to adopt information technologies stem from a fear of falling behind on the competition. Such defensive approaches cause SMEs to merely adopt technologies without the motivation or know-how to leverage those technologies to generate sales and build relationships (McGrath & O'Toole, 2011). Hence, TRA helps me examine whether adoption processes of SMEs are motivated or inhibited by social pressures/expectations, and how subjective norms influence their attitude.

Furthermore, Hameed et al. (2012) conducted an extensive literature review of all the existing models within IT innovation theories in from a diffusion perspective, and came up with the following model.



Source: Hadeem et al. (2012)

Looking at the research question, I will address each building block for my analysis to provide an inclusive take on SMEs' different attitudes, and to understand the role of social systems on why SMEs choose to adopt certain online channels and tools, and dismiss others. From the model, it can be derived that CEO characteristics influence attitudes toward the acquisition of innovation on an organizational level, whereas user acceptance characteristics influence attitude toward the actual use of the innovation on both an individual level and an organizational level. Within the context of the study, it is likely that SME owners are also end-users of certain technologies, which means that they represent an intersection between the organizational and individual level. Therefore, the study examines to what extent SMEs' attitude toward E-marketing adoption is shaped on an individual level as oppose on an organizational level.

Moreover, I would argue that theories enabling analysis on both an individual and organizational level such as in Hadeem et al. (2012) are most relevant for the present study, due to the general characteristics of SMEs, the study's data collection method, and the study's aim. According to Zach & Munkvold (2012) SMEs are characterized by a flat structure and distinct ownership type as oppose to larger companies. In the article, it is stated that the owner of an SME is typically also the CEO. Therefore the owner-managers have a significant power and have the ability to enforce their opinions and decisions (Zach & Munkvold, 2012). The study collects



data through personal accounts of SME managers/owners of which all except for one are the owners. Also, the study aims to describe and interpret the phenomenon of adoption and use of digital media as relationship-building tools in its entirety. Thus, taking into account the participants' presumed high level of personal involvement in the company's decision-making, the personal nature of the data collection method, and focus on an inclusive and immersive account, it can be argued that models including both organizational and individual levels of adoption analysis will be most useful for the analysis and, thus, contribute in answering the research question.

In order to measure situational intrinsic and extrinsic motivation Guay, Vallerand, & Blanchard (2000) proposed the Situational Motivation Scale (SIMS), which includes the intrinsic and situational factors for adoption. SIMS presents an intersection of diffusion and behavioral theories on adoption, due to its reliance on self-determination theory. Self-determination theory implies that motivated behavior is influenced by social factors (Deci & Ryan, 1991). In SIMS motivations can be measured through their level of self-determination. Eagleman (2013) effectively applied the SIMS framework in an exploration of the motivations of sport organizations to implement social media. Similarly, the present study is also concerned with exploring the motivations of SME business owners / managers to adopt digital media. Seeing as I collect the data through personal accounts of SME managers/owner SIMS is particularly useful. It provides framework to examine the relationship between participants' intrinsic motivations to participate online, and their perception of the threats, rewards, and limitations of online participation (Guay et al., 2000). SME owners/managers will most likely be highly involved in the decision-making process of a company due to SMEs' generally flat and flexible structure. Therefore, it can be argued that personal interest in and experience of participating online may play a part in the SMEs' attitude toward adopting certain technologies.

#### *2.1.4. Behavior*

Behavioral theories emphasize analysis on an individual level where human behavior, attitudes, norms and interests relate to the adoption process of technology. Behavior concepts of adoption help in answering the research question, because they allow an examination of the owners' personal convictions and opinions

regarding adoption on an individual level. Innovation diffusion can also be used to examine perceptions and attitudes, but diffusion focuses more on the organizational level of adoption.

Within this perspective, Davis (1989) examined the human behavior of technology adoption, which led the author to come up with the Technology Acceptance Model (TAM) (Davis, 1986). Within TAM, there are two essential constructs that have an impact on an individual's intention to adopt technology, namely 1) Perceived Usefulness, and 2) Perceived Ease of Use. Davis (1986) defined Perceived Usefulness as: "... the degree to which a person believes that using a particular system would enhance his or her job performance." (Davis, 1989) Perceived Ease of Use was the degree to which an individual considers that using a specific system would be free from effort (Davis, 1989) Since the present study explores the attitudes and motivations of SME owners / managers through personal accounts, TAM provides a highly relevant framework to analyze the interview data. Also, usefulness and ease-of-use is especially relevant for SME owner-managers, because they most likely are the end-users of the digital media. Thus, I would argue that their personal opinion about a technology's efficiency and simplicity would likely have an impact on the company's attitude toward adoption.

TAM can be used to explain individual behavioral intentions and motivations (e.g. Curtis, 2010; Venkatesh & Davis, 2000). Building on TAM, Venkatesh & David (2000) proposed an inclusion of factors from other models of which a new theory emerged, namely the Unified Theory of Acceptance and Use of Technology. This theory consisted of effort expectancy, social influence, performance expectancy with moderating variables of age, gender, experience, and voluntariness of use. UTAUT has been applied and tested, and outperformed eight existing models of technology adoption and innovation (Dahnil et al., 2014). Although the present study is not aimed at finding significant relationships between the variables, the factors can contribute to the thoroughness of the analysis.

As said, within the context of SMEs, one could argue that the owner or manager's individual decision-making process has a formative impact on the company's technology adoption process. Hence, in-depth interviews with SME managers or owners using UTAUT will enable a valid analysis of the SMEs adoption

process. According to Dahnil et al. (2014) UTUAT has been criticized for its questionable practical value. However, the present study is designed to explore and describe a phenomenon through personal interactions rather than develop a best-practice argument.

Since the widespread adoption of social media both by organizations and individuals, online marketing is shifting from a focus on sales and advertising to a focus on building sustainable relationships. The following sections present a review of literature on the relationship marketing perspective, and also in relation to information technologies.

## *2.2. Relationship marketing*

Since the present study aims to discover not only why, but also how SMEs use information technologies to connect with consumers, the following sections will review literature that addresses relationship marketing. Relationship marketing caters to this changing dynamics between companies and consumers by emphasizing the importance of attracting, maintaining and enhancing relationships. It is a holistic process in which a company and customer both play a part in co-creating value in order to create a win-win situation. The basic idea of relationship marketing is the effective communication management to co-create business value and relational value. The following chapter first defines the relationship marketing, followed by an explanation of the key elements of relationship marketing. Then, the focus shifts toward a discussion of the role of digital media in creating and sustaining customer relationships.

### *2.2.1 Defining relationship marketing*

The relationship-marketing paradigm is based on the notion that the existence of a relationship creates an added value for the customer, and also for the service provider (Grönroos, 2004; Berry, 1983). From the Nordic School of Marketing perspective, relationship marketing contributes to an understanding and management of services within the relationship as the central element of relationship building (Grönroos, 2004). However, other research within the field also points to the importance of building customer databases, building networks, and managing

relationship-oriented integrated marketing communications (Duncan & Moriarty, 1997; Grönroos, 2004). Nevertheless, among scholars there is consensus on the idea that relationship marketing is an interactive process between the company and its environment that creates value for both parties.

Although there is a consensus among scholars that relationship marketing is characterized by the co-creation value, the exact definition is unclear in the sense that relationship marketing is a concept with many definitions attached to it. Some of the most recognized definitions are outlined in below table. The definitions are cited in Bruhn (2003, p. 10)

Author(s)	Defintion of relationship marketing
Berry (1983)	“Relationship marketing is attracting, maintaining and enhancing customer relationships.”
Grönroos (1990)	“The goal of relationship marketing is to establish, maintain and enhance relationships with customers and other parties at a profit so that the objectives of the parties are met.”
Shani & Chalasani (1992)	“Relationship marketing is an integrated effort to identify, maintain and build up a network with individual consumers and to continuously strengthen the network for the mutual benefit of both sides through interactive, individualized and value-added contacts over a long period of time.”
Möller (1992)	“Marketing is about understanding, creating and managing exchange relationships between economic parties; manufacturers, service providers, various channel members and final consumers.”
Grönroos (1992)	“Marketing is to establish, maintain, enhance and commercialize customer relationships so that the objectives of the parties involved are met. This is done by a mutual exchange and fulfillment of promises.”

Morgan & Hunt (1994)	“Relationship marketing refers to all marketing activities directed towards establishing, developing and maintaining successful relational exchanges.”
Sheth & Parvatiyar (1995)	“Relationship marketing is a marketing orientation that seeks to develop close interactions with selected customers, suppliers and competitors for value creation through cooperative and collaborative efforts.”
Gummesson (1996)	“Relationship marketing is marketing seen as relationships, networks, and interaction.”
Sheth & Parvatiyar (2000)	“Relationship marketing is the ongoing process of engaging in cooperative and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value, at reduced cost.”

Source: cited in Bruhn (2003, p. 10)

Looking at the different definitions of relationships, there seem to be some nuances added to some, for example by an emphasis stakeholders, and networks Sheth & Pervatiyar (2000). The most basic definition, however, is that provided by Berry (1983). Looking at the other definitions, it becomes clear that Berry’s (1983) definition functions as the key element in all the other definitions. First and foremost, relationship marketing is about attracting, maintaining and enhancing relationships. Furthermore, it involves a process of providing and receiving relational value through interactions. Focusing more on marketing as a co-creation process, Grönroos (1990) and Grönroos (1992) provides definitions that focus on reaching mutual objectives in order to achieve valuable relationships.

Looking at definitions, such objectives can be achieved when both parties (business and consumer) exchange and fulfill promises. From that perspective, one could argue that loyalty and trust are important drivers for reaching these objectives. The definition of Möller (1992) also includes the influence of stakeholders such as suppliers and distributors of goods/services. However, the study will mainly focus on

discussions of online relationship building practices aimed at creating and maintaining connections between consumers and SMEs. SMEs that operate in the service industry are generally in control of the entire production process. They do not rely on suppliers or distributors as much as a product company does (Grönroos, 2000). Therefore, to keep the study focused study focuses on relationship marketing practices between service provider and consumer. The study also addresses how technologies play an active role shaping and defining relationships.

### *2.2.2. Key constructs of relationship marketing*

Digital media such as social media facilitate an easy, quick and arguably effective way of communicating and enabling dialogue, the study examines how these technologies play a role in the value-enhancing process as discussed in relationship marketing theory. The following sections will outline a framework of the central processes and practices in relationship marketing from a service-logic according to academic research within the field. According to Grönroos (2004) the three key elements of relationship marketing are; 1) communication (company-centric), 2) dialogue (company-client), and 3) value (client-centric).

#### *2.2.2.1. Communication*

As previously discussed, services are perceived as a interactive processes through which contacts between a company and customer (direct or indirect) co-create value. Hence, the authors state that the ways in which these communications are managed can create or destroy the customer's perceived value (Heinonen & Strandvik, 2005). The growing use of digital media as communication tools, the idea of integrated marketing has gained significance over the last decade. Integrated marketing is a marketing strategy that emphasizes the importance of applying consistent brand messaging across multiple channels, both non-traditional and traditional (Schultz et al., 1992). Although integrated marketing is a part of relationship marketing, it does not recognize the importance of unplanned messages, and service messages (Duncan & Moriarty, 1997). Duncan & Moriarty (1997) grouped the marketing message sources into three groups:

- 1) Planned messages (makes a promise of a solution to a customer's problem e.g. advertising);
- 2) Service messages (stem from interactions with a company's customer service);
- 1) Unplanned messages (communicated via news stories, word of mouth,;(Duncan & Moriarty, 1997);

The authors argued that the first was to be perceived as the least credible, whereas unplanned messages as the most credible message source. Moreover, Duncan & Moriarty (1997) state that the absence of communication also adds to the entire communication process. Duncan & Moriarty's (1997) classification of message sources and their relation to credibility may be useful to explore how SMEs manage these messages sources in order to gain credibility, but the article is quite dated. Thus, it fails to address the changing nature of business-consumer interactions that social media and new media have brought about.

As discussed, numerous scholars have suggested that the changing power dynamics in the online environments are pushing brands to manage their online communications in such a manner that it enables trust and gains credibility (e.g. Kaplan & Haenlein, 2010; O'Connor, 2013; Kietzmann et al., 2011). This corresponds to the idea that online environments, and especially social media platforms, are designed for social interactions rather than sales and advertising. Thus, it can be argued that in order for companies to establish, retain and nurture new and existing connections businesses should plan their online communication practices with a clear focus on building trust, credibility, loyalty, dialogue, and collaborations. The key online marketing practices used within relationship marketing are integrated marketing, content marketing, and search engine marketing, which will be discussed more elaborately in the next chapter.

#### *2.2.2.2. Interaction*

The second fundamental element of the relationship marketing is interaction. In his article, Grönroos (2004) states: "In this process [interaction], a service firm represented by people, technology and systems, and know-how interact with its customer represented by everything from a single consumer to a group of buyers,

users and decision makers in a business relationship.” (Grönroos, 2004, p. 103) The author argues that planned messages may be used to generate interaction. However, the risk of planned messages is that they do not fully facilitate dialogue, which will, in turn, weaken value co-creation (Grönroos, 2004).

When placing this in the context of online environments, Heinonen & Strandvik (2005) explain that commercial practices in the online social sphere likely diminish customer responsiveness and engagement, because it causes annoyances and feelings of being used. However, drawing on Grönroos (2004), businesses might be able to co-create value, if the entire business-consumer relationship is treated and managed as an accumulative interaction process. This means that a company’s communication management should be aimed at creating a ‘win-win’ situation for both the customer and the company.

With the growing use of digital media, one could argue that the element of information technologies is becoming increasingly important for companies’ interaction processes. Moreover, most digital marketing channels, if managed appropriately, can be recognized as cost-effective tools in order to strengthen the interaction process between the company and its customer, which, in turn, co-creates value for both parties Kauppinen-Räsänen & Grönroos (2015). Again, this could prove to be relevant and applicable when looking at service-based SMEs with limited human and financial resources.

#### *2.2.2.3. Value*

Within a relationship marketing perspective from a service-logic success is rarely measured in terms of increased sales, but rather it looks at a customers’ perception of value accumulated throughout the course of the relationship through personal interactions between the service provider and client (Grönroos, 2000). Grönroos (2000) refers to this as the value-making process. However, the author’s conceptualization of value has limited relevance within the context of the present study, as it mostly focuses on personal interactions, and does not address the ways in which businesses can facilitate and capture relational value through media-based communications that enable. It does, however, provide an understanding how value is co-created by both consumers and companies, but is ultimately measured from a



consumer-perspective in terms of trust, loyalty and commitment.

Extending on Grönroos, Heinonen & Strandvik (2005) argue that digital media have high potential of interactivity and high flexibility concerning when and where interaction can take place. Heinonen & Strandvik (2005) argue that a prerequisite for creating value is the extent to which consumers accept the medium and communication, and sees value in it. This argument relates back to the study by Sarosa (2012) that concluded that the success of digital marketing adoption relies on the level of acceptance among others in the networks, which in the context of the study are customers.

### *2.2.3. Business value vs. relational value*

It is important to make the distinction between business value and relational value. Business value is measured purely from the perspective of the company, so in terms of economic profit (e.g. increased sales, market share, etcetera) (Kuan & Chau, 2001). On the other hand, relational value is measured from a customer-centric perspective. As mentioned, relational value concepts include trust, loyalty, and commitment. According to Hashim (2007) SMEs experience digital marketing adoption as a financial risk, because they lack the tools to accurately measure their return-on-investment. Hence, one could argue that SMEs tend to emphasize the creation of business value as oppose to the creation of relational value. This might shed a light on how SMEs manage their digital marketing adoption and communications, and to what extent digital marketing is prioritized over other forms of marketing. It can be expected, however, that SMEs operating in the service industry prioritize the creation of relational value as oppose to business value due to the stronger focus on relationships between service provider and client compared to product seller and buyer (Kauppinen-Räsänen & Grönroos, 2015).

Furthermore, drawing on the idea that both business value and relational value is co-created, Percy et al. (2010) argue that customer engagement plays a pivotal part in the value-making process of businesses. Customer engagement can be understood as a process characterized by particular interactions and/or experiences between a central engagement subject and object (Hollebeek, 2011). Within the context of the study this would mean that customers are the engagement subject that interact with the company, or engagement object. On social media this could be in

the form of comments, 'likes', 'shares', and 'tags'. These activities all indicate that the recipients of brand messages interact with these messages in one way or another. However, in a general business context, customer engagement can also occur when customer provide unsolicited feedback about a service or product, or recommends a service/product to a peer. Hence, customer engagement can be seen as the input of customers interacting with the input of the business. These interactions can enable the co-creation of relational value, but also the co-creation of business value (Grönroos, 2002).

#### 2.2.4. Online Relationship Marketing

It is argued that the use of information technologies is changing the concept and even the definition of relationship marketing (Kent and Taylor, 1998). This leads to the question whether information technologies such as new media and social media can actually create relationships between consumers and businesses. Kent and Taylor (1998) explain: "Technology itself can neither create nor destroy relationships; it is how the technology is used that influences organization-public relationships." (Kent & Taylor, 1998, p. 324) As an extension and with regards to social media, Rybalko and Seltzer (2010) argue that social media merely create platforms in which the opportunity for dialogue and relationship building reside. Thus, it can be argued that information technologies can, in fact, facilitate the establishment, preservation and enhancement of relationships, but this fully depends on the way these technologies are used and managed.

The recommendation of generating sustainable customer relationships is not an entirely new topic within the field of marketing. It has been frequently discussed among scholars and within the advertising industry before the widespread adoption of the Internet and social media (Robinson, 2012). However, the development of information technologies has changed and expanded the array of possibilities to achieve this. Nevertheless, effective management is found to be crucial. Within the context of SMEs, Percy, Visvanathan and Watson (2012) found that computer-mediated relationship marketing is not managed effectively by SMEs. The authors state that issues faced by SMEs can be grouped into two categories, namely tactical and strategic issues. The next chapter elaborates on the changing nature of

marketing since the emergence of Web 2.0, and discusses the key online marketing practices that cater to the relationship-marketing paradigm.

### *2.3. Marketing 2.0*

Web 2.0 is about interaction, dialogue, and collaboration (e.g. He et al., 2009). Digital media can facilitate richer and faster interactions between businesses and consumers, but also between consumers and consumers. Previous research indicates that digital media provide a range of possibilities for smaller companies to leverage the increasingly social and visible nature of online interactions (e.g. Robinson, 2012; Visnavathan & Watson, 2012). Seeing as digital marketing adoption and implementation generally requires a limited amount skills, energy, and money they are found to be particularly useful for SMEs (McGrath & O'Toole, 2011).

With the growing use of digital media as marketing tools, popular marketing perspectives have shifted from an emphasis on advertising to the adoption of the relationship marketing perspective in which marketing is seen as an interactive process that, if managed properly, has the ability co-create value. Therefore, it is argued that SMEs operating in the service industry can benefit from these developments by aligning and managing their resources in such a manner that it creates a mutually beneficial situation. In such a situation relationships are created, preserved and nurtured, and subsequently co-create business value and relational value.

The following chapter presents a discussion of social media marketing, and how it pushes brands to re-evaluate their traditional marketing approach. The chapter concludes with a presentation of the key online marketing practices that have the ability to attract, maintain, and enhance customer relationships.

#### 2.3.1. New media vs. social media

As discussed, new and social media are increasingly being adopted by businesses to attract, maintain, and enhance customer relationships. However, these two concepts are often used interchangeably. According to Pridmore et al. (2013), the distinction between new and social media is difficult to identify, but argues that each can have distinct implications when applied in a business or organizational context. Since the proposed study will take into account both new media and social media, it

is important to conceptualize both terms.

Many definitions have been assigned to social media. He, Wang and Zha (2009) defined social media as “activities, practices, and behaviors among communities of people who gather online to share information, knowledge, and opinions using conversational media.” (He et al., 2009, p. 1) As mentioned, new media and social media are often treated as interchangeable terms. This is also largely the case with social networking and social media. Coyle & Vaughn (2008) described social networking as “a configuration of people connected to one another through interpersonal means, such as friendship, common interest or ideas.” Most definitions have a number of basic principles in common, namely participation, sharing, interaction, and collaboration (He, Wang et al., 2009) New media, on the other hand, is a concept that describes the digitization of traditional media (Pridmore et al., 2014)

Both new media and social media enable greater ease and speed with which individuals and organizations can communicate. The main difference, however, is the nature of communication. Social media are exclusively designed for social interactions such as sharing and collaborating, whereas new media facilitates the digital distribution of all types of communications (including social interactions). Another significant difference is that communication via social media is mostly visible, whereas communication via new media may or may not be visible to a larger audience (Pridmore et al., 2014). The implications of increased visibility and sociability of communication will be discussed in the following sections.

The proposed study is designed to develop an understanding of the online practices of SMEs to attract, maintain and enhance customer relationships. As mentioned, new media are digitized forms of traditional communication (Pridmore et al., 2014). Thus, personal accounts of how SMEs have translated traditional communications using information technology could lead to insights into how business-consumer communications have changed. Moreover, examining the use of social media can reveal the ways in which businesses are possibly leveraging the increasingly social and visible nature of online business-to-consumer and consumer-to-consumer interaction.

### *2.3.2. Social media marketing*

As mentioned, over the last decade corporate use of new media, and social media in particular has gained a significant amount of scholarly attention (e.g. Duncan, 2015; Curtis, Edwards, Fraser, Gudelsky, Holmquist, Thornton, & Sweetser, 2010). Many research articles are relatively positive about the opportunities that social media offer brands in terms of enhancing customer engagement and loyalty, building reputation and creating brand awareness (e.g. Kaplan & Haenlein, 2010; O'Conner, 2013; Kietzmann et al., 2011) And, in doing so brands are able to create certain business value such as increased sales. O'Conner (2013), for example, conducted an empirical study and found that there is a positive relationship between the amount of followers of the top thirty most popular brands and their respective stock prices. The most common business practices facilitated by social media include customer support, product development, knowledge transfer, innovation, sales and branding (He, Wang, & Zha, 2009).

However, some have also argued that the presumed business opportunities that social media might possess should be subject to a number of careful considerations. For example, Fournier and Avery (2011) argue that social media has brought about a shift in the power dynamics between brands and consumers. The authors explain that since social media have empowered consumers instead of brands, brand management cannot truly exist and brand value is driven by risks instead of returns. Kietzmann et al. (2011) acknowledges the empowerment of consumers and presents recommendations that advice companies to be active, interesting, humble and honest. Kietzmann et al. (2011) argue that consumers do not want to be talked to, but rather to be listened to and to be appropriately responded to. Moreover, the authors proposed strategies for monitoring, understanding, and responding to different social media (Kietzmann et al., 2011).

Both Kietzmann et al. (2011) and Fournier and Avery (2011) focus on the changing relationship between brands and consumers. In addition, Evans (2012) argues that the increased visibility and sociability of online communications inhibits companies to operate in unprofessional or unethical ways. This finding is closely related to the argument presented by Fournier and Avery (2011) that brand value is

driven by risk instead of returns. However, Evans (2012) further argues that this development has pushed brands to re-evaluate the importance they assign to establishing, maintaining and enhancing customer relationships. Gray, Saunders and Goregaokar (2012) argue that SMEs have always relied greatly on managing sustainable relationships. The three most important measures of success for SMEs are customer satisfaction, business profit, and customer retention (Gray et al., 2012). Seeing as two out of three are focused on the customer, it could indicate that the increased interactivity of online business-consumer communications is highly relevant within the SME context

### *2.3.3. Integrated Marketing*

Since the advent of Web 2.0, integrated marketing has gained both popularly and scholarly attention, also within marketing. According to Schultz, MacDonald, & Baines (2012) the integrated marketing approach suggests that companies must provide consistent imagery on all its channels. Through this consistency, companies can establish a unified voice among its channels. If integrated marketing is managed appropriately integrated marketing can provide companies financial, competitive, and relational benefits. Schultz et al. (2012) summarized the five elements of integrated marketing:

- 1) Aims to affect behavior;
- 2) Starts with customers or prospects;
- 3) Uses any and all forms of contents;
- 4) Achieves synergy;
- 5) Builds relationships;

Research on integrated marketing used to focus on larger brands. However, due to new and easy linking possibilities between, for example, social media, websites, and blogs, it has also gained relevance for smaller businesses. Mulhern (2009) suggests that integrated marketing can expand a company's reach, and it can also be beneficial for search engine optimization purposes. Schultz et al. (2012), however, stresses the importance of a developing a well-thought-out strategy. Integrated marketing activities should be result of thorough deliberation, creativity,

and motivation based on the goals and objectives of the organization, its strengths, weaknesses, barriers, and opportunities. Wang (2013) states that there are three key elements of integrated marketing planning, namely long-term perspective, gaining competitive advantage, and the scope of activities. Moreover, strategic planning is deemed particularly crucial for smaller companies, because it increases performance. Thus, integrated marketing communications can offer a way for SMEs to attract new customers, build relationships, and gain competitive advantage. Nonetheless, insight into return-on-investment remains difficult, which may prove to be a barrier for SMEs to implement integrative marketing strategies.

#### *2.3.4. Content marketing*

Another online communication strategy on a relational level is content marketing. Content marketing means creating, publishing and promoting value-based content to attract customers, position oneself as advisor, and build brand awareness (Holliman & Rowley, 2014). This can be in the form of blog posts, e-mails, news letters, videos etcetera. It does, however, pose the challenge of ensuring relevancy and consistency. If the communications do not meet their promises in terms being updated consistently enough or not providing engaging information, companies face the risk of losing connections. Again, before adopting this strategy, Holliman & Rowley (2013) argue that SMEs should determine what they exactly want to achieve, and how they want to achieve it, and ultimately make the decision if they, in fact, want to engage in this type of activity. This is yet another example of how nowadays brand value is driven by risk instead of returns (Fournier & Avery, 2011).

Moreover, Rogers' (2002) notion of trialability can help explain why and how SMEs cope with certain strategic marketing decisions. Trialability is the degree to which an innovation may be experimented with on a trial basis (2002). Rogers (2002) argues that if an innovation is trialable it diminishes the uncertainty for adoption. It can be argued that it is difficult for companies to experiment with content marketing on a trial basis. If a company decides to stop after a trial period while already having built up a network, this may lead to customers feeling disappointed, which may lead to reputational damage, and, ultimately loss of relationships.

### *2.3.5. Search Engine Marketing*

In order to attract and establish new connections, companies need to be findable. The Internet has significantly changed the ways in which consumers look for things, people, and companies (Blakeman, 2013). Search engine marketing (SEM) is not specifically aimed at maintaining and/or nurturing relationships, but it is a key online marketing practice that enables companies to attract new customers.

SEM is a form of marketing on the Internet, based on interactions between a company and search engine companies. Companies can pay these search engine companies to 'push' the company website higher up the list. However, it is also found that through effective management of integrated marketing, companies can improve their findability without the help of external parties (Duncan, 2015). According to Othman & Hazih (2010) there are two types of search engine marketing, namely search engine optimization SEO and paid-per-click marketing.

It can be argued that search engine marketing is especially relevant for small e-commerce businesses or other businesses operating fully online, because their viability largely depends on people finding the 'online door', since they do not have an actual door. However, this is not to say that search engine marketing is not relevant for service SMEs. Although they are characterized by local market orientation, online tools and channels provide opportunities for service SMEs to extend their existing service by distributing it beyond the boundaries of the local market.

Looking at the previous theories and practices of online marketing, it becomes apparent that online marketing has shifted from a brand-centered monologue to a consumer-centric dialogue, and is facilitated by the growing ease and speed with which individuals and companies can communicate between and with each other.

Businesses are faced with the increased accessibility, visibility, and sociability of online communications management. Since the advent of the Web 2.0, businesses are pushed to re-evaluate their traditional marketing strategies and practices in order to start building and nurturing relationships with consumers as oppose to merely advertising and selling. Information technologies offer companies the tools to extend their service, connect with customers and cultivate relationships due to a quicker and easier transmission of communication.



## 3. Methods

The following chapter outlines the study's methodological approach and design. It starts with a discussion of the study's qualitative research approach. After sketching the boundaries and basic assumptions of the study's qualitative methodology, the focus shifts towards a detailed explanation of the study's used data collection and analysis techniques. To collect the data, I recruited and interviewed 11 Dutch SME owners/managers that operate in the service industry using purposive and snowball sampling. Interviews were transcribed and analyzed using template analysis (King, 1998).

### *3.1. Research approach*

Due to the exploratory and descriptive nature of the proposed study, I will take a qualitative approach. Yin (1994) argues that one of the key benefits of qualitative methods is that it facilitates access to more detailed information and immersive descriptions compared to quantitative methods. This enables researchers to construct a descriptive account of a particular phenomenon in a particular context and gather insights into why this particular phenomenon is taking place. Research on corporate use of social media and new media by SMEs, especially in the form of descriptive and personal accounts, is scarce. Hence, a qualitative approach will allow me to unravel the participants' personal attitudes and perceptions of their online communications management. As mentioned in the theoretical framework, SME owner/managers tend to be highly involved in the organization's decision process and have more personal contacts with their clients as oppose to owners/managers of larger firms. Therefore, using a qualitative approach will help me to uncover their attitudes, which will allow a more in-depth insight into how SMEs adopt and manage their online relationship building practices.

A common point of critique of taking a qualitative approach is the risk of bias due to the highly interpretative nature. Therefore, it will be crucial to maintain a reflexive stance throughout the data collection and data analysis procedure. Moreover, it is important to emphasize that the study is not aimed at finding significant relationships between variables or test hypotheses, but rather to explore

and describe a specific phenomenon. In order to ensure a sufficient level of reliability and validity, the study is designed in such a manner that it contributes to answering the research questions by using appropriate data collection and analysis techniques.

An understanding of the scope, aim and objectives of the study is important when designing the methodological framework of the study. As can be derived from the theoretical background, adopting, using, and managing digital communication channels in order to engage future and current customers is becoming increasingly relevant for businesses, especially SMEs. As such, the goal of this paper is to add to the existing knowledge of digital marketing communications through personal accounts of SME owners or managers. I will do this by addressing the drivers and barriers of Dutch SME businesses to adopt and implement information technologies while emphasizing how these technologies are used to build sustainable customer relations where value can be generated and measured.

### *3.2. Data Collection*

To find and select interviewees, I used purposive sampling and snowball sampling. Purposive sampling is a non-probability sampling technique where cases are selected based on their perceived usefulness for the study. According to Whyte and Classen (2002) purposive sampling offers the researcher the advantage of choosing research subjects based on the research objective, which, in this case, is to develop an understanding of how SMEs situated in the Netherlands use social media and new media to interact with consumers. Snowball sampling is also a non-probability sampling technique, but this is when existing study subjects recruit future subjects from among their acquaintances (Marshall, 1996). After establishing contact with companies that are eligible for the study, I requested a referral to other applicable SMEs they are familiar with.

A common point of criticism of using these sampling techniques is the risk of bias and false generalizations. However, the objective of the thesis is to explore and describe a particular phenomenon in a particular context. Moreover, the present study is designed to gather insights through personal and descriptive accounts, as oppose to make generalizations.

### *3.2.1. Sampling criteria*

The selection of the companies will be based on three specific criteria:

1. The companies have fewer than 100 employees.
  - This is in accordance with the previously presented operationalization of SMEs
2. The companies operate in the service industry.
  - As previously discussed in the theoretical framework, marketing a product is not the same as marketing a service, especially with regards to relationship marketing. Service marketing is found to rely more heavily on building sustainable relationships, whereas product marketing is generally aimed at creating name recognition (Kauppinen & Grönroos, 2015). It can be argued that marketing in general has become more personal and focused on establishing relationships since the widespread adoption of social media as marketing tool. However, as previously discussed relationship marketing is especially relevant in the service industry. Since new media and social media have extended the array of possibilities for business-consumer interactions, the study aims to examine if and how service SMEs leverage this development to extend their relationships and service online. Thus, since my research question is specifically aimed at analyzing relationship-marketing practices through different online channels, I focused on service-based SMEs.
3. Companies are situated in the Netherlands
  - SMEs can be regarded as having a significant value for the Dutch business landscape. As said, SMEs make up 99,2% of the entire population of Dutch companies. Moreover, 62% of the working population of the Netherlands is employed at a SME, while 52% of the Dutch economic value is produced by SMEs (Aalders, 2014). However, research on the marketing practices of SMEs in the Netherlands is limited. Moreover, research on technology adoption has suggested that national culture may influence the adoption process of companies. Therefore, by only including Dutch SMEs, I can provide a unique contribution to the understanding of technology adoption by Dutch companies. To sum up, by

focusing on Dutch SMEs the proposed study can be a valuable addition to the understanding of online marketing practices of SMEs in the Netherlands.

4. Companies have at least a website and one social media account in place

- Since the research question is targeted toward an examination of why and how Dutch SMEs adopt and use new media and social media, I decided that I will only include SMEs that have at least a website and one social media account. I would argue that data derived from interviewees with companies without a website and/or social media cannot sufficiently contribute to an understanding of how SMEs use new media and social media to attract and engage customers. On the other hand, one could also argue that exploring the reasons for not adopting may provide insight into the perceived barriers with regards technology adoption. Therefore, in order to explore those barriers I will add interview questions regarding participants' future and intended use online channels and tools. Discussions on why participants want to or do not want to adopt certain technologies in the future can also uncover the perceived barriers toward technology adoption.

### *3.2.2. Finding the participants*

As mentioned I used purposive sampling and snowball sampling. Three participants were recruited by using my personal network and connections. I had no prior relationship with the other participants. I started my search by looking at the followers of the Twitter and Facebook account of MKB Nederland. The Royal Association MKB-Nederland is the largest entrepreneurs' organization in the Netherlands. I argued that it would be likely for SME owner/managers to follow one this organization's social media account. Moreover, it offered the benefit of being able to find participants that have a social media account. On the other hand, this search tactic led me to only find participants with either a Twitter or Facebook account, and disregard SMEs without Facebook or Twitter. This could have caused the interview data to show a bias toward these two platforms. However, as

mentioned three out of the ten interviewees were previous contacts, and they also had a Facebook and/or Twitter account in place. Facebook and Twitter are the most popular social media platforms in the Netherlands for businesses and consumers (Achles, 2014). Therefore, I would argue that ‘only’ focusing on SMEs with a Twitter/Facebook account actually benefits the societal value of the present study. The recruited research participants are outlined in the table below.

<b>Company</b>	<b>Participant Initials</b>	<b>Participant Role</b>	<b>Type</b>	<b>Size (employees)</b>	<b>Online Channels Used (publically accessible)</b>
Saraja Coaching	RL	Co-owner	Consultancy	2 (on payroll) 13 freelancers that operate under SC's license	- Website - LinkedIn - Facebook - Twitter
DOEN	MS	Designer / Marketing manager	Interior Design	4	- Website - Online Magazine / Blog - Facebook - Twitter
Rij Bij Ruben	RG	Owner	Driving School	1	- Website - Facebook - Twitter
Pop-up Yoga Haarlem	CT	Owner	Yoga Studio	3	- Website - Facebook - Twitter
't Haarplein	MB	Co-owner	Hairdresser	13	- Website - LinkedIn - Facebook
Smolders Makelaars	HS	Owner	Real estate agency	5	- Website - Funda - Facebook
You Against You	DH	Owner & Marketing manager	Personal Coaching	2	- Website - Facebook - Instagram
Angelique	AH	Owner	Beauty Salon	6	- Website

Beauty Care					- Facebook
ID Travel	HT	Owner	Travel Agency	2	- Website - Facebook
IPhone Kliniek	HO	Owner	Electronics repair service	5	- Website - Facebook - LinkedIn

### 3.2.3. Process & Participants

Prior to the interview, all participants were informed about the topic and goal of the study in general terms through e-mail, and verbally before beginning the interview. They were also informed about their rights as participant through a consent form. They were offered the option of not disclosing any identity information in the study, and were informed of their right to withdraw their participation at any given time without explanation. One of the participants objected to their name being revealed in the analysis. Therefore, in order to ensure consistency in the analysis and identify the participants, I used the initials of the participants when reporting the findings. The above table lists the participants, their initials, and their role in the company, the business sector they operate in, the amount of employees, and the online channels they use.

Nine out of ten companies were completely consumer focused, whereas one company, Saraja Coaching, caters to both a consumer market as well as to other businesses. The company indicated, however, that their online communications were mainly targeted at consumers. The interviews lasted approximately one hour. The majority of the interviews took place at the company's premises or at a location nearby the premise. The location of the interviews varied from the most southern point of the Netherlands (Zeeland) to the most northern part (Groningen). Only focusing on areas nearby would have been more time-efficient, but I would say that a wide spread better captures the concept of 'the Dutch SME'.

Prior to the interviews, I informed myself about the company through its website and social media channel(s). This included a rather superficial observation that was documented by taking notes. I used these notes to personalize the interview. According to van Teijlingen (2014) knowledge of background information

helps to personalize an interview in order to more deeply explore participants' self-reported beliefs and attitudes. However, I did not perform a thorough analysis of the information available online, due to the risk of making prior assumptions regarding the research participant that may have jeopardized the objectivity of my analysis.

The interviews were recorded and transcribed. The transcriptions were analyzed using template analysis. The following section will discuss how I employed template analysis in order to interpret the data and report the findings.

### 3.2.4. Operationalization

The questions and key concepts in below table were derived from the theories discussed in the theoretical framework. Combined they contribute in formulating an answer to the following main research question:

*RQ: How do SME owners/managers perceive their adoption and management of digital media to attract, maintain, and enhance customer relationships?*

<b>Sub questions</b>	<b>Related key concepts</b>
Q1: What drives/inhibits SMEs to adopt certain information technologies to communicate with consumers?	<ul style="list-style-type: none"> <li>✓ Innovation diffusion</li> <li>✓ Behavior</li> </ul>
Q2: How do SMEs manage digital media to attract, maintain and enhance customer relationships?	<ul style="list-style-type: none"> <li>✓ Relationship marketing</li> <li>✓ Online Marketing</li> </ul>
3: How do SMEs perceive the role of online customer engagement in co-creating business value and relational value?	<ul style="list-style-type: none"> <li>✓ Business value</li> <li>✓ Relational value</li> <li>✓ Customer engagement</li> </ul>

Question 1: What drives/inhibits SMEs to adopt certain information technologies to communicate with consumers?

In order to investigate SMEs' attitude toward their decision to adopt a certain online marketing approach/practice, it is important to develop an understanding of the

different motivators and inhibitors that influenced that decision. This helps me to reflect on, contest, or validate the existing theories on technology adoption.

Adoption can be understood and explained on two different levels, namely on an organizational and individual. Firstly, on an organizational level, SME owner/managers' perception regarding their online marketing adoption can be explained by their evaluation of innovation characteristics, organizational characteristics, CEO characteristics, and environmental characteristics (innovation diffusion)(Rogers, 2002). Second, on an individual level, adoption can be explained by a technology's perceived usefulness and perceived ease-of-use of a certain tool or channel (behavior)(Davis, 1989). Therefore, the interview script includes questions on the benefits or disadvantages they perceived before deciding to adopt certain digital media as communication tool.

#### Question 2: How do SMEs manage digital media to attract, maintain and enhance customer relationships?

In terms of managing online relationship marketing, the second question is targeted at investigating how interviewees actively use online marketing to attract, maintain and enhance customer relationships (Grönroos, 2002). Discussions of the different strategies and tactics employed to acquire new customers, retain existing customers, and improve existing relationships are vital for a thorough understanding of their online marketing approach. Therefore, part of the interview schedule was designed to gather insights into how SMEs actively manage social media and new media for a certain purpose. The common online marketing practices to attract new customers and engage existing customers are content marketing, search engine marketing, integrated marketing, and social media marketing.

#### Question 3: How do SMEs perceive the role of customer engagement in co-creating business value and relational value?

The third question is aimed at gaining an understanding of SME owners/managers' attitude toward the role of customer engagement in the value co-creation process. As mentioned, business value is value measured in economic terms such as increased sales or gained profit, whereas relational value is measured in terms such as loyalty,



commitment, trust, and satisfaction (Kuan & Chau, 2001). Customer engagement means that a customer is willing to perform a task for a company (Hollebeek, 2011). Hence, on social media this could, for example, involve comments, 'shares', 'tags', 'likes', reviews, etcetera.

According to Grönroos (2002), value is co-created through interactions between a company and client. Thus, if a company believes that customer engagement has the ability to generate value, the company also has to be willing to invest time and energy in order to engage. For example, when a company provides a high-quality service, clients are more willing to go to the company's Facebook page, and write a positive review. That review at the same time carries value back to the company in terms of positive word-of-mouth.

One of the main barriers for SMEs to adopt online relationship marketing is the lack of measuring capabilities. Therefore, the willingness to invest time, money, and energy in driving and managing online customer engagement further uncovers their attitude toward online relationship marketing. Therefore, a part of the interview was a discussion on customer contact, customer feedback, interaction, and how they identified value.

#### *3.2.4. Interview schedule*

Semi-structured interviews were conducted with ten SME managers and owners. The interview schedule was structured based on literature presented and discussed in the previous section. The interview schedule was designed in such a manner that it could explore the attitudes and experiences of SMEs with regards to their adoption and use of online tools and channels. Furthermore, the fluid structure enabled flexibility, which allowed the participants to raise other issues related to their use of social and new media during the interview. This contributes in establishing which aspects the respondent find most important, allowed for a more detailed discussion of themes, and enabled the exploration of new themes. The interview schedule was divided into five topics, namely: (The interview schedule can be found appendix 1)

- 1) Motives/barriers that led to the (non) adoption of digital communication channels;

- Participants were asked about which digital tools or channels they use, why they chose to adopt these, and the perceived challenges and benefits they considered when adopting these technologies.
  - (Innovation diffusion, behavior)
- 2) Managing digital media to acquire new customers retain existing customers;
- The second set of questions revolved around the online marketing practices they employed to attract, maintain and enhance customer relationships. Within this topic, interviewees were asked about the general ways in which they use digital media to communicate with customers. Due to the risk of merely validating the assumption that they, in fact, use online channels to build and nurture customer relations, specific referrals to relationship marketing in the questioning are initially avoided as much as possible in this section. Rather, this part of the interview is also meant to subtract the importance they assign to using online media for customer relations purposes through their discussion on online tactical and strategic considerations. More importantly, it allows for a complete and exhaustive description of the online strategies and tactics.
  - (Online relationship marketing)
- 3) Online impact
- The third set of question focused more specifically on customer relationships with an emphasis of how they recognize, monitor, and use value created through their online communications and interactions. This set of questions focuses on the ways in which they perceive their use of digital media to generate value.
  - (Customer engagement, relational value, business value)
- 4) Future and intended use of online channels;
- The fourth set of questions focuses on the impact and limitations of their online communication management. It includes a discussion on how they perceive the future with regards to their use of digital media to interact with prospective and current clients, and what they believe can be improved.

Discussion on the future and use of digital media uncovers their attitude toward adoption that has not (yet) occurred

- (Innovation diffusion, behavior)

### ***3.3. Data analysis***

#### *3.3.1. Qualitative content analysis*

Hsieh & Shannon (2005) describe qualitative content analysis as “research method for the subjective interpretation of the content of text data through systematic classification process of coding and identifying themes or patterns.” (Hsieh & Shannon, 2005, p. 1278). Similarly, Cohen, Manion & Morrison (2007) describe qualitative data analysis as a process of organizing, accounting for, and explaining text data. The authors argue that researchers using qualitative data analysis should make sense of the data in terms participants’ definition and perception of a situation while looking at patterns, themes, categories and regularities (Cohen et al., 2007).

Taking into account the definition of Hsieh & Shannon (2005) and Cohen et al. (2007), it can be argued that qualitative data analysis necessitates a detailed examination of data while looking for themes, commonalities and irregularities in order to make sense of what is meant and expressed. This argument is supported by Boeije (2010), which states that qualitative data analysis includes the segmentation of data in order to compare segments. This process of segmentation and comparison should be aimed at transforming the data into findings. Looking at the nature and aim of the study, I would argue that qualitative content analysis is highly useful for exploring the SME owner/managers attitudes and perceptions. This type of analysis will enable me to make sense of the data in order to make inferences regarding SME communication management and technology adoption.

#### *Directed approach*

According to Hsieh & Shannon (2005) there are three approaches toward qualitative content analysis, namely 1) conventional, 2) directed, and 3) summative. The authors argue that all three approaches are used to “interpret meaning from the content of text data”. However, the main differences of between these approaches are the coding processes, and challenges to the trustworthiness of the analysis. In

conventional approaches, codes and coding categories stem directly from the data (e.g. grounded theory). Whereas, summative approaches involves counting and comparing key words or content in order to interpret the underlying context (e.g. latent content analysis). The present study will take a directive approach by using template analysis. For content analysis with a directed approach, the analysis starts with a theory or relevant research findings that function as guidance to come up with initial codes. Hence, one could argue that it is an inductive research method with a deductive category application.

The decision to take a directed approach stems from the study's main aim, which is to contribute to the existing literature on online marketing within the SME context. Although there is a growing body of research on SMEs and digital marketing, the existing theories on technology adoption and relationship marketing in the SME context might benefit from an exploration of the attitudes and practices of SMEs through personal accounts of SME owners/managers. Conventional and summative approaches also aim to make theoretical inferences, but these approaches are less focused. The drawback of conventional and summative approaches is that the researcher might lose sight of the objectives, and presents the risk of having a considerable gap between the theory and findings (Hsieh & Shannon, 2005).

On the other hand, Hsieh & Shannon (2005) argue that although a directed approach provides the researcher with focus, it may present risk of bias toward the data. Researchers may tend to focus on data that validates existing theories while disregarding other data. Therefore, to minimize the risk of disregarding data that, at first glance, may not seem to contribute in answering the research questions, I employed template analysis. Since template analysis includes hierarchical coding, I was able to analyze the data in a focused manner by using high-level codes, and add nuances through low-level codes. I will discuss template analysis and the coding process more elaborately in the following sections, but I will first briefly explain the transcription process and the initial stages of analysis.

### *3.3.2. Transcribing*

All of the interviews were recorded and fully transcribed. According to Folley (2012) the quality of the transcripts is highly important. It is described as more than just a simple administrative task. According to the author it is an interpretive qualitative process in which the differences between oral speech and written texts uncover a number of practical and principle issues Folley (2012). The author further explains that the transcription process from live speech to transcription is made up out of two separate constructs. Both are subject to interpretation, and loss of certain communicative elements. Firstly, the process from a live interview to an audio recording loses the body language such as gestures and postures. The second abstraction happens when the recorded conversation is transcribed into text. According to Folley (2012) this part of the process loses elements such as the tone of voice, the intonations, and the breathing. Moreover, the author argues that a transcript is merely one interpretation of an interview. The author states that words can be misheard or left out which may result in assigning a different meaning to what was actually meant by the participants. Kvale & Brinkman (2009) agree by stating that a transcription can never be a mirror of the interview, and that aspects such as irony can be lost in the process.

### *Getting to know the data*

After transcribing the interviews, I read all of the transcripts two times in order to immerse myself in the data. Then, I wrote a short summary per interview in which I briefly described topics ranging from the background of the participant to the general attitude of the participant regarding communicating online that I discerned from the way in which the participant spoke about the subject, and which aspects the participants tended to emphasize the most. Coding presents the risk of removing fragments of the transcription text from its context, which may result in some loss of meaning (King, 2012). Hence, the summaries functioned as a way to minimize this risk. The short summaries facilitated me to place text within the context, and to get a better grasp of why participants stated what they stated. After the initial process of analysis, I analyzed the data using template analysis. I will discuss the coding and analysis processes in the following sections.

### *3.3.3. Template analysis*

After conducting the interviews, the recordings were transcribed and analyzed systematically by employing template analysis. Template analysis can be understood as a method to provide structure to the analysis of the interview data in order to report the findings in a comprehensive manner. According to Carter (2014) template is a flexible technique, and it is useful for exploring relationships and patterns in the interview data. Thus, it can help describe its meanings, and it enables comparing the perspectives of the different participants within the context of online relationship marketing.

Over the last decade, template analysis has increasingly been applied in health and organizational research. It is an approach to analyze qualitative data, and can be used with different methodological approaches (King, 2012). King (2012) states that the basic principle of template analysis is that a researcher produces a list of codes, which is called the template. The coding template represents the themes, codes, and sub-codes that could be identified in the textual data. According to Folley (2012), template analysis can be understood as a method of analysis that lies between more deductive qualitative approaches such as matrix coding, and more inductive approaches such as grounded theory or phenomenological enquiry. Template analysis is mostly applied in qualitative studies analyzing interview data derived from a total interview time between 10 and 20 hours (King, 2004). Thus, it was also appropriate for the present study, since I conducted 11 interviews that lasted approximately one hour each.

Within template analysis and other qualitative methods, a code can be understood as a label that a researcher attaches to a section of text in order to categorize it. The code relates to a theme or issue in the data that the researcher recognizes as important to his or her interpretation (King, 2004). In her article Boeije (2010) suggests that researchers should aim to explain what is meant instead of merely looking at what is said. Researchers should investigate what each bit of data represents, and how this relates to any specific theory functioning as part of the study's framework (Boeije, 2010). Moreover, the author emphasizes the importance of remaining open minded during the analysis and interpretation process. Therefore, I took into account the distinction between descriptive coding and interpretive coding.

According to King (2004), and as the term already indicates, descriptive coding is merely aimed at describing the words, phrases, and sentences that were said. Interpretive codes, on the other hand, are used to go beyond merely describing by reading between the lines. According to Boeije (2010) data should be challenged, extended, supported, and connected. For the analysis, I mostly applied interpretive coding, but I also used descriptive codes when participants, for example, listed the social media platforms they use and intend to use. However, through interpretive coding I could explore why participants use and want to use certain platforms.

The decision to employ template analysis is the result of deliberation and comparisons of the different qualitative analysis techniques. Looking at the nature, aim, and scope of the study, it can be argued that grounded theory as presented by Strauss & Corbin (1994) is also an appropriate data analysis technique. Similar to template analysis, grounded theory is concerned with identifying patterns and constructing meaning by systematically analyzing data through a coding process. However, grounded theory specifies a different coding process as oppose to template analysis. A researcher using grounded theory performs open coding, axial coding and selective coding (Strauss & Corbin, 1994). This coding process may allow the researcher to systematically analyze the data in order to build new theories. One of the drawbacks of grounded theory, however, is the risk of losing focus, and a disconnection between theory and findings. Template analysis, on the other hand, is useful for adding structure and focus to the analysis through the use of *a priori* codes and hierarchical coding. Thus, both template analysis and grounded theory are, to large extent, inductive approaches that enable researchers to interpret and assign meaning to qualitative textual data through a systematic coding process. The main difference is how the findings can be structured. Instead of open coding, axial coding, and selective coding, template analysis emphasizes the use of *a priori* codes, hierarchical coding, and parallel coding (King, 1994). According to King (1994) the use of *a priori* codes is the most distinct feature of template analysis that sets it apart from other inductive methods such as grounded theory and phenomenological enquiry.

Template analysis enables the researcher to have *a priori* categories. This means that I produced a list of possible or expected themes after reading the

transcripts. This part of the analytical process appeals to the researcher's common sense and knowledge of relevant theories (King, 2004). I listed the expected themes that I deemed possibly useful contribute to theories on technology adoption and online relationship marketing. I did this by reading the transcripts while taking into account the study's topic, aim, and theoretical foundation. As mentioned, the danger of a directed approach such as template analysis is that it may cause the researcher to become over-sensitized to material that 'fits' neatly into the template, and neglect those which are difficult to place within the template (King, 2004). In order to avoid making assumptions that might jeopardize the inclusiveness and validity of the analysis, I decided to produce the initial template after conducting preliminary open coding on a few transcripts.

Constructing the initial coding template poses the two-fold challenge of selecting the right amount of initial codes. On the one hand, selecting too many predefined codes may blinker analysis (King, 2004). King (2004) argues that this may prevent the researcher from considering data which conflict with the researcher's assumption. On the other hand, starting with too few initial codes may leave the researcher without a sense of clear direction, and feeling of being overwhelmed by the mass of rich and complex data (King, 2004).

The initial template is revised through the ongoing process of coding. Although the template was applied to the process of coding, it is also shaped through that same process. Hence, defining the template and performing the analysis are not two distinct tasks, but rather a continuous and evolving process (Folley, 2012). After producing the initial template, there were themes that did not fit the template structure, codes that did not fit the themes, and text that did not fit the codes. Therefore, I revised the template numerous times by recoding the data. King (2004) identifies a number of practices researchers using template analysis can employ to revise the initial template. First, a researcher can insert a new code, so this is when a researcher recognizes a relevant piece of text that is not covered by any existing code. Second, if a defined code is found to overlap to a relatively large extent with another code, it can be removed. And third, if a code is too narrowly or too broadly defined to such an extent that it does not contribute to any real understanding, a research may choose to redefine the code at a lower or higher level



(King, 2004). High-level codes may also be transferred to a sub-category, or another high-level category if the researcher interprets that to be most appropriate (Folley, 2012). The final coding template emerged when I estimated that the amount of time and energy of recoding the data again would not be 'repaid' in terms of the potential additional contribution to my understanding of the data. The final coding template can be found in appendix 1. The following section presents the main findings.

## 4. Findings

The next sections explore the research findings. The below table provides an outline of the main research questions and themes. It is important to note that the exploration of a research question does not exclusively pertain to the theme to which it has been assigned in the below table. Although a theme predominantly discusses findings in relation to the assigned research question, other themes may also address relevant findings that help answering the research question.

Research question	Theme
RQ 1: What drives and/or inhibits SMEs to adopt certain online tools and channels?	Theme 1: Attitude Toward Adoption
RQ 2: Do SMEs manage digital media to attract, maintain, and enhance customer relationships? And, if so, in what ways?	Theme 2: Strategy & Tactics
RQ 3: How do SMEs perceive the role of customer engagement in co-creating business value and relational value?	Theme 3: Value Co-Creation

### 4.1. Attitude Toward Adoption

The first theme focuses on findings in relation to participants' s attitudes toward technology adoption. Drawing on literature on technology adoption, the findings showed that participants expressed motivations on an individual level, and on an organizational level. On an organizational level, participants predominantly took into account; 1) customer expectations, 2) service/company-platform fit, 3) competitor activity, and 4) expected organizational benefits, whereas on an individual level it was mostly focused on; 1) personal experience with a platform, 2) taking pleasure in participation, 3) compatibility between platform and personal identity, and 4) feelings of social pressure. Diffusion and behavioral adoption concepts were implied on both levels. Moreover, resources used in terms of time, energy, and money spent were

considered on both levels. The following sections will explore how these findings intersect, relate, and contest each other by drawing on examples and focusing on relevant theories.

#### *4.1.2. SME Owner/managers as end-users*

The role as end-users had a substantial influence on SMEs' decision to adopt online channels. TAM model as presented by (Davis, 1986) helped me making sense of the data by unraveling in which ways perceived usefulness and perceived ease-of-use were expressed in interviewees' description of why they decided to adopt certain channels. Similarly, UTUAT also focuses on ease-of-use and perceived usefulness, but includes concepts such as experience, and social influence (Venkatesh & David, 2000). The findings showed that personal experience, comfort, pleasure of SME owner/managers mostly had a formative role on their attitude toward adopting Facebook as communication tool.

Facebook is a social networking site, and was by far the most frequently and elaborately discussed platform. Motives to adopt Facebook were predominantly focused on interviewee's personal experience and comfort with Facebook. All of the participants (some more involved than others) had a Facebook account in place. It appeared that the reasons for adopting Facebook strongly emphasized participants' personal interest of and experience with the platform. Most of the participants indicated that they already had a personal Facebook account before, which diminished the threshold to create a corporate account. Participants further explained that they decided to use Facebook as communication tool, because they take personal pleasure in participating on Facebook.

However, attitudes toward other online tools such as the website, Pinterest, Twitter, and e-mail were mainly formed through organizational and external considerations. Comfort, experience and pleasure were the main motivators for adopting Facebook, whereas considerations such as customers or competitors were not explicitly discussed. Other social platforms, however, were talked about in relation to external and organizational factors such as social pressure. This can be explained by seeing the interviewees as end-users themselves that had already established contact with the platform. Their decision to adopt Facebook occurred

before deciding to adopt Facebook for business purposes, and due to the high level of personal involvement in the company, the boundaries between the individual and organization were blurred. Therefore, when interviewees were asked why they decided to use Facebook they drew from their prior experiences of Facebook. The time factor as used in Roger's (1996) theory of innovation diffusion is, therefore, also helpful in explaining the participants' adopter stages. When Facebook was discussed outside the context of initial adoption, and in relation to other platforms, it became apparent that there was a considerably strong focus on external, organizational and technical factors such as the desire to stay in contact with clients, gaining credibility, and valued platform characteristics.

Interviewees indicated that they feel a stronger connection with Facebook than with other social media such as Twitter. This was due to the fact that participants valued Facebook's characteristics more so than other platforms such as the visual and technical design of Facebook. Interviewees believed that Facebook offers a comprehensive user interface that enables creativity and dialogue, which interviewees felt were missing in other social media platforms. Thus, taking into account TAM, the participants' personal interest, know-how, comfort, perceived ease-of-use, and perceived usefulness of Facebook shaped SME owners' attitude toward adopting Facebook for business purposes. Moreover, personal interactions and experiences with the platform diminished the threshold to adopt Facebook.

On the other end of the spectrum, participants discussed their decision to adopt social media together with other media on an organizational level. These discussions focused on the fit between the company/service and platform, and customer expectations, and indicated that they were motivated to adopt different channels for integrated marketing purposes. This will be discussed more elaborately in the other themes.

It was also found that the interviewees that addressed organizational concerns were motivated to adopt social media in terms of the perceived value that these platforms could offer the company such as gaining organizational legitimacy and extending their service. It was interesting to find that most of the participants mostly did not address any concerns toward their competition in terms of adoption, but rather focused on their own potential of creating value. Competitors were mostly

discussed to indicate their level of success in comparison to them, but not to compare their activities. To illustrate, AH stated:

“With Facebook, when you look at your competitors, and compare that to your own statistics, you can see that you’re better than them. With Twitter you don’t have that.” (AH)

Facebook’s feature that shows statistics on the reach and impact of social media updates was frequently mentioned, and, for some also played a part in deciding to adopt Facebook as oppose to other platforms.

#### *4.1.3. External influences as motivator and inhibitor*

Drawing on the interview data, expectations worked both as motivators as well as inhibitors in SMEs’ attitude toward adoption. On the one hand, participants stated that the social expectation to participate caused them to feel pressured to adopt certain social media platforms, which caused demotivation, whereas customer expectation was shown to motivate other SMEs to adopt channels. It appeared that participants explaining their attitude toward adoption on an individual level perceived expectations as inhibitors, whereas those reasoning on an organizational level explained that their decision to adopt social media was positively influenced by the desire to address consumer needs. During a discussion on the participant's future and intended use of social media, AH, owner of a beauty salon, stated:”

” I don’t feel any connection with Twitter, but with Facebook I do. This makes it harder to start using Twitter, because I feel like that’s something I have to do. I see Twitter as advertising spam.” (AH)

In this case, the interviewee perceives social expectations as an inhibitor to adopt Twitter. She feels no personal connection with the platform, and therefore decides not to adopt Twitter as communication channel. In contrast, during a discussion on why the participant adopted Facebook as communication tool, HS, owner of a real estate agency stated:

“We started using social media, because nowadays clients expect that. Our clients want their houses to be sold in a professional manner. They expect you to make good pictures of their house, they expect you to write a good text of their house, and they want you to have a social media page.”

As oppose to AH, HS expresses how he perceives the company’s presence on social media as part of the service. His statement indicates that the interviewee perceives the use of social media as part of addressing consumer needs. In this case, external influence is not seen as an inhibitor, but rather as a motivator. However, it should be noted that these statements were from different discussions. AH was talking about future and intended use of platforms, while HS was discussing adoption that had already occurred. Nevertheless, it exemplifies how the interview data revealed different responses to external influences such as customer expectations, peer advice, and competitor activities. Moreover, HS’s statement illustrates the ways in which SMEs can extend their service using online media.

#### *4.1.4. Combination of website and Facebook*

The company website together with a Facebook account was seen as a basic and obvious combination. With regards to the adoption of a website, the interviewees’ motives were mostly concerned with perceived technical and organizational benefits, and credibility concerns. First, Interviewees valued the fact that the website offers an open system on which homegrown applications can be implemented. For example, one of the interviewees, a sleep and vitality coaching company, had implemented a tool on his website that allows visitors to fill in a form about their sleeping behavior. Based on the visitor’s personal data, the application would give immediate feedback regarding their sleeping profile, and the possible nature of his or her sleeping problem. The data from the test is automatically stored in a database, and is used for quality improvement and service customization. This indicates that the interviewee adopted the website with a recognition of its technical potential. Moreover, the website was valued for its ability to extend their service by reaching those without a

social media account. To illustrate, HS stated:

“The website is useful for offering an extra service to clients, especially the clients without Facebook, or whatever. On our website, people can sign up for the newsletter and download our online magazine. The link to our magazine is also published on our social media platforms, but, as I said, those without a social media account can easily access it on the website.”

This statement points to the company’s integrated marketing approach, and how it is used to address the needs of their clients by providing them extra service as oppose to merely promoting the company. Interviewees identified the website and Facebook as a basic necessity to be perceived as credible, and to facilitate interactions between the company and their clients. Only one interviewee indicated that they did not have links to their social media platforms on the company website, and recognized this as a weakness.

The company website was adopted as part of the companies’ integrative marketing strategy. Company website was valued due the openness of the system, which allows SMEs to integrate homegrown applications. Participants also valued its ability to be linked to their social media accounts using social media buttons. Focusing more on consumer needs, participants also decided to adopt the company website in order to reach current and prospective clients that do not have a social media account.

## *4.2. Strategy & Tactics*

The second theme focuses on the SMEs’ online communications practices and strategies aimed at co-creating business and relational value. According to Wang (2013), businesses need to have well-developed strategy in place before conducting online integrated marketing practices. An interesting finding is that only one out of ten interviewed businesses have a strategic plan in place. However, from the interview data, it becomes clear that this does not mean that the other businesses necessarily have a disengaged approach toward their online communication practices. Interviewees without a predetermined strategy explain how they mindfully

exploit platform characteristics, and are able to characterize effective communications within the overall social identity of the SME. Interviewees recognize that it is important to provide consistent brand messages, encourage dialogue, offer an extension of the service through different channels, and ensure interconnectivity between channels for purposes such as search engine optimization. Furthermore, it was found that some SME owners/managers cleverly maneuvered between issues such as authenticity concerns, platform regulations, and their personal stance on relationship marketing practices.

#### *4.2.1. Consistency is key*

From the interview data, it becomes apparent that the interviewees find it highly important to create a consistent and unique identity. Often this was discussed in the context of the relationship between online and offline branding. Interviewees indicated that their online presence should be a reflection of how clients experience their visit to the physical location of the company, or their face-to-face contact with the service provider. The way in which they write e-mails, post on social media platforms, and design of the website should all be consistent, and should reflect the personal identity of the owner, or the company identity. However, the ways in which the interviewed businesses attempted to produce such a unique identity was generally not a result of explicit strategic planning, rather it was mostly naturally developed over time, and a result of the owners' personal convictions, interests, and thought-processes.

The interview data shows that the SMEs mindfully maneuver their way around the web in order to generate leads, engage their existing network, and personalize/customize connections. In terms of customer acquisition and customer retention, SMEs manage their online channels based on the principles of integrative marketing. As discussed, integrative marketing recommends consistent brand messaging on all channels, both traditional and non-traditional (Schultz et al., 2012). The findings indicate that most participants lack a strategic plan. However, through their discussions on their online approach to attract new and retain existing customers, it becomes apparent that all of the participants assign great importance, and invest a considerably large amount of time and energy in establishing



consistency within and between different channels. Consistency can be expressed through the level of consistency in choice of wording, colors, and type of imagery on all channels, but it was also described along the lines of activity consistency, meaning that participants expressed the need to update and optimize their website and social media consistently. While some participants indicated that updates once a week was the absolute limit, others advocated for multiple updates per day. Thus, frequency of updates may differ, but there was a consensus on the importance of consistency.

Participants explained that between-platform and within-platform consistency is useful for generating new leads, because it helps them to climb the ladder on the Google results pages and other search directories. Besides search engine optimization, content and activity consistency are described as ways to build credibility, and brand awareness. CT, owner of the yoga studio, stated:

“Personally, I’m very visually oriented. I like creating unique concepts that work. So, if people look at my website or Facebook page, I want them to have the same feeling as when they visit the studio. I think that’s really important. That it’s recognizable and unique. In Amsterdam, you have a lot of studios, but they all look like spas. Yes, OK, that looks nice, neat, chic, but they miss that personal touch. I miss the edginess. You know what I mean? So, that is why I really thought about: ‘Who am I as a person? And, what do I want to send out?’”

The statement uncovers many elements in relation to the integrated marketing practices that emerged from the data. She sees her studio, Facebook and website all as channels that work together to create unique and consistent brand messaging. This illustrates how SMEs not only manage their brands, but also how technologies, competitors, and customers, and physical places intersect and work together within this process. Whether CT was able to gain wider acceptance among the network is unclear. The finding that participants actively manage multiple channels to create a brand resonated throughout the data. Although some participants showed a higher level of involvement and willingness to invest in SME’s branding practices, each participant had a clear conception of who they were, what the company stood for,

and how they wanted to express this through coherent and consistent messaging between and within channels. According to Wang (2013) the three key elements of integrated marketing planning, namely 1) long-term perspective, gaining competitive advantage, and the scope of activities. Although participants did not have strategic plan in place, Wang's (2013) classification resonated throughout the data. Besides branding, integrated marketing practices were also employed to generate web traffic.

#### *4.2.2. Avoid being perceived as blatantly commercial*

According to Kietzmann et al. (2009) the growing use of social media as communication tools between businesses and consumers, and more importantly between consumers and other consumers have altered the dynamics between brands and consumers, and, thus, ultimately also how business-consumer relationships are shaped and sustained. As discussed in literature section, Fournier & Avery (2010) suggest that social media are spaces designed for social interactions between consumers, which may cause brands to be perceived as uninvited in the online social environments. Looking at the interview data, it becomes clear that there is a strong consensus between the participants regarding their attitude toward using social media purely for promotions. In one way or another, implicitly or explicitly, participants recognize that overtly promoting the company on their social media accounts is inappropriate, and may lead to a loss of business or relationships. To illustrate

Tactics used to avoid being perceived as overtly commercial varied among participants. Although the concern was shared between participants, each had their own techniques in order to create and/or uphold an approachable social identity. In a few examples these tactics were used to attract more customers. However, establishing an authentic social identity as opposed to an inauthentic commercial identity was mainly discussed with regards to maintaining existing contacts and relations. Nevertheless, participants also avoided being seen as blatantly commercial with the intention of generating sales, and increasing brand awareness. For example, DH, owner of a fitness company shares health advice on its website and on social media as part of the service. He explains a tactic that is aimed at generating more web traffic while minimizing the risk of DH being seen obtrusive. He

states:

“On one of those Facebook pages like Commodity Market where people sell stuff to each other, you are not allowed to post promotions. What I do is I post one of our recipes without a link to the website or Facebook pretending that I’m just sharing what I had for dinner or whatever. And, then, when someone comments on that post, I respond and add the link in my comment. That is how we got our first 1000 likes.” (DH)

This shows how DH turned a structural limitation into a marketing opportunity. In this example, D.H. uses an online space that is inappropriate for businesses due to its regulations and general peer-to-peer orientation. Yet, he effectively used this space to generate new connections without being regarded as overtly commercial. The risk, however, is that consumers would find out about this approach, which could result in negative word-of-mouth, loss of trust, and a termination of customer relationships. This finding corresponds to the argument by Fournier & Avery’s (2010) that brand value is driven by risks instead of returns, and that the advent of social media has changed marketing from sales advertising to public relations.

DH’s statement exemplifies how SMEs can create value by taking risks. DH took a considerable risk. Yet, the tactic resulted in increased brand awareness and new connections. As business owner, DH framed the source of the promotional message as being unplanned, which enabled him to act as a fellow consumer. This led other consumers in the network to perceive the message as credible. According to Duncan & Moriarty (1996) unplanned messages such as word-of-mouth are seen as the most credible source. This also shows evidence to support the argument by Fournier & Avery (2010) in which the authors argue that online marketing takes on the form of public relations. In a way, DH’s tactic can be seen as the equivalent of a publicity stunt used in public relations in which organizations seek publicity by staging newsworthy events. I would not describe the post as a newsworthy event, but it was a staged event that had the ability to spark awareness and interest in DH’s company.

Other tactics employed to minimize the risk of being seen as commercial

stemmed from the participants' role as end-users. To illustrate, RG, owner of the driving school stated:

“I personally hate seeing promotions on Facebook. That is also why I am aware of what I post and what I don't post. I like to post stuff that I know people would like to share or comment on. That could, for example, be a picture of a puppy or a cool holiday picture. Just as long as it's something that says something about me, what I like, or am excited about.”

This statement indicates that RG recognizes the risk of being overtly commercial on social media platforms, because he as end-user of Facebook himself has personally experienced feelings of annoyance when exposed to promotions and advertising on Facebook. With regards to how he uses his experience to manage the company's social media communications, the statement indicates that he strives for authenticity and interaction. He stated that due to the nature his services (driving lessons, usually 2 hours a week during a period of approximately 4 months) he establishes close relationships with his client. RG's approach to social media strongly expresses his personal interests rather providing communication related to service/company relevance.

As mentioned research on SMEs and social media has indicated that customers of SMEs tend to see smaller businesses more as a friend, and take pleasure in supporting small business owners (Vorvoreanu, 2009). From the statement, it can be derived that RG assumes the role as 'friend' by strongly distancing himself from anything related to promotions, or his service.

#### *4.2.3. Advertising on social media*

Although participants were sensible toward being overtly commercial on social media, the data revealed that participants use targeted ads on Facebook to generate web traffic and increase brand exposure. Interviewees indicated that online advertising on social media is not necessarily inappropriate, and can be successful in terms of generating leads and creating exposure at a low cost. For example, CT

had a positive attitude toward the cost-effectiveness of sponsored ads on Facebook. She stated:

“Look, I reached 10.000 people. I have 30 likes, 8 comments, and 8 people that shared it. And, most importantly, 296 people clicked on the website link. That’s a lot! And all that with only 25 euros.”

This statement also points to her identification of value. In the interviewee’s perspective it seems that the post’s statistics and return-on-investment equals the perceived level of the initiative’s success. CT’s identification of success seemed to resonate throughout the interviews. Most participants referred to the number of likes, shares, and comments when discussing their perceived success.

The following theme discusses findings related to how SMEs identify value created as outcome of their online participation, and the role customers play in creating this value.

### *4.3. Value Co-Creation*

According to Gronroos’ (2012) discussion on value co-creation, value is produced through an interactive communication process between companies and customers. Interactions such as service feedback have the ability to generate benefits in terms of creating relational value and business value. As discussed in the theoretical background on the nature of social media, it was outlined that social media possess a number of benefits for companies, and SMEs in particular. One key opportunity is that companies can leverage the interactive nature of these platforms to drive dialogue, interactions, and collaboration, which, in turn, co-creates value for both the company and the customer (Robinson, 2012). Online interactions enable insight into customer behavior, interests, and preferences at a relatively low cost (Robinson, 2012). The following theme presents the findings relating to how interviewees identify value created through their relationship with clients.

#### *4.3.1. Driving online interactions*

All of the interviewees identified the value of online interactions and dialogue in one way or another. However, participants’ discussion of this topic revealed that some

interviewees found the level of interactions disappointing, whereas others were quite satisfied with the level of interactions on their social media accounts in the form of likes, shares, and comments.

Those with a relatively positive perception discussed a variety of reasons that they believed contribute to their online success in terms of customer responsiveness, and engagement. The main reasoning revolved around content quality and consistency, but also the willingness of customers to associate with the company.

On the other hand, there was the finding that, while most participants saw the value in online interactions, some stated that they perceived the level of online interactions as disappointing. Some interviewees attributed this to their managerial limitations such as not having enough time to update frequently, whereas others stated that the nature of the service could be an explaining factor as to why the frequency and richness of online interactions was could be regarded as limited. For example, RL, owner of a consultancy that mainly provides sleep coaching, explained that the taboo surrounding sleeping problems has an influence on the level of visible online interactions on social media. He stated:

” That [limited number of comments on posts] has everything to do with the fact that there is still a taboo on having sleeping problems. On LinkedIn I also notice this, because on LinkedIn there are both employees and employers. If you as employee comment on one of our posts saying ‘Hey Talja, or Hey Ricardo, I have also been having sleeping problems over the last six months. His or her employer can read that and think: ‘Aha, so that’s why you are having problems at work. You’re not sharp anymore, because you are having trouble sleeping’. So, what happens is that people don’t directly comment on a post, but they comment on the post via a private message”

This is statement was part of the discussion on whether the participant recognizes a difference in the nature of communication on social media as oppose to other types of communications such as e-mails, and if so how he notices and potentially manage this. As previously discussed, Pridmore et al. (2014) argued that communications on social media can be distinguished from communication via new media due to their

increased visibility and sociability. The statement illustrates that the visibility of social media can have an impact on the type and level of online interactions.

Although the RL's communication management is able to drive dialogue between his company and his customers, the fact that this happens through private messages limits the possibility of having open discussions on the platform. According to Grönroos (2004) relational and business value is not only co-created through business-customer interactions, it is also generated through customer-customer interactions. It can be argued that this type of interaction on social media in the form of tagging others, and sharing posts may hold considerable value for companies in terms of expanding their reach, gaining credibility, and creating brand awareness. Moreover, it is particularly relevant for service providers, because these interactions enable more in-depth insights into their customers' attitudes, behavior and preferences. The interview data showed that these interactions are used for service quality improvement and the personalization of relationships.

Among those that identified a lack of interactions, participants identified that stated that driving more interactions would be beneficial for the company, but they do not know to achieve this. Furthermore, these interviewees addressed the challenge of driving online interactions on their social media expressed concerns ranging from interviewee's perceived lack of expertise to limit of resources the interviewed SME was willing to spend. This was also reflected in the interview data.

#### *4.3.2. Customer engagement*

As previously mentioned Hollebeek (2010) defined a customer's engagement (CE) with a specific brand as "the level of a customer's cognitive, emotional and behavioral investment in specific brand interactions," and identifies the three CE dimensions of immersion (cognitive), passion (emotional) and activation (behavioral). The data showed that especially the element of activation was recognized and valued by the participants, meaning that they tried to produce shareable and interesting content in order to persuade their clients to 'tag', 'like', and comment. Hence, in that sense the participants attempted to 'activate' their clients, which, in turn is beneficial for the participants. Clients sharing or commenting gives them both of a feeling of recognition, and they also recognize that such interactions expand

their reach and have the ability to attract new customers. Among the interviewees, 'sharing' was perceived as the highest form of online customer engagement via social media. Therefore, participants assigned great importance to posting shareable content on their social media accounts. From the data, however, it appeared that there was little consensus among the interviewees regarding their perception of the nature of shareable content. It ranged from expression of personality to discussing trends. However, the main idea of shareable content was that it should be personal rather than commercial.

The perceived importance of producing shareable content to create brand awareness was particularly well illustrated in an example given by DH. DH is owner of a relatively new lifestyle coaching company. He started his business in November last year, and already outweighs all of the other participants in terms of the number of followers and connections on social media accounts. This happened more or less over night. He states:

"The event was like an oil stain. It got picked up, and shared throughout the Netherlands. During that event the number of likes increased sevenfold."

In this particular case, social media facilitated the SME to expand its reach considerably through viral marketing. However, although this created communication value in terms of building brand awareness, it did not necessarily create business value in terms of increased sales. Yet, DH stated that the gained exposure provides a good starting point and numerous possibilities to leverage the created relational value.

Another form of engagement that was discussed by the participants was tagging, which is also a form of sharing but with a specific person. Thus, it expands the reach of posts, but not to same extent as sharing. Interviewees valued this feature of certain social media platforms such as Facebook, and noticed that this form of customer engagement helps establishing new connections with potential clients in the same way as sharing. Again, participants explained that they try to enable this form of communication by creating shareable content.

Besides attracting new customers and engaging existing customers,



participants also valued online interactions in terms of enhancing the quality of customer relationships. The insights that these interactions facilitate are used by the SMEs to personalize relationships. As discussed, owners/managers of service-based SMEs tend to have more personal contacts with clients as oppose to owners/managers of service-based large organizations (Vorvoreanu, 2009). This was also reflected in the accounts of the interviewees, and discussed in relation to the ways in which the SME owners/managers perceive and manage online communications.

#### *4.3.3. Feedback*

According to Gronroos' (2012) discussion on value co-creation, value is produced through an interactive communication process between companies and customers. Service feedback is also part of that interactive process, and has the ability to generate benefits in terms creating communication and business value.

From the interview data, it becomes apparent that participants assign great importance to service feedback both in terms of creating business value but also as a way to gain a sense of acknowledgment. Some actively ask for feedback, whereas others indicated that they do not solicit feedback. Those that do not actively ask clients to provide feedback mostly perceived this as a managerial shortcoming, and indicated that they should be more active in asking their clients for feedback. Those that do actively ask for feedback indicated that they mostly use it for commercial purposes in terms of gaining credibility. To illustrate, during a discussion on customer feedback RG stated:

“When they [clients] pass their driving exam I always tell them that I want them to write a review of the service. I can say I’m the best driving school in the entire Zaanstreek, but that doesn’t mean anything. So I tell them I want something honest, what they liked, what they didn’t like. I don’t make any changes to the text. When they send me their feedback I post it on the website and on Facebook. I add a picture of them and I tag their name.

The statement illustrates how participants identified the potential business value of consumer engagement in terms of gaining credibility. In this particular case, it appears that RG actively redefines his clients from passive recipients of the service to an advocate for his company. It illustrates how SMEs value customer feedback not only for service quality improvement purposes, but also for commercial purposes.

#### *4.3.4. Value vs. costs*

Though most interviewees identified the potential business value of driving customer responsiveness and engagement, the data revealed that participants varied in terms of in the willingness to invest resources to achieve this. RL noted that social media marketing seems cost-effective, but that the investment of time should also be considered. He states:

”Every hour we’re online is an hour we don’t get paid for. It’s easy to say that social media marketing is cheap, but, as an entrepreneur, time is money.”

This statement exemplifies the attitude of those participants that indicated that work is more important than online marketing. Others stated, however, that investing in online marketing is important for the company’s viability, because it enhances their reputation and credibility. However, online marketing is not seen as separate from their service, but rather it was discussed as two elements of the company that work together and strengthen each other. On the one hand, they aim to provide a high-quality service that clients want to provide positive feedback on via different channels, which, in turn enhances the company’s credibility. On the other hand, they invest resources in consistently creating shareable and engaging content that activate customers to ‘share’, ‘tag’, and ‘like’, which, again, enhances the company’s credibility, and expands their reach. The drawback of the latter, however, is that SMEs could not accurately identify the return-on-investment. Nevertheless, participants saw the value in driving online customer engagement, but varied in their level of willingness to allocate resources to digital marketing. Hence, providing a high-quality service combined with a trustworthy online presence was seen as the starting point of their online marketing approach. This was also reflected in

participants' answers to the question whether digital marketing was deemed vital for the company's functioning.

## 5. Discussion & Conclusion

### *5.1. Revisiting the research questions*

The study aimed to formulate answers to a set of research questions regarding SMEs' adoption and communication management. The following paragraphs revisit the research questions and provide answers based on the presented findings.

*Research question 1: What drives and/or inhibits SMEs to adopt certain digital media as communication tool?*

The findings reveal that SMEs are motivated to adopt certain channels based on personal experience with and know-how of the platform. Since SME owners/managers are personally involved on social media platforms, it diminishes the threshold to use it for their business. Most of the interviewees were the main decision makers that exerted a substantial influence on the company's adoption process, and are mostly personal users of social media platforms themselves, which blurred the boundaries between personal considerations and organizational considerations. However, organizational considerations when adopting certain channels took into account external influences such as customer expectations and competitor activity, and internal reflections such as platform-company fit, available resources, and the desire to extend the service using digital media to improve service quality. Main inhibitors to adopt other channels in the future revolved around willingness to invest more resources, social pressure, and lack of insight into the potential gain of adoption.

*Research question 2: Do SMEs manage digital media to attract, maintain, and enhance customer relationships? And, if so, how?*

Findings reveal that SMEs do manage digital media to create business value and relational value through marketing practices such as search engine marketing, integrated marketing, and content marketing.

First, in terms of attracting customer using digital media, SMEs used varying tactics to create brand awareness and exposure. To achieve this, SMEs were aware of their presence as commercial entities in the online social world, and, thus, avoided the

risk of being seen as overtly commercial. With regards to their content strategy this meant producing personal content as oppose to promotional content, authentic content as oppose to inauthentic content, and shareable content as oppose non-engaging content. These tactics did not necessarily pertain to the acquisition of new customers, but SMEs recognized that these types of content were more easily shared, and, thus expanded their reach. Furthermore, adopting the combination of Facebook and website was perceived to enhance credibility, which, in turn, enables the acquisition of new customers. Other tactics to acquire new customers revolved around content consistency for search engine optimization purposes. Although there was a clear aversion against using social media for commercial purposes, in some cases online advertising was deemed effective to generate leads and create web traffic. However, SMEs generally did not see the value of online advertising.

Second, in terms of retaining existing customers, SMEs also identified the importance of not being perceived as commercial through appropriate content and integrated marketing, but instead of focusing on expanding their reach to generate sales, SMEs focused on creating value for their customers. This meant extending their service by adopting home-grown applications on the website, updating social media accounts consistently with relevant information, and creating/upholding an approachable social identity that customers recognize, and want to identify with. SME owners expressed that the main idea of keeping customers engaged using digital media is by branding the company according to their personal identity as owner, or organizational identity as service provider.

In terms of enhancing relationships, SMEs highly valued feedback. SMEs used customer feedback for commercial purposes, but also for quality improvement. Social media were also used connect personally with clients to get an insight into their attitudes and preferences. Moreover, extending the service using different online tools and channels such as providing advice and information was also a way to improve the quality of customer relationships.

*Research question 3: How do SMEs perceive the role of customers in co-creating business value and relational value?*

The findings indicate that SMEs identify the importance of customer engagement in the co-creation of value both in economic and relational terms. SMEs actively solicited feedback and used that for quality improvement purposes and commercial purposes. Social media engagement in terms of 'shares', 'likes', 'tags', and comments was used to identify value, but also seen as important drivers of value in terms of expanding their reach and enhancing credibility. This form of engagement was perceived by some as limited due to the nature of the service, but also due their self-reported managerial shortcomings.

The idea that digital media marketing is particularly useful for SMEs due to its cost-effectiveness was subject to some nuances. Interviewees identified active and effective online participation as a time-consuming process. For small business owners time equals money. Therefore, the analysis shows that participants showed varying levels of willingness to invest time and effort in actively driving consumer engagement through digital marketing practices. For some, online marketing was seen as a key element of the company's viability, whereas others stated that online marketing was of lesser importance.

Providing a high-quality service was seen as the basis of consumer engagement, because this enables customer satisfaction. From their perspective, satisfied customers will more likely act as advocates through, for example, word-of-mouth, or sharing the company's posts as oppose to customers that are not completely satisfied with the service. Therefore, the main priority is providing a high-quality service. However, a high-quality service also means having a well-established online presence that informs and advises their clients. The dialectic relationship between service quality and consumer engagement illustrates how SMEs perceive the role of customers in the value co-creation process.

To this point I discussed the findings as they were reflected in the interview data, which composes the foundation for the discussion of these findings. The following sections discuss the findings in terms of how they relate to and contest existing relevant theories on SMEs and technology adoption, relationship marketing, and digital marketing.

## *5.2. Discussion*

The analysis indicates that Dutch SMEs that operate in the service industry leverage the possibilities of digital media to create both business value and relational

value. Although there may not be consensus between the companies as to how important they perceive digital media to be for their business in terms of creating value, each participant showed a certain level of understanding of what the effective online communication entails, and how they can use online interactions to their benefit.

The argument that the differences between smaller and larger business leads to a different attitude toward online marketing is to a large extent supported by the findings. According to Dust & Edvardson (2012) SMEs generally have a flat structure and an organic, free-floating management style that supports entrepreneurship and innovation. Moreover, the authors state that small businesses are generally less formal, and more flexible in decision-making compared to larger organizations. Additionally, Zach & Munkvold (2012) argue that SME owner-managers have a considerable power and the ability to enforce opinions and decisions. One could argue that due to these characteristics SMEs manage digital marketing adoption and management differently compared to larger organizations. The analysis shows that SMEs' decision to adopt certain communication channels is motivated or inhibited by the owners' considerations and experiences on a personal level. Additionally, SMEs' online communication management was partly formed by personal convictions and interests. Hence, motivations/inhibitions to adopt and SMEs' overall digital marketing approach were mostly not a result of strategic planning, but rather a result of the owners' personal perception of the potential gain, personal experience, and on-going fluid thought processes about effective communication.

Furthermore, it can be argued that the lack of a strategic plan corresponds to the Dust & Edvardson's (2012) characterization of SMEs as being flexible in their decision-making. A number of articles on online marketing, stress the importance of developing a well-thought-out-strategy (e.g. Wang, 2013; Schultz et al., 2012; Kietzman et al., 2009). For example, Schultz et al. (2012) argues that integrated marketing activities should be a result of thorough deliberation, creativity, and motivation based on the goals and objectives of the organization, its strengths, weaknesses, barriers, and opportunities (Schultz et al. 2012). In terms of content marketing, Holliman & Rowley (2013) agrees by stating that SMEs should determine what they exactly want to achieve, and how they want to achieve it. The analysis shows that SMEs might not have strategic plan in place as is advised in most articles, but they do reflect and actively contemplate on the

opportunities, barriers, goals of managing digital media to attract, maintain, and enhance customer relationships. It can even be argued that not having a completely developed strategy in place might even be the better option for SMEs in terms of effective communication management. Firstly, because developing a strategy takes time, and time equals money. The findings showed that this is a concern for some SMEs. And, secondly, it can hinder SMEs' online flexibility, because it might prevent SMEs from seizing opportunities that do not fit in the strategy. And, according to Fournier & Avery (2011) nowadays value is driven by risks. This was also reflected in the findings of how some SMEs employed risky tactics that resulted in increased brand exposure and awareness. On the other hand, developing a strategy might help certain SMEs that perceived the level of customer engagement as disappointing to drive online interactions more effectively.

The analysis showed that SMEs employed different tactics to drive online interactions, and identified the importance of their clients in co-creating value through their engagement. According to Heinonen & Strandvik (2005) the prerequisite for creating value through digital interactions is the extent to which consumers accept the medium, and sees value in it. The findings revealed that the nature of service could be a reason for a disappointing level of online interactions. The example given by RL showed that his clients accept and value the medium (LinkedIn), but are inhibited to communicate publically on that medium, rather they interact with RL through private messages. Heinonen & Strandvik (2005) fails to address the increasingly social and visible nature of Web 2.0, and how the distinct nature of social media affects the type of interaction. On social media platforms customer-customer interactions hold significant potential for SMEs in terms of expanding the reach through 'likes', 'tags', 'shares', comments, and etcetera. The main criterion, however, is that customers have to be willing to openly identify with the service/company, which can be difficult for certain types of services. Nevertheless, according to Grönroos (2002) all types of interactions co-create value, because if these are perceived as positive it can enable customer satisfaction, loyalty, and commitment, which, in turn, creates business value.

With regards to enhancing customer relationships, SMEs use customer feedback, and extend their service using digital media for quality improvement purposes. As previously mentioned, the dialectic relationship between SMEs' perceptions of service quality and digital marketing illustrates how SMEs perceive the role of customers in the value co-creation process. According to Grönroos (2002), the strength of a relationship



between service provider and client is measured in terms of the perceived service quality. When we place this in the context of online relationship marketing, it seemed that SMEs' online presence and activities were aimed at strengthening the service quality in order to create loyalty, commitment and trust. In turn, this has the ability to co-create business value when customers start to advocate for the company. Therefore, SMEs appeared to prioritize delivering high-quality services over investing in active online participation. Content marketing was a particular marketing practice used to enhance the service quality. By sharing relevant and interesting content, SMEs provided an extension of their service for free at a low cost.

### *5.3. Limitations*

One could argue that the validity of the analysis was limited due to the wide variety of participants with regards to the industries they operate in. Concentrating on one industry could have provided a more focused and valid analysis, because industries each have their own characteristics that impact the nature of communications between the companies and clients. This was also illustrated in the example of taboos hindering online interactions. Hence, it can be argued that the analysis would have benefitted from a more narrow scope in order to ensure validity. However, the aim of this paper was to present an inclusive account of how service companies take part in online relationship marketing practices.

Moreover, including secondary data analysis in the form of surveys or content analysis of the participants' online communications could have enabled a more thorough analysis. However, I decided not to include secondary data, because the study was specifically aimed at gather insights through the participants' personal accounts.

And lastly, my inexperience as interviewer may have affected the validity of the interview data. It was difficult to find a balance between guiding the interview to focus on relevant topics, and allowing open discussions to emerge in order to explore new topics. I tried to ensure the quality of conversation by re-evaluating the interview schedule. After conducting a few interviews, I was able to identify the pitfalls and change the schedule accordingly.

#### *5.4. Future research*

As with most qualitative research, much more data was collected than could be reported in the results section. Therefore, as researcher I had to make certain decisions regarding the specific elements of relationship marketing and technology adoption to emphasize.

The influence of SME owners as end-users of platforms on their company's social media approach might prove to be an interesting topic to explore further. The analysis showed that their personal use of social media platforms such as Facebook impacts digital marketing adoption and management. Thus, future research may investigate whether there is a correlation/relationship between SME owners' personal use of social media, and their corporate use of social media in terms of types of interactions or content. This can provide a better understanding of how SMEs manage social media marketing.

Moreover, SME owners were demotivated to adopt other channels, because they had no clear conception of how it could help them and their company. Therefore, research into online performance measurement can help SMEs making more refined decisions with regards to future adoption.

As mentioned in the limitations, the selection of participants in terms of the industry they operate in was quite diverse. Future research may focus on one specific industry or type of SME using a case study approach. The findings showed that participants to some extent attributed the disappointing level of online interaction to the nature of the service. Therefore, developing a better understanding of how industry characteristics relate to SMEs' online marketing can have substantial practical value.

#### *5.5. Conclusion*

The analysis reveals that SMEs mindfully conduct online communication practices to attract, maintain, and enhance customer relationships. In terms of attracting, SMEs emphasized: 1) the value of customer engagement, 2) establishing an appropriate online presence in the form of website combined with a Facebook account, and 3) consistency for search engine and branding purposes. Furthermore, retaining existing customer relationships was managed through different integrated marketing, and content marketing practices. However, the main idea behind the communication practices aimed at maintaining relationships was that digital media management should provide an extension of their identity as service provider. Hence, SMEs emphasized the

importance of avoiding being seen as overtly commercial to gain trust and commitment, and minimize the risk of losing relationships. And, lastly SMEs used digital media to enhance customer relationship by soliciting feedback for quality improvement purposes, and by providing a high-quality service. According to Grönroos (2002), customer satisfaction is a key determinant of the strength of service provider-clients relationships. Therefore, using digital media to improve the service also leads to a strengthening of relationships, which, in turn, has the ability to co-create business value and relational value.

SMEs' communication management, however, is not a result of strategic planning, but rather occurs fluidly through the manager/owners' personal thought processes and convictions about effective online relationship marketing practices. This was also the case for the SMEs' adoption process. Although SMEs addressed external influences, organizational characteristics, and innovation characteristics as motivator / inhibitor in the SMEs' adoption process, considerations on a personal level were formative for the ultimate decision to adopt and manage online channels and tools. To some extent, this can be explained by the close involvement of the owner/managers in SMEs' decision-making, combined with the owner/managers' role as end-users of social media platforms.

All in all, SMEs recognize and leverage the potential of digital media as communication tools to create and nurture customer relationships that ultimately enable the co-creation of business value. However, it also seemed that the level willingness to invest more time, energy, and money in adopting other channels or actively updating daily had a certain limit. It can be argued that this because gained business value as result of online communications is hard to identify in concrete terms, and for small businesses/entrepreneurs time equals money.

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## *Appendices*

### **Appendix 1: Interview Schedule**

#### Part 1: Decision to Adopt

From what I can see, I see that you have a website and [their other online channels].

1. Could you please explain why you or your company decided to use these specific online channels?
  - a. What benefits did you have in mind when you started using these channels?
  - b. What do you like or dislike of these platforms/channels?
  - c. What other aspects did you consider when you started using these channels?
2. What other channels besides the website and [used channels] do you use to communicate with customers?
  - a. For which purposes do you use these channels?
  - b. Why did you choose for this specific combination?
3. Which other online channels would like to explore and potentially use in the future? And, why?

#### Part 2: Online Relationship Marketing

1. Can you please provide a general description how you use digital media to communicate with your customers?
  - a. Why do you think this approach is important or effective?
2. Do you use online tools and channels to expand your reach and generate leads? If so, how?
3. Do you use digital media to stay in contact with existing customers/maintain your relationships? If so, how?
4. Do you use online communications to improve the quality of your service? If so, how?
5. Do customers give you feedback? And if so, do you use it, and how?
6. Can you please explain why you think it is important for your company to use online tools and channels to maintain relationships?
7. What do you think is important when communicating online with your customers?

#### Part 4: Online Impact

1. To what extent would you describe the ways in which you manage online tools and channels as effective? And, could you please explain why or why you don't think so?
2. Can you please give me an example of something you did on online that you are very proud of? Why are you especially proud of this example?
3. Has your online activity/presence improved your relationship with clients or your business in general in any way? How so?

Part 5: Future & Limitations

1. What other platforms would you like to explore in the future? Or, are you satisfied with the way things are now? Please explain.
2. What do you believe can be approved or done differently with regards to your company's use of digital media?
3. Are you satisfied with the current relationship you have with your clients? Please explain.
  - a. If not? How would you want to improve that?

Appendix 2: Coding template

Main Codes	Sub-Codes	Description Sub-Codes	Illustrative Quotation
<b>Attitude toward Adoption</b>	Individual	Any comments related to interviewees' personal stance on technology adoption	"I feel comfortable using it, and I like it" (CT)
	Organizational	Any comments related to organizational policies, limitations, human resources, management, culture, structure etc.	"Every hour we're online is an hour we don't get paid for. It's easy to say that social media is cheap to implement, but, as an entrepreneur, time is money." (RL)

	External	Any comments related to external influences on company's adoption process: consumers, competitors, and stakeholders	"At first, we were really concerned with 'what are they doing?', but we realized it's much more interesting to ask ourselves 'what do we want'?" (DH)
<b>Benefits and limitations of digital media</b>	Cost-effectiveness	Interviewees' recognition of platform-specific efficiencies, needed investment, expected returns etc.	"Look, I reached 10.000 people. I have 30 likes, 8 comments, and 8 people that shared it. And, most importantly, 296 people clicked on the website link. That's a lot! And all that with only 25 euros."(CL)
	Functionality & Design	Examples of the functional benefits of online channels such as scheduling posts, statistics, sharing, searching, liking, openness of system etc.	"With Facebook, when you look at your competitors, and compare that to your own statistics, you can see that you're better than them. With Twitter you don't have that" (AH)
	Searchability	Any references to the ways in which online channels can contribute to creating name recognition and search engine optimization	"You can hand out flyers on the street, but you can also do the same in the online world" (RG)
<b>Tactics</b>	Promotional activities	Using online channels for explicit commercial or promotional purposes	"I personally hate seeing advertisements on Facebook." (RG)

	Using online information to personalize offline communication	Any explanation as to how interviewees utilize online consumer insights to improve the existing relationships	“Eventually, when you have established that contact, you get an insight into how active they are, and also into what they do, so I can attune to that. What do I comment on? When not? How often?”(RG)
	Sending and accepting friend requests	Any comments relating to participants’ stance on personal friend requests of customers	“I don’t mind that clients send me friend requests.”
	Being consistent (activity)	Any comments relating to the attitude toward consistency in terms of frequency	“I try to limit the number of posts to once a week.” (MB)
	Best time to post	Any comments relating to the time of day at which participants believe is best to update social media accounts, and reasons behind it.	“We always try to post at around 8, 9 in the evening. We get more comments and likes around that time.” (DH)
	Content topics	Any references to the communications topics and their subsequent perceived value or impact	“Personal stories get 6 times more attention than other posts” (AH)
	Platform-specific sensibilities	Any comments related to the appropriateness of communication on certain platforms or channels	“Our e-mails are more written in a more formal tone. On social media it works better when it’s a bit

			more informal.” (HS)
	Quality of posts	Any references to the importance assigned to the quality of communication material	“We don’t take the pictures we post ourselves. It has to look professional” (MB)
	Search-engine optimization	Any comments that refer to how interviewees perceive/ manage their findability using online tools	“You can hand out flyers on the street, but you can also do the same in the online world” (RG)
<b>Strategy</b>	Reflection of identity	Any comments relating to the expression of identity on different channels	Personally, I’m very visually oriented and I like creating unique concepts. To present something that works. So, if people look at my website or Facebook page, I want them to have the same feeling as when they visit the studio. I think that’s really important, that it’s recognizable and unique. (CT)
	Authenticity	Any comments related to legitimacy/reputational concerns	“I don’t post or comment on anything if I’m not personally interested or excited.” (RG)
	Extending the service	Any references to the ways in which participants use different channels to extend their service beyond spatial/temporal	I started using social media, because nowadays clients expect that. Our clients want their houses to be sold in a

		boundaries	professional manner, they expect you to make good pictures of their house, they want you write a good text of their house, and they want you to have a social media page.”(HS)
	Lack of strategic plan	Comments related to the development and /or implementation of strategies	“We didn’t write a strategic plan. It’s more trial and error”(AH)
<b>Feedback / Response</b>	Solicited feedback	Any references to how participants actively manage the acquisition of customer feedback	“First we asked the clients of whom we knew would say something positive. People always want some acknowledgement.”(MS)
	Unsolicited feedback	Any references to how SMEs organically receive customer feedback and use this feedback	“We never ask for feedback through Facebook, but we should. The ones that are there now are a bit dated.”(MB)
	Richness and frequency of online response	Any references to the quality and quantity of feedback or online response	“The response we get is actually a bit disappointing. One time we sponsored a KIKA event, and shared it on our Facebook. The response we got was not what we expected.”(HS)

	Using feedback for commercial purposes	Any references to the ways in which SMEs manage customer feedback to gain credibility	“When they send me their feedback I post it on the website and on Facebook. I add a picture of them and I tag their name.” (RG)
	Using feedback for quality improvement	Any comments to the ways in which SMEs manage customer feedback to improve service quality	
<b>Identifying success</b>	Comparing to competitors	Any references to how participants value their success by addressing competitors	“I’m actually really good at Facebook, and that shows in everything. I think it’s because people see that I actually like doing it. When you look at other yogis, you can see that they really don’t understand marketing.”(CG)
	Business value	Any references to increased sales, customer loyalty, competitive advantage, market share etcetera.	“Most of our inquiries, and eventually sales, come from LinkedIn, or through Google search” (HO)
	Communication value	More feedback, personalized contacts, eWOM, positive feedback, insight into customer preferences	“Interaction on social media is limited, because there is still a taboo surrounding sleep problems” (RL)
	Difficult to identify value	Expressions of the difficulties of making online impact measurable	“It would be helpful to see how many times the magazine has been



			downloaded, but I don't know how to do that" (HS)
<b>Future and intended use of online channels</b>	Desire to adopt other online channels	Any comments referring to SME willingness to extend their current online presence by adopt and implement other channels/tools	"I don't feel a connection with Twitter, but with Facebook I do. I feel like that's something I have to do. I see Twitter as advertising spam"(CT)
	Limit of resources the company is willing to invest	Any expressions of the willingness to spend time, energy, and money into further developing online presence	"I don't want to spend too much time on it. Work comes first." (HO)