



UPPSALA
UNIVERSITET

UPPSALA UNIVERSITY

Department of Business Studies

Master Thesis

Spring Semester 2012

Different market, different practice?

How companies use Social Media in the USA, Japan and Germany

Authors: **Kos, Johan; Norlander, Oskar; Rudwall Petter**

Supervisor: **Martin Johanson**

Date of Submission: **2012-05-25**

Abstract

This study was done in order to research how companies' usage of Social Media differ depending on which country they operate in. Little prior research had been done on whether companies in different countries use Social Media differently. This study was a first attempt to identify nuances in the field of country-specific characteristics in companies' Social Media usage. 21 interviews with seven Social Media practitioners on the US, Japanese and German market were conducted. The findings showed that there are differences between how companies' communicate, interact and measure Social Media. In conclusion, on the US market, companies that are successful in Social Media put emphasis on asking questions and listening to their consumers' answers. On the Japanese market, companies that perform well drive interaction through sales promotion, and successful German companies tailor their communication to ultimately generate loyalty.

Key-words: Social Media, Communication, Interaction, Measurements, USA, Japan, Germany, Market-specific differences

Acknowledgements

First and foremost, the authors would like to thank our supervisor Martin Johanson and the involved doctoral students for sharing their expertise and providing relevant and valuable feedback. The authors would also like to thank all the respondents who enabled this study. Without your time and insightful answers in the interviews, this study would not have been possible. Lastly, we would like to thank all our friends and families who put up with us during long hours of writing and endless discussions of every little aspect of this thesis.

Thank you. / ありがとうございます。 / Vielen dank.

Uppsala, May 2012

Johan Kos

Oskar Norlander

Petter Rudwall

1. INTRODUCTION	1
1.1 Problem Discussion.....	1
1.2 Purpose	2
2. LITERATURE REVIEW.....	4
2.1 Relationship Marketing and the Service Dominant Logic in a Social Media context	4
3. THEORETICAL FRAMEWORK.....	6
3.1 Communicating with the Consumer.....	7
3.1.1 The paradigm shift	7
3.1.2 Relationship Marketing.....	7
3.1.3 Trust.....	8
3.1.4 Control.....	9
3.1.5 Positive outcomes of Relationship Marketing.....	9
3.2 Interacting with the Consumer.....	10
3.2.1 Service Dominant Logic.....	10
3.2.2 Push and Pull Strategies	11
3.2.3 Extrinsic motivation in Social Media.....	11
3.2.4 Intrinsic motivation in Social Media.....	12
3.2.5 Target groups	12
3.2.6 Electronic Word-Of-Mouth and Social Media Influencers	13
3.3 Measuring Social Media.....	14
3.3.1 Return On Investment.....	14
3.3.2 Qualitative and quantitative measurements.....	15
4. METHODOLOGY	16
4.1 Structured interviews and selection of markets.....	16
4.2 Selection of respondents	16
4.3 The questionnaire	17
4.4 How the interviews were conducted.....	17
4.5 How the theoretical framework was constructed	18
4.6 Managing the Empirics - Identifying Key-Concepts	18
4.7 Delimitations.....	19
5. EMPIRICS.....	20
5.1 Communicating with the Consumer.....	20
5.1.1 How Social Media has enabled deeper relations.....	20
5.1.2 The usage of Social Media and loss of control	21
5.2 Interacting with the Consumer.....	21
5.2.1 Pros and cons with Social Media.....	21
5.2.2 Targeting and influencing the consumer	22
5.2.3 Success Factors.....	23

5.3 Measuring Social Media.....	24
5.3.1 The challenge of measuring	24
5.3.2 Why companies hesitate	25
5.4 Empirical Findings.....	26
6. ANALYSIS AND DISCUSSION	27
6.1 Communicating with the Consumer	27
6.1.2 How Social Media has enabled deeper relations	27
6.1.3 The usage of Social Media and loss of control.....	29
6.2 Interacting with the Consumer	31
6.2.1 Pros and cons with Social Media.....	31
6.2.2 Targeting and influencing the consumers	32
6.2.3 Success Factors	33
6.3 Measuring Social Media	36
6.3.1 The challenge of measuring.....	36
6.3.2 Why companies hesitate	38
7. CONCLUSION	40
7.1 Future research	41
REFERENCES	42
APPENDIX	45
Appendix I	45
Appendix II	46

1. INTRODUCTION

“If I had to guess, social commerce is the next area to really blow up”

- Mark Zuckerberg, founder of Facebook (Mardsen, 2011)

Some of the most well known Social Media (SM) applications today are Facebook, LinkedIn and Twitter, with over one billion active users in total (InSites Consulting, 2011). To put that number in perspective, it is slightly more than the population of Europe, (Internet World Stats, 2012) or why not a seventh of the world’s population. Therefore, it is not a coincidence that Facebook is listed as the seventh most valuable brand in the world. In contrast, McDonald’s is listed as the ninth most valuable brand, although, they were founded in 1940 and Facebook in 2004 (Syncforce, 2012). Today, almost four out of five active Internet users use SM applications (Nielsen, 2011) and the advent of SM has in many ways changed the way companies conduct business (Kaplan and Haenlein, 2010). SM is here to stay; it has proven its impact - no questions about it. Consumers are present on SM and the number of users is growing steadily (Internet World Stats, 2012). The rapid evolution of Internet and SM usage makes it difficult for some companies to keep up and adapt their marketing strategies. However, SM and its rapid growth, is only in the starting blocks and the implications for companies will most likely only increase. This means that companies who focus on learning and adapting their strategies to SM will have an opportunity to gain a competitive advantage.

1.1 Problem Discussion

Kaplan and Haenlein (2010) state that, for companies, it used to be all about selling and advertising – but with the advent of SM, it is all about collaboration, participation and sharing. As for today, the concept of SM is discussed in very general terms and few has acknowledged the fact that companies must learn and adapt to consumers’ specific needs on different markets. The authors have here identified a gap in the literature, and would like to shed light on an important aspect of SM. Instead of treating all markets and consumers the same way, the authors argue that it is of essence to study market-specific differences in how companies actually use SM. It has been proved over and over again that different marketing strategies work

differently depending on which market and in which part of the world it is executed. There are clear reasons to believe that this is also the case in SM, and there is not one optimal SM marketing strategy. Consequently, to be able to collaborate with the consumer and make the consumer interested in a specific brand in SM, the authors argue that a company must know what triggers their specific audience into action.

Today, the entry barriers to SM for a company are almost nonexistent, which has crowded the global SM sphere with companies believing that they are going to be successful using the same strategy worldwide. Sadly, this is not the case. The authors argue, since consumers act according to their preferences that often stems from their local market, this will reflect their SM usage as well. Hence, the authors have examined three different countries, USA, Japan and Germany, by interviewing practitioners within the field of SM, in order to map out some of the differences in usage of SM for companies. This is *not* an attempt to look at SM from a cultural perspective, rather a first attempt to identify nuances in the field of SM usage from a company perspective.

Most often, the philosophy of ‘one size fits all’ is applied by companies in SM today, and this is also often the case in how scholars choose to research the subject. The authors argue that the way companies *communicate*, *interact* and *measure* SM should be based on which market the target consumers are located.

1.2 Purpose

To begin exploring the plausible differences between companies’ usage of Social Media on three local markets - USA, Japan, and Germany. This is done in order to shed light on possible market-specific differences in how companies use Social Media.

The discussion above has lead the authors of this study to construct the main research question:

Research Question: How does the usage of Social Media differ in companies in the USA, Japan and Germany?

In order to create a deeper understanding of how companies *communicate*, *interact* and *measure* SM, three sub research questions (RQ) are constructed:

SUB RQ1 - How do companies in the USA, Japan and Germany communicate with their consumers in Social Media?

SUB RQ2 - How do companies in the USA, Japan and Germany interact with their consumers in Social Media?

SUB RQ3 - How do companies in the USA, Japan and Germany measure Social Media?

2. LITERATURE REVIEW

This section will briefly present and discuss the literature that has been used by the authors in this study. Also, the three main aspects of SM that this study examines will be presented.

The concept of SM is on every manager's lips today and the topic is widely discussed among both scholars and practitioners (Kaplan and Haenlein, 2010). There are numbers of definitions of SM, and the authors have chosen to use the frequently cited Kaplan and Haenlein's (2010, p. 61) definition, "*Social media is a group of Internet-based applications that build on the ideological and technological foundations of Web 2.0, and that allow the creation and exchange of User Generated Content*". There is a rather large body of SM literature available, even though the concept is rather novel. The authors argue that the literature today has in common that it discusses three different main aspects: *communication*, *interaction* and *measuring*, and that it often boils down to hands-on advice for companies (Fisher, 2009; Weinberg and Pehlivan, 2011; Mangold and Faulds, 2009; O'Brien, 2011; Kaplan, 2011). Moreover, the literature has focused on SM's relevance, and thus, to overcome managers' uncertainty to embrace the concept of SM. The authors focus on illustrating the differences in how companies use SM on the three focal markets from a *communication*, *interaction* and *measuring* perspective.

2.1 Relationship Marketing and the Service Dominant Logic in a Social Media context

Harker and Egan (2006) state that the term Relationship Marketing (RM) was first explicitly used by Berry (1983) and has been widely discussed by prominent scholars who has developed the concept even further (Vargo and Lusch, 2004a; 2004b; Harker and Egan, 2006; Grönroos, 2004; 2006). The Service Dominant Logic (SDL) stems from a view that marketing of goods has a lot to gain by adopting a service marketing mindset. Also, the SDL suggests that the actual value of a product is realized first when it is consumed by the customer, and that the customer therefore is a co-producer of value. (Vargo and Lusch, 2004a) Both RM and the SDL emphasize the *communication* and *interaction* between company and consumer (Ballantyne and Varey, 2006; Grönroos, 2004). Moreover, SM facilitates the

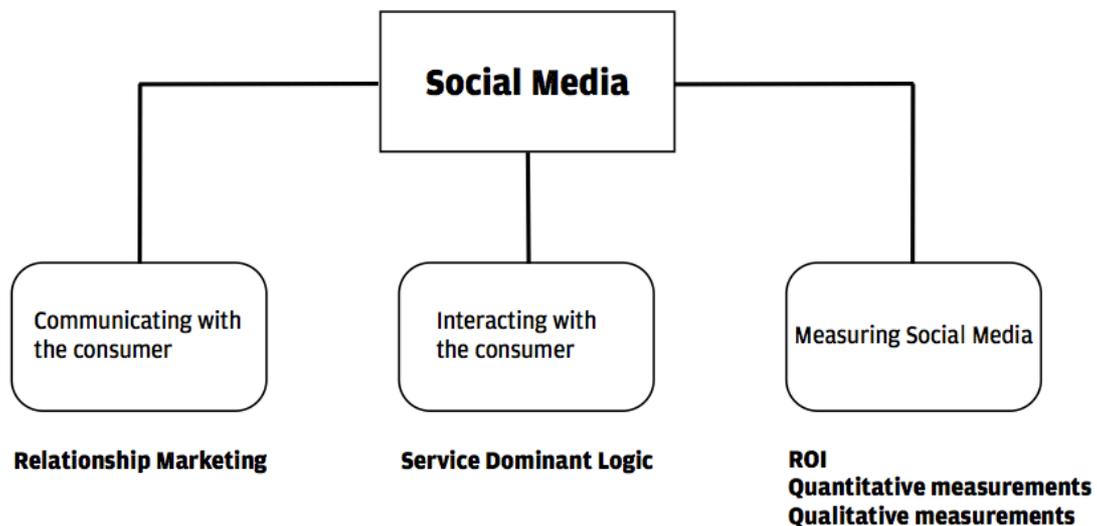
communication and interaction of company-to-consumer and consumer-to-consumer (Mangold and Faulds, 2009) and according to O'Brien (2011), this makes SM an ideal platform to use for applying a RM approach. The authors argue that RM and SDL can help explain SM and different usage-approaches from a company perspective. SM has enabled company and consumer to be closer to each other, which in turn facilitates the co-production of value (O'Brien, 2011). Furthermore, in accumulation, this gives implications to study SM from a combination of a RM and SDL perspective.

3. THEORETICAL FRAMEWORK

In order to answer the research question, different theories and concepts has been identified and intertwined into a framework. The framework presents SM through two concepts, *communication* and *interaction*, which are studied through RM and SDL respectively. Furthermore, the framework will also present how today’s literature discuss *measuring* SM, both in terms of Return on Investment (ROI) in SM, as well as qualitative and quantitative measurements. Also, companies must learn and adapt to the consumers in order to be successful (Evans, 2011). This in mind, in order to study how companies use SM on the different markets, it is also vital to understand the consumer.

The authors have constructed a schematic view of the framework *Figure 1*, where the different focal aspects are presented.

Figure 1: Overview of the Theoretical framework.



Source: Authors own.

The purpose of *Figure 1* is to provide the reader with an overview of how the theoretical framework is written. The lines between the different parts of the figure describes that the concepts that are connected will be discussed in relation to each other.

There are several important concepts in this study, and here are the three most important ones.

- *Consumer* and *customer* - will be used interchangeably throughout this study, because both the respondents and the referenced scholars use both of these terms in different ways. The authors refer to both *customer* and *consumer* as someone who is potentially buying and consuming a product.
- *Communication* - whenever a company sends a message towards consumers in SM, or whenever consumers send a message towards other consumers.
- *Interaction* - when communication between company and consumer leads to any form of action.
- *Measuring* - when companies measures different aspects of SM.

3.1 Communicating with the Consumer

This section will connect certain elements of the communication aspect of SM with RM, and will function as a theoretical discussion of why Sub-RQ1 is relevant.

3.1.1 The paradigm shift

The advent of SM has caused a recent paradigm shift in communication (Mangold and Faulds, 2009). The shift refers to web 1.0 becoming web 2.0, and enabling communication to go from one-way to a two-way communication, both concerning *consumer to consumer* and concerning *companies to consumers*. According to Baumann (2006), web 1.0 was seen as a static one-way communication between sender and receiver. Web 2.0 is seen as highly interactive, and consumers are now more connected with each other, and can share and create content between them (Hanna, Rohm and Crittenden, 2011; Weinberg and Pehlivan, 2011). Here, people are able to have a closer communication with brands in a more open and direct way (O'Brien, 2011) and the improved communication has made it easier for companies to connect with their consumers (Weinberg and Pehlivan, 2011).

3.1.2 Relationship Marketing

Berry (1983) discusses RM in the sense that companies focus too much on trying to attract and acquire new customers instead of retaining already existing ones. The

authors choose to use the definition of RM as a marketing strategy based on “[...] *attracting, developing, and retaining customer relations*” (Berry and Parasuraman, 1991, p. 3). Grönroos (2004) states that RM is based on three core areas: an interaction process, a planned communication process that should support and enhance relationships and lastly, the creation of value between company and consumer. The authors of this study identify resemblance between RM’s core areas and SM, whose foundation is also based on communication and interaction.

Grönroos (2004) stresses that companies applying a RM approach should focus on corresponding to customers’ needs and listen to their feedback, and actually utilize the information. Although, consumers have created relationships with brands even before the advent of SM, they did not start conversations with the brands and thus the communication was one-way (Tiwsakul, Hackley and Szmigin, 2005). However, the wide range of SM applications available on the market today has made it harder for marketers to incorporate SM into companies’ overall communication strategy (Mangold and Faulds, 2009).

3.1.3 Trust

A key element of RM is trust, and that trust strengthens the relationship between two parties. Moreover, trust is defined “[...] *as a willingness to rely on an exchange partner in whom one has confidence.*”. (Morgan and Hunt, 1994, p. 23) Consumers tend to rely more on what other consumers say, due to their openness and objectivism, compared to companies, which often have their own agenda (Weinberg and Pehlivan, 2011; Mangold and Faulds, 2009). Since trust is strong in consumer-to-consumer interaction, the authors argue that there are clear implications for companies to reap the benefits of this by being consistent in their communication with the consumers. This also relates to the communication-aspect of RM, and in more direct terms, companies can influence and inspire consumers to talk and recommend their brands to other consumers. Furthermore, Haveman (1993) states that companies will follow other successful companies into new areas and markets. This, the authors argue is also connected to SM, since sometimes companies tend to trust other company’s SM-strategy, which they also start to follow.

3.1.4 Control

Before SM, the communication was mainly one-way between company and consumer, and this granted companies a higher degree of control over what was being said about them (Christodoulides, 2009). In SM, the improved consumer-to-consumer communication has made the same companies observe how consumers are discussing brands among each other, without companies' involvement (Kaplan and Haenlein, 2010). Vollmer and Precourt (2008) argue that the consumers now in fact have a higher degree of control, since they have access to more information. Consequently, this makes companies feel that they are unable to control what is being said about them in SM, and the notion of lowered control makes some companies more reluctant to use this communication channel (Mangold and Faulds, 2009; Kietzmann, Hermkens, McCarthy and Silvestre, 2011). However, the authors argue that the notion of lowered control among companies is slightly misleading, since people have been able to talk freely about them even before the advent of SM. What has changed now, in the authors' opinion, is that SM has increased the velocity and reach of the consumers' conversations, and that it is of essence that companies actively engage in these conversations.

3.1.5 Positive outcomes of Relationship Marketing

Peng and Wang (2006) state that positive outcomes for companies applying a RM approach could be increased communication between consumers and a chance of increased sales. Morgan and Hunt (1994) describe the beneficial side of RM as that it lowers the probability for a part to end the relationship, in other words, increases the loyalty between the parties. The authors argue that SM is a good channel for companies to acquire loyal customers, due to its many communicational advantages. However, as highlighted by Too, Souchon and Thirkell (2001) less focus has been put on how RM should be implemented and what the *consumers* actually benefit from engaging in a relationship.

The discussion about communication, SM and RM has led the authors to form Sub-RQ1:

SUB RQ1 - How do companies in the USA, Japan and Germany communicate with their consumers in Social Media?

3.2 Interacting with the Consumer

This section will connect certain elements of the interaction aspect of SM with SDL, and will function as a theoretical discussion of why Sub-RQ2 is relevant.

3.2.1 Service Dominant Logic

SDL contrasts the traditional view of firms marketing *to* customers, and instead, states that it is of essence that firms market their goods and services together *with* customers (Vargo and Lusch, 2004a). Furthermore, it is stated that “*In summary, in using a product, the customer is continuing the marketing, consumption, and value-creation and delivery processes.*” (Vargo and Lusch, 2004b, p. 11). Vargo and Lusch (2004b) also claim that companies only can make value-propositions, and that it is the consumer himself that creates value through the consumption process of the good or service. Furthermore, Ballantyne and Varey (2006) state that the most prolific example of marketing communication is the concept of ‘dialogue’, which refers to the process of interactively learning together.

The authors argue that SM is an ideal setting for the view presented above. Companies can through SM interact with consumers to create content, such as useful information that is relevant for their consumers. By this, they can also motivate and integrate the consumer into the marketing process, and hence market *with* the consumer. Furthermore, companies that are active in SM can also improve their value-propositions compared to their competitors. This can be made through a consistent dialogue with their consumers, and by this, provide the consumer with product information and relevant content about the product.

Furthermore, Grönroos (2006) states that the value for the customer is not created only through the product itself, but also through all other elements that are connected to a purchase. Applied in SM, companies can interact and try to help consumers that are experiencing trouble with certain products much easier than they could before (Weinberg and Pehlivan, 2011). Connected to this, Kietzmann et al. (2011) argue that customer service is the new marketing and the authors see here a clear connection to SDL. When consumers ask questions to companies through SM and receive feedback and answers, an interaction process takes place, and the company can help other customers who experience the same problem.

3.2.2 Push and Pull Strategies

Traditionally in marketing, a ‘push’ strategy is considered to be when a company uses one-way communication to reach the consumer. ‘Pull’ refers to how companies can generate information and material that consumers find interesting and therefore ‘pulls’ from the company. (Kaplan, 2011) The authors argue that the SDL view of marketing *with* the customer through interaction becomes visible when discussing push/pull marketing strategies. SM has further given companies the opportunity to communicate and interact with consumers in a more human manner, and also to tone down the urge to push the marketing message towards the consumer (Weinberg and Pehlivan, 2011). A steady way to failure is to view SM solely as a one-way communication tool for companies to bombard their consumers with advertisement and sales information (Kaplan and Haenlein, 2010). According to the authors, a pull approach is directly related to the SDL-mindset, and SM has given companies a great opportunity to enhance the way they can interact with consumers.

Acquisti and Spiekermann (2011) state that interruptive types of marketing may lower consumers’ willingness to pay for products from the advertising brand. SM has given companies a great opportunity to move away from interruption marketing (Valcke and Lenaerts, 2010), and the authors argue that they instead could move towards a SDL approach, where the emphasis is on the interaction between consumer and company (Vargo and Lusch, 2004b). Rimlinger (2011) state that SM is not a one-time push for companies, since the focus should be on long-term interaction and relationships. The authors argue that if companies can shift focus from pushing ads onto their consumers and instead provide them with content they actually are interested in, products will appeal more to the consumers.

3.2.3 Extrinsic motivation in Social Media

Extrinsic motivation can be explained as when the personal motivation comes externally and lies outside the task itself (Ryan and Deci, 2000). In fact, Richardson, Dick and Jain (1994) state that discounts and samples can be seen as extrinsic motivators, but this has not yet been studied in a SM context. The authors argue that the link of why people interact with a company in SM partially can be explained by extrinsic motivation. Moreover, people driven by extrinsic motivation sometimes associate themselves with companies in SM because they expect something in return, such as discounts or free product samples.

The authors can see a potential risk with motivating the consumers with too many extrinsic methods. If a company constantly motivates consumers to interact in SM by giving them discounts, the brand may be eroded since the probability of interaction decreases without this discount as a motivator (Jedidi, Mela and Gupta, 1999). This implies that companies, who constantly provide their consumers with discount only because they want to increase interaction, will probably sell fewer products when they stop doing this. Kaplan (2011) claims that the occasional transactions that sales promotion generates does not foster long-term growth, and can be seen as a short-term strategy.

3.2.4 Intrinsic motivation in Social Media

Intrinsic motivation comes out of the enjoyment and interest one gets from completing a task (Ryan and Deci, 2000), and consumers feel both competent and entertained when being intrinsically motivated. Perceived enjoyment and entertainment is argued to be one of the reasons why people use the Internet today. (Rong, Chen and Shen, 2005) The authors argue that people today, to a large extent, are using SM for enjoyment and entertainment, and thus, see a link between consumers' usage of SM and intrinsic motivation. Truong (2010), states that people purchase particular brands and associate themselves with these out of intrinsic motivation.

According to the authors, this is also the case in SM. Therefore, some people are motivated, and thus interact with a brand in SM, out of intrinsic motivation. Here, consumers are motivated intrinsically solely by identifying themselves with the brand, and do not expect anything in return from the company, since the enjoyment and interest of the brand is enough. The authors argue that motivating the consumer intrinsically to interact is more beneficial than to do so extrinsically from a SDL standpoint. Interaction between company and consumer should be seen as a long-term process, and if the company *only* tries to motivate the consumer with extrinsic methods, the interaction could be too short-term focused.

3.2.5 Target groups

There is a wide range of SM applications on the market today, and companies should choose application after their target groups, in order to be present where the customers are active (Kaplan and Haenlein, 2010). Traditionally, target groups are

created by combining specific demographics, and consumers are narrowed down to a number of common denominators (Kelley and Jugenheimer, 2008). The authors argue that a SDL-mindset is of relevance for companies when discussing and creating target groups, and this especially in a SM environment. Vargo and Lusch (2004b) state that the SDL highlights the importance of collaborating and learning with the consumers, and at the same time being adaptive to their individual and dynamic needs.

This, the authors argue, is directly applicable in SM, since it has changed the way that companies are able to reach the consumers out of a marketing perspective. SM has provided companies with extensive amounts of user information, and this has enabled companies to further narrow down segments to groups of people with very similar interests (Brown, 2009). The more a company knows about their target group, the better it can aim and tailor offerings directly towards them. By analyzing the common denominators from the data, marketers are able to create even sharper and more directed target groups, and thus create more appealing offerings. (Brown, 2009; Kietzmann et al., 2011)

3.2.6 Electronic Word-Of-Mouth and Social Media Influencers

According to Mangold and Faulds (2009), the enabling of consumer-to-consumer interaction in SM has led to an electronic version of the traditional concept Word-Of-Mouth (WOM), namely eWOM. Now, consumers have the ability to reach out to thousands of people with their own opinion about a specific product (Mangold and Faulds, 2009). Freberg, Graham, McGaughey and Freberg (2011) explain the concept of Social Media Influencers (SMI's) as to be independent third party endorser who uses SM to shape audiences' attitudes. Kietzmann et al. (2011) argue that by identifying SMI's, companies are able to target these to get their message amplified to the rest of the market through having the main influencers share their message.

Vargo and Lusch (2004b) state that the SDL is more than only customer-oriented, it also highlights the importance of being adaptive to their individual and dynamic needs. If companies manage to attract SMI's, they would gain benefits in terms of endorsement and attention from other consumers, which in turn would increase sales (Trusov, Bucklin and Pauwels, 2009). The authors here see a connection to the SDL,

where closer interaction with SMI's have the potential to help companies to amplify their message and increase its credibility.

The discussion about interaction, SM and SDL has led the authors to form Sub-RQ2:

SUB RQ2 - How do companies in the USA, Japan and Germany interact with their consumers in Social Media?

3.3 Measuring Social Media

In this section, certain elements of how to measure SM will be presented, and will function as a theoretical discussion of why Sub-RQ3 is relevant.

3.3.1 Return On Investment

The novelty of SM has increased the demand for measurable proof of its effectiveness, since managers want to know if their investments in SM are generating enough benefits for the company (Fisher, 2009). According to Hanna et al. (2011), companies realize the importance of being in SM, but have problems figuring out how to measure the effects of it. ROI is often used in normal business procedures and is defined as “ROI [...] compares the monetary benefits of a program to the cost” (Phillips, 2010, p. 214). However, Kaplan (1984) states that ROI is inefficient and leave out qualitative aspects such as quality and intangible assets. The authors of this study believe that it is important to improve the ways in which SM is measured today. This is because the inability to measure ROI in accurate ways is one of the largest barriers-to-entry for companies when considering SM. This means that improved ways of measuring ROI should make more companies consider using SM. (Fisher, 2009)

One of the most important insights when measuring SM is that a company has to have clear goals in mind (Fisher, 2009). These goals affect the selection of which measurements to consider in order for the company to determine if their presence in SM is going according to the stated goals. (Kietzmann et al., 2011) Fisher (2009) argues that SM needs to be measured in more qualitative than quantitative ways, however, quantitative measurements are more familiar to managers and are therefore more adopted on the market today.

3.3.2 Qualitative and quantitative measurements

Companies need to use qualitative measurements to scan and measure their environment in SM to understand what is being said about the company and how fast the information is spreading (Kietzmann et al., 2011). The qualitative way of measuring SM includes measurements such as tone-of-voice and insights of why people decide to express an opinion about a certain brand in SM (Fisher, 2009). By monitoring and analyzing information that potentially can change or affect a company's position on the market, the company acquires a deeper understanding of how to act in a situation depending on what is being said (Kietzmann et al., 2011).

Quantitative measurements such as growth of fans and active users are fairly easy to collect and measure. However, the challenge lies in how to interpret these, and what they actually say about how well the company has invested capital in SM. Also, it must be remembered that SM originally evolved as a medium where people could create and share content with each other, and thus was not created in order for companies to increase sales, market share or profit margins. This, together with that conversations are partially taking place outside the SM platforms as well, makes it hard to measure the effects of SM for a company. (Fisher, 2009)

The discussion about measuring SM in terms of ROI, qualitative and quantitative measurements and has led the authors to form Sub-RQ3:

SUB RQ3 - How do companies in the USA, Japan and Germany measure Social Media?

4. METHODOLOGY

This chapter will explain how the study was conducted, as well as outline important aspects the authors had to take under consideration to increase the level of validity and reliability.

4.1 Structured interviews and selection of markets

Structured interviews were chosen for this study, and the reason for this was to minimize the risk of influencing the respondents' answers through asking them the exact same questions. This, to gain as high validity and reliability as possible. (Saunders, Lewis and Thornhill, 2009) The authors have chosen to examine three different countries, namely the USA, Japan and Germany. Firstly, they are large countries in terms of population and cover three different continents, and these markets hold potential for companies from a business perspective. Moreover, companies on the three markets have adapted SM differently, and by covering countries in different stages of SM, the study absorbs a more holistic view. For example, in the US, 50 percent of the population uses SM, while in Japan, 25 percent and 35 percent in Germany (Pew Research Center, 2011).

4.2 Selection of respondents

Since the area of market-specific differences in companies' usage of SM is fairly unexplored, an exploratory approach was to prefer. Interviewing 'experts' within the focal field is one of the best approaches to use when conducting an exploratory research. (Saunders et al., 2009) The authors have interviewed seven practitioners per market, which constitutes 21 interviews in total. The respondents are working within the field of SM, mainly at SM agencies, and the selected practitioners are mainly holding senior positions at the companies.

The selection of respondents was made through convenience sampling, which may lead to biased answers because the respondents participate in the study due to their availability (Saunders et al., 2009). The authors were aware of this when selecting respondents, but do not believe that it will affect the outcome of the study to a larger extent. The process of finding whom to interview was made by sourcing the Internet by mainly using LinkedIn. The respondents chose to be non-anonymous and the same questions were asked all the respondents in order to increase the reliability of this study (Easterby-Smith, Thorpe and Jackson, 2008).

The respondents that qualified for this study were firstly approached with an email, briefly explaining the outlines of this study as well as the wants for an interview (See Appendix I for example of an email). Two of the respondents in this study were not natives, which may have influenced their answers. The response rate varied on the different markets, where practitioners on the US market showed most interests to participate and practitioners on the Japanese market showed the littlest. On average, one third of all approached respondents resulted in an interview.

4.3 The questionnaire

The questionnaire was derived from relevant SM literature and 14 questions were constructed in total. To provide a broader view of the different markets, questions about both how respondents think companies *are* using SM and how they think that companies *should* use SM were asked. A pilot interview was conducted to make sure that the questions were constructed rightly, and would not be misunderstood by the interviewees (Saunders et al., 2009). The result from the pilot interview led to some minor changes in the questionnaire, mostly grammar. The questionnaire was distributed to all the interviewees through email four days prior to the interview (See Appendix II for the questionnaire). This allowed the respondents to ask questions, and for the authors to clarify if anything was vague. Lastly, no follow-up questions were asked during the interviews. All of the above steps were taken to increase validity. (Saunders et al., 2009)

4.4 How the interviews were conducted

Real time interviews were conducted in English by using a common Voice-over-IP program, namely, Skype. This program was chosen based on its popularity as well as the possibility to record the interviews. All the respondents were well aware of, and accepted, that Skype was used to conduct and record the interviews. All of the interviews were between 30 minutes and one hour long. A schedule for when each of the interviews was going to take place was constructed, and each of the practitioners was provided with a time-slot that would fit their time zone. After the interviews were recorded, the authors also transcribed the gathered material in order to be able to analyze it thoroughly. The compiled empirical material was then sent to the respondents in order to make sure that no misunderstandings had taken place.

4.5 How the theoretical framework was constructed

In this study, a combination of an inductive and deductive approach was used, due to the rather unexplored field of the study (Saunders et al., 2009). The study is partially *deductive*, because SM theory was used when forming the questionnaire. Also, the study is partially *inductive*, because relevant theories were extracted from the empirical material, and then constructed into a theoretical framework by the authors. The authors thoroughly examined the data from each of the markets and identified patterns, which were categorized into three sections; *communication*, *interaction* and *measuring* SM. By thoroughly examining the respondents' answers, the authors were able to connect their answers to relevant theories. This method allowed the authors to identify a fit between the empirics and relevant theory.

4.6 Managing the Empirics - Identifying Key-Concepts

21 interviews with a total of 14 questions were conducted. From the respondents' answers, different themes were identified on each question for each market. These themes were then turned into key-concepts, which display the compiled answers for each of the markets. For instance, if a majority (i.e. four out of seven) of the Japanese respondents believed discounts were the most important aspect to take into account to drive sales, *discount* would be defined as a key-concept. However, key-concepts were also derived from answers that were not explicitly mentioned by the respondents. Here, the authors formed the key-concepts themselves, through identifying similarities in the different answers. For some questions, one key-concept was identified, and for other questions, more than one key-concept was identified. This, simply because sometimes it was not possible to sum all of the respective markets' answers down to one all-explanatory key-concept because the answers concerned different aspects.

After the key-concepts were derived from the empirical material, quotations that best describe the key-concepts were chosen. These quotations were then gathered, and constitute the empirics section. On some of the answers, only one illustrating quote was chosen, while on other questions more than one was chosen. This, to give an as illustrative view of the differences on the markets as possible. Together with the key-concepts, these quotations then served as the foundation on which the analysis was based upon. The authors are aware of the subjective nature of this.

4.7 Delimitations

The authors are well aware of the fact that the prevailing culture on each market could have an effect, and thus, may explain the differences between the companies' SM usage. Since this study is one of the first to explore market-specific differences in companies' usage of SM, the aim is to provide the reader with an overview of possible differences between the markets. Of course, in some cases, the respondents' views differed also *within* the respective markets. The authors have actively chosen not to discuss these dissensions, in order to further make clear the differences between the different markets, since this is the aim of this study. This is also the reason why the questions in the questionnaire are of the same, encompassing nature. Furthermore, the reason for selecting practitioners at agencies instead of SM-managers at companies were that since the practitioners are working with a wide range of companies, the authors argue that they might provide a more holistic view of the different markets. Also, since these practitioners are not directly answering questions about their own company, they may be in a position to answer in a more honest way.

5. EMPIRICS

The empirics presented in this chapter are divided into two parts. Firstly, from the empirical material, the authors have identified and selected representable quotations from each of the markets. This part will be divided in to the three main areas of SM. In part two, the authors have constructed a spreadsheet consisting of key-concepts derived from each of the markets.

5.1 Communicating with the Consumer

5.1.1 How Social Media has enabled deeper relations

All respondents on the three markets agree that SM has changed the market. The main change according to the markets was that the communication had shifted from one-way to two-way communication. This was illustrated by Mary (US) - *“Social media has changed everything. The way people communicate, how businesses communicate, how businesses find and strengthen relationships and so forth”*. This view was shared both by the Japanese market, illustrated by Ryoma - *“Companies were not social before social media. Now, it is two-way communication rather than one-way communication”*, and by the German market, explained by Philipp - *“It has changed from a ‘one-to-many’ to a ‘many-to-many’ communication”*.

When entering SM, the three markets differed on what was stated as most important for companies to consider. The American market noticed communication and engagement, here explained by Ron - *“Always remember it’s like courting someone, going on a date - remember to equally listen and talk!”* and James (US) noticed that *“It’s always easier to enter a conversation than to start one”*. However, the Japanese market noticed communication and building trust as important, here explained by Saturo - *“To be honest. That is, extremely honest!”* and Ryoma - *“To have an authentic conversations with customers. Be human, do not lie”*. The German market had a different view and noticed strategy as important, and Philipp explained - *“It’s very important to have a clear strategy when entering social media, and today, many companies doesn’t”*.

The respondents on the three markets agreed that companies can create deeper relations with their consumers through SM, but in different ways. In the USA, the emphasis was put on trust, here illustrated by Bill - *“When customers get to know, like and trust you - when you offer them an opportunity to buy something from you, they jump at that*

opportunity, because they like you.“. The Japanese market had a similar view and noticed trust as important, and Yoshikazu explained that - *“You want a brand that you feel closer to, that you can trust and rely on and you feel comfortable with, a company can send those characteristic with social media”*. However, closeness and loyalty was important in Germany, and Anja said - *“Yes, it’s much easier to have a connection with a single individual and build relationship on long term. It leads to binding customers to your company, creates emotional connection which lowers the chance of changing to a competitor”*.

5.1.2 The usage of Social Media and loss of control

According to the respondents on all markets, the main reason why companies are using SM in general, is that it seems like all other companies are doing it. This was explained by Jason (US) - *“It has gotten to the point where everybody’s doing it. It’s all over the news”*. Ryuji (JP) agreed - *“The primary reason is very simple, it is because other companies are doing it, which is sad”*. Lars (GE) explained this and said - *“Companies think they have to be in social media, it is the main reason. They feel the pressure of being there”*.

The respondents from Germany and Japan claimed that companies are *not* losing control of their brands because of the entry of SM. The US respondents were ambiguous regarding this question, and Ron explained - *“I think that they will lose control if they allow conversations to happen without them”*, also - *“It’s actually a way for companies to maintain control over what their brand stands for”*. This view was contrasted by Yoshikazu (JP) - *“Companies never had control of their brand, they never had it in the first place. Brands are not something handed from the producer to the consumers. Companies never owned their brand, it is the perception of the brand that is of interest”*. The German market agreed, and Anja stated - *“I don’t think that there is any change, because customers talk about your company anyway, the only difference is that before you did not know what was going on, but now they can talk on a platform that you moderate and react to”*.

5.2 Interacting with the Consumer

5.2.1 Pros and cons with Social Media

Both the US and the German respondents noticed that communication and interaction was the biggest advantage of using SM from a business perspective. This was explained by Ron (US) - *“The biggest advantage is that you can be right in there with the consumer, and can take the opportunity to really get to communicate with them and interact*

with them.” and Jason (US) said - *“People get to see a side of a company that they have never seen before”*. However, the Japanese market highlighted a more cost-focused view, explained by Johan - *“Since other channels such as TV and Radio is very expensive, especially in Japan, social media is a cost efficient medium”*. The German market was similar to the US market when explaining the pros with SM, and Max stated - *“Interaction with people, as well as deeper communication”*.

However, when the respondents discussed the biggest mistakes companies often make in SM, the markets agreed that many companies had a too pushy approach. This was explained by James (US) who said - *“They think they can still tell tell tell, instead of building up a relationship. But people stop listening when there is no communication.”* and Mary (US) also noticed the short-term aspect as a mistake - *“A lot of companies think that social media is a magic pill, and that you just need to start a Facebook page”*. The Japanese market also noticed a too pushy approach, and added ‘lies’ as mistake. Ryuji (JP) explained - *“The most common way is to create an account, and push out information, that is, one-way communication”*. Satoru explained the aspect of lies in a very brief manner - *“To lie”*. Also, The German market had the same view as the US market, here explained by Max - *“Companies see social media as another channel to just push their communication and message towards consumers, only to tell about products they want to sell.”* and Thomas (GE) - *“They don’t take into account that they have to take care about a community and that it is an on-going job”*.

5.2.2 Targeting and influencing the consumer

The respondents on the three markets had a similar view, and stated that SM has, in fact, changed the view and need for companies of target groups. They also agreed that SM provides a possibility for companies to create more narrow target groups. This was reflected by Jason’s (US) statement - *“If you’re trying to talk to everybody, you’re going to miss the people who are actually interested in what you have to say.”* and by Richard (US), who said - *“It has definitely enabled the companies who are compiling people’s information to increase the ability to target specific groups”*. The Japanese respondent Yoshikazu stated - *“They gained an entirely new channel. The target groups have become more personal, a little more closer”*. Lars (GE) stated - *“In social media, with all the data and variables, companies really have a better way to target their activities. They can really have a targeted marketing [...]”*.

The respondents across the three markets agreed that SMI's are important to use in SM, however with a different focus on what is the most important aspect to consider. The American market acknowledged relationships as important, here explained by Jason - *"To really leverage influencers, the best way is to have a relationship with them. Can be a tiny relationship. Value this relationship! Even smaller influencers can be very effective, it doesn't have to be a rockstar!"*. Japan had a slightly different view, where celebrities were seen as very important, and Ryuji stated - *"The social media influencers or any kind of celebrities is the key"*. Masayuki continued and said - *"If someone is talking very good about a product, can you actually trust that person?"*. The German respondents highlighted that SMI's are not created, but identified, and that they could gain a certain amount of influence for a company by gaining other consumers' trust, here represented by Lars - *"The best way would be to identify influencers that is already there, instead of creating them"* and Max - *"SMI's have so much leverage and powers, so it's hard to control them in a way. Be cautious whom you talk to"*.

5.2.3 Success Factors

The markets acknowledged different aspects of how companies can make the consumers more engaged in their brand in SM. The US market put more emphasis on asking and listening, and Mary explained - *"Ask them questions and listen to their answers"*. The Japanese market had more focus on sales promotion, and Ryuji said - *"A company must give a Japanese consumer a discount or a coupon, or other things that are beneficial for the consumer in order to create an incentive of engagement. Utilities and shared values drives engagement"*. Relevant content was noticed as the common denominator for successful companies on the German market to create engagement, and Philipp explained - *"A company have to have relevant content, because if they simply spread the company news and product info you won't have relevant content and your fans will not interact with the brand"*, Albert also said - *"A company have to aggregate content from everything that is interesting for the consumers"*.

The three markets noticed different aspects for a company to consider in order to be successful in SM. On the American market, it was important to provide the customer with something, here explained by Jason - *"[...] if you give somebody something to do, something to share, now you're in a completely different area of marketing"*, also - *"Posting the right kind of stuff, they're asking their viewers and fans to comment on what's going on. Constantly driving interaction with their fans and in between their fans"*. Again, the Japanese market noticed the importance with sales promotion, and Shinji stated - *"Uniqlo*

creates engagement by giving coupons and interacting with the consumer in a creative and funny way". The German market had another view, and noticed feedback and support as important, here explained by Thomas - *"Products and services and marketing are very intertwined nowadays."* and Philipp explained - *"Telecom companies has a good presence on Facebook, Twitter etc. where one can leave a question and they promise to get back. Very fast reaction and nice treatment from the company [...] Support is important!"*.

The three markets noticed different factors for a company to take into account in SM to drive sales. The American market stated that trust is important, here explained by Ron - *"[...] sales will come once trust is there"*. Another view was highlighted by Bill - *"Because if you can provide value that answers an existing problem or issue that actually solves a problem for them, they will buy like crazy"*. The Japanese market again noticed the importance of sales promotion, and Yoshikazu said - *"Be sure to give them a coupon. This is a sign of appreciation"*. Also - *"You can be there for being a fan or for the coupons, totally different"*. Johan (JP) further explained - *"Discount is indeed a powerful weapon, but could at the same time harm the company"*. The German market put emphasis on interaction and for companies to generate a pull-effect, and Anja said - *"[...] sales is more going from the push into the pull, meaning that you are finding individuals that you can approach with a targeted sales message"*. Max (GE) noticed an interaction aspect - *"Sales comes in second place. It starts with a relationship with the company, and in the end come sales"*.

5.3 Measuring Social Media

5.3.1 The challenge of measuring

When discussing how companies should measure the effects of SM in an accurate way, the three markets had a similar view. The American respondents noticed that there are many difficulties with measuring SM, and that more qualitative measurements should be considered. Jason (US) explained - *"We are stoked, we have 30 000 Facebook fans! But how do you know if that's good? Maybe I should have 3 000 000?"*. Michael stated - *"Not sure about the value of quantity, like followers (i.e on Twitter). It's more valuable to see actual connections that have been made and positive experience that have happened because of it"*. The Japanese market had a somewhat similar view of this, and Masayuki said - *"Today, the available measurement tools are not efficient enough, we want to connect it to ROI, but we cannot"*. Johan also said - *"What is a like on Facebook really worth? The interesting part is whether they are positive or negative towards a brand - that's what you*

want to measure”. However, the German market had a different view, and noticed the importance to connect measurements to companies’ overall goals and also to use more qualitative measurements. Lars explained - *“The better way would be to think about goals, and link the measures to these.”* and gave an example *“If the goal is to raise awareness, this would mean looking at the number of fans, who they are, where are they from.”* also, Albert said - *“Get the mood of the customers, and how much they buy from social channels”*.

5.3.2 Why companies hesitate

The three markets had different reasons of why companies choose not to actively engage in SM. The American market noticed that SM is resource demanding as well as it is hard to determine ROI, and Bill said - *“It is very resource consuming. For example, I invested 2000 hours in learning how Twitter’s platform works. What’s the ROI going to be? - If they cannot get hard facts, some are reluctant to do it”*. The Japanese market highlighted a different view, where lack of knowledge and generation was pointed out. Ryoma explained - *“Marketing managers don’t have much experience in social media. In fact, some are not even aware of its existence. Consequently, it will potentially create big mistakes”*. Ryuji said - *“Companies are afraid to engage in a platform where everything is valid. Traditional companies, their history of the brand is too important, and nobody can mess with that. For them, the brand is extremely powerful, and it is too dangerous to let people play with that”*. However, the German market had a similar view, and Albert said - *“Smaller companies don’t know how to use it”*. Thomas also explained - *“Companies don’t know how to incorporate this into their own organization, they don’t know who is responsible, marketing [...]”*.

5.4 Empirical Findings

Table 1: An overview of the Key-Concepts.

		Q:	USA	Japan	Germany		Similarities	Differences
Communication with the consumer	Deeper relations	1	Yes & Two-way communication	Yes & Two-way communication	Yes & Two-way communication		<i>Total Agreement</i>	
		3	Communication and engagement	Communication and building trust	Strategy		JP/US- Communication	US - Engagement JP - Trust GE - Strategy
		8	Yes & Trust	Yes & Trust	Yes & Closer and Loyal		YES US/JP- Trust	GE - Closer and Loyal
	Usage of SM	6	Everybody does it	Everybody does it	Everybody does it		<i>Total Agreement</i>	
		14	Partially lost control	Never had control Did not lose it	Never had control - Did not lose it		JP/GE- Never had control - Did not lose it	US - Partially lost control
Interacting with the consumer	Pros & Cons	2	Communication & interaction	Cost-efficiency	Communication & interaction		US/GE - Communication & Interaction	JP - Cost-efficiency
		4	Too pushy & Short term	Too pushy & Lies	Too pushy & Short term		<i>Too Pushy</i> US/GE - Short term	JP - Lies
	Targeting	7	Yes & More narrow targets	Yes & More narrow targets	Yes & More narrow targets		<i>Total Agreement</i>	
		11	Yes & relationship	Yes & celebrities	Yes & identifying		YES	US - Relationship JP - Celebrities GE - Identifying
	Success Factors	10	Ask & listen	Discount	Relevant content			<i>Total Disagreement</i>
		5	Give & Interaction	Coupons & Interaction	Feedback & Support		US/JP - Interaction	US - Give JP - Coupons GE - Feedback & Support
		9	Trust & Pull	Coupons	Interaction & Pull		US/GE- Pull	US - Trust JP - Coupon GE - Interaction
Measuring	Challenge	12	Difficult & Qualitative	Difficult & Qualitative	Connect to goals & Qualitative		<i>Qualitative</i> US/JP - Difficult	GE- Connect to goals
	Hesitation	13	Resources & Lack of evidence	Lack of knowledge & Generation	Lack of knowledge		JP/GE- Lack of knowledge	US- Resources & Lack of evidence JP - Generation

Source: Authors own.

6. ANALYSIS AND DISCUSSION

This chapter will connect the empirics with the theoretical framework. The key-concepts will be re-stated in the analysis, and will be underlined. The analysis is divided into the three main areas of SM, and is concluded with a summary of the overall findings.

6.1 Communicating with the Consumer

6.1.2 How Social Media has enabled deeper relations

The respondents on the three markets agree that the shift from web 1.0 to 2.0, i.e. the introduction of SM, has enabled two-way communication between company and consumer, which is in line the view of the scholars (Mangold and Faulds, 2009; Weinberg and Pehlivan, 2011). The authors do not see a discrepancy between practitioners' view and scholars' view, and moreover argue that this alone is reason to study the field of SM. Something that in so few years has created such impact in three different corners of the world, and where also almost everyone agree to its direct change in communication and business, can clearly be seen as something that should be widely considered in companies' marketing strategies.

Regarding what companies should take into consideration when entering SM, the three markets provide fairly different views on what is important. According to Morgan and Hunt (1994), building trust is one of the main elements of RM, and in this SM context, it is identified as important among the Japanese respondents. Both the American and the Japanese respondents notice different aspects of communication as important. Here, the American respondents state that communication should lead to engagement, while the Japanese respondents mean that the communication should strive to show an honest side of the company. Direct parallels can be drawn between the American respondents, the Japanese respondents and what Grönroos (2004) identifies as the core areas of RM, *communication*, *engagement* and the *relationship* between company and consumer. The authors see a connection between the American and Japanese view, in that they are both long-term oriented, and here depicts the type of marketing approach that is suitable for SM.

Grönroos (2004) stresses that companies applying a RM approach should focus on corresponding to customers' needs and listening to them, and this view connects directly to the American respondents' view of how companies should communicate with their consumers. However, the German respondents highlight that a company should have a clear strategy in mind when entering SM, a slightly different focus compared to the other markets. Here, the authors argue that the German respondents have noticed an important aspect. To actively communicate and hold a dialogue with the consumers takes a lot more effort and strategic planning, than just pushing advertisements towards them (Kaplan and Haenlein, 2010).

The three markets notice that companies in fact are able to create deeper relations with their consumers, which supports the notion of the big impact that SM actually has. Here, the practitioners' view corresponds to Weinberg and Pehlivan's (2011) view that SM has brought companies and consumers closer to each other. The authors argue that SM is yet to reach its full potential, and that there is reason to believe that over time, more companies will start to use SM as a tool to create deeper relationships with their customers.

According to the authors, one interesting aspect of companies creating deeper relationships with consumers in a SM setting is what the consumers can actually benefit from it. Too et al. (2001) state that there are doubts about what the consumer can actually gain from having a relationship with a company. Here, the authors see a clear connection between RM, SM and the SDL. The SDL clearly state the importance of providing the consumer with something more than the actual product itself (Grönroos, 2006). If companies can provide consumers with content that they find valuable and interesting through SM, such as product information and contests, then the consumer have incentives to be in and maintain a relationship with the company. The authors argue that this aspect of relationship-building has been facilitated with the introduction of SM.

Furthermore, the concept of trust on the American and Japanese markets connects to Morgan and Hunt's (1994) view that trust strengthens relationships, and thus, is connected to RM. The German market notices that SM has brought company and consumer closer, which the Japanese respondents agree upon. Due to the improvement in communication through SM, companies are now able to have a more closer and human approach to their consumers, which, as just stated, goes in

line with what Weinberg and Pehlivan (2011) say when explaining that SM has brought consumers and companies together. The authors would like to argue that the ability to have a closer and more human approach to consumers is more relevant when marketing certain types of products. It is important for companies to really consider whether consumers are really interested in having a deep relationship with their brand. A rhetorical question to the reader - Would you as a consumer be more interested in reading the latest news and watch pictures of your favorite jeans brand, or of the brand of tin foil you use the most?

The German respondents also state that the closeness SM enables lowers the consumers' tendency to switch to a competitor's brand. This goes in line with Morgan and Hunt (1994) who state that more loyal consumers is a positive outcome of RM. Also, the respondents' answers on the three markets go very much in line with Berry and Parasuraman's (1991, p. 3) view of RM, "[...] *attracting, developing, and retaining customer relations*", and thus, strengthen the argued connection between SM and RM as discussed by O'Brien (2011).

6.1.3 The usage of Social Media and loss of control

According to the respondents, a majority of companies enter SM simply because other companies are doing it, seemingly in some cases not even knowing why. This goes in line with Haveman (1993) who states that companies tend to follow similar successful companies into new markets. In a SM context, the authors see patterns that companies tend to do this even more. There is a clear risk with almost blindly following other companies into SM without a clear strategy in mind, and it may lead them to not reap the full benefits that SM can provide. Without a clear strategy, chances are that the communication and shared content in SM will be inconsistent and uninteresting to the company's target audience (Mangold and Faulds, 2009). This in turn, may lead to that companies actually damage their brand image, due to communication that is not well thought-through and inconsistent with what the brand stands for.

It is easy to believe that some companies are afraid of using SM due to the sometimes intense, and negative, communication among consumers about brands and products. Here, the American respondents notice that companies lose part of their control and this connects to the view of Kaplan and Haenlein (2010), who notice that companies see that consumers now can talk freely about their brand. Moreover, the American

respondents stress that companies need deep and ongoing communication with the consumers in order not to lose control, which connects to Grönroos (2004) who state that companies with a RM approach should listen and respond to the consumers needs and wants. This, the authors argue, strengthen the ties between RM and SM, since the respondents stress the importance for companies to be there for the consumers, and thus, be closer to them.

The respondents on both the Japanese and German markets notice that companies do not lose control over their brands, since they never actually had it in the first place. This partially stands in contrast to Christodoulides's (2009) view that companies had a higher control over their brands before the introduction of SM. It also contrasts Vollmer and Precourt's (2008) view that now consumers have the control since they have access to more information. Here, the authors find an interesting aspect of who has the most control in SM, company or consumer. Do consumers' increased control mean that companies are automatically losing control? The authors do not have the answer to this, but would like to raise the question to the reader.

Both the Japanese and German markets observe that the notion of companies having control over their brands is merely an illusion since people could talk freely about them even before SM. This view also goes in line with the view of the authors, since it is argued that SM has not made people talk more 'badly', but merely made the communication more amplified.

SUB RQ1 - How do companies in the USA, Japan and Germany communicate with their consumers in Social Media?

The largest impact SM has had on communication, from a business perspective, is that it has enabled a two-way communication between companies and consumers. This, in turn, has enabled companies to have deeper and closer relations with the consumers.

- On the American market successful communication is constructed so that it ultimately generates *engagement* between companies and consumers, but the respondents state that it is not done to a full extent today.
- The Japanese market notice *trust* and *honesty* as important in companies' communication with the consumers.

- On the German market successful communication is constructed so that it ultimately generates *loyalty*.

6.2 Interacting with the Consumer

6.2.1 Pros and cons with Social Media

When discussing *the* biggest advantage of using SM from a business perspective, the American and German views are aligned with what Vargo and Lusch (2004a) argue is the core of the SDL, to market goods *with* the consumer. The respondents on the both markets highlight communication and interaction, referring to the importance of making the consumer a part of the marketing process, instead of a passive bystander. The US respondents also highlight the importance for companies to show their human side in SM, which is in line with what Weinberg and Pehlivan (2011) state, that companies should tone down their sell-approach and be more human towards their consumers. The Japanese respondents' view is here contrasting the other two markets' views and emphasis is placed on cost-efficiency. This may be because TV and radio commercials are very expensive in Japan, even in relation to USA and Germany. The authors argue that due to this, SM in Japan may have even more potential as a marketing medium than in the USA and Germany, and that smaller companies in Japan will be able to benefit even more when more people start to use SM.

However, the focus on cost-efficiency may also carry an embedded risk, which creates a paradox. A reflection by the authors - if cost-efficiency is viewed as *the* biggest advantage rather than any of the interaction or communication aspects of using SM, chances are that a SDL view will not be adapted. Consequently, SM will be used as a push medium, rather than as a pull medium (Kaplan, 2011), and emphasis may not be placed on the dialogue between company and consumer.

This is also the case when the respondents discuss the biggest mistakes companies make in SM. Here, the three markets agree that companies in general force their messages upon the consumers, without mutual interaction. This is clearly a push strategy according to Kaplan's (2011) definition. Further, it also connects directly to Kaplan and Haenlein (2010), where they argue that a steady way to failure for a company is to bombard the consumer with sales messages. The authors believe that

the reason for this might be that companies do not fully understand the optimal way of conducting business in SM. A company that only send sales messages, i.e. a push approach, may cause the consumers to ‘mute’ the company, and switch to another brand. The authors argue that companies should be careful of spamming, because there is an obvious risk that the offerings will not make any impact.

Both the German and the American respondents state that to consider SM as a short term ‘quick-fix’ is completely wrong, and that companies has to be in it for the long run. This view is similar to Rimlinger (2011), who states that companies must use SM with a long-term perspective. The Japanese respondents put emphasis on that companies should not lie, and must be honest and interact with the consumers on a personal level. This connects to Ballantyne and Varey’s (2006) view of the SDL, which notices the importance of dialogue and the constant learning process between company and consumer. Here, the authors see similarities on all the three markets. A ‘quick fix’ mentality and short-termism is negative in most aspects of business, and especially in SM. The authors stress that companies must remember that their presence in SM affects how they are perceived by the consumers. A short-term approach in SM, may also affect the company as whole. If consumers get a bad impression of a company in SM because of their messy approach, the consumers may get an inconsistent picture of their brand. In other words, a chain is no stronger than its weakest link, and what a company does in SM may jeopardize the entire organization.

6.2.2 Targeting and influencing the consumers

The three markets have a very similar view on how SM has changed the view and need for target groups. Here, the respondents agree that companies now can create more narrow target groups. Kietzmann et al. (2011) state that the more a company knows about their target groups, the better they can aim their messages, and the respondents agree. The authors argue that this is related to the important part of the SDL, which highlights that companies need to be adaptive to both the consumers’ individual and dynamic needs (Vargo and Lusch, 2004b). By narrowing down target groups through data mining in SM, companies can tailor offerings to very specific segments. If this is done correctly, the offerings will be interesting to the consumer, instead of deterring consumers to purchase a product (Acquisti and Spiekermann, 2011). This, according to the authors, increases the probability that the offering is

well received by the consumer, and ultimately generates sales for the company. Moreover, SM has indeed evolved Kelley and Jugenheimer's (2008) traditional view of target groups, since companies now are able to gather even more common denominators.

The markets agree that it is indeed important to influence consumers through SMI's. The American respondents shed light on the fact that a company's SMI's does *not* have to be a celebrity, and that the relationship between company and SMI is the most important thing. The German respondents point to the fact that SMI's should not be created but that they should be identified, which connects to the importance of authenticity. The Japanese respondents have a somewhat different approach, and state that celebrities are the most important ones to use as SMI's. Kaplan (2011) states that the message a company sends out can never have as much impact as the conversation that is going on between consumers. The respondents seem to agree with this, by acknowledging the weight SMI's can have if used in the right way.

Furthermore, the authors argue that SMI's are also interesting from an intrinsic/extrinsic perspective. If SMI's are interested in interacting with a brand by intrinsic motivation, they will not, to a high degree, require extrinsic motivation from the company in terms of money or free products to interact (Rong et al., 2005). A SMI that is 'created' by a company will most likely be motivated to interact by extrinsic motivation. This, the authors argue, can in many cases be unfavorable for companies when consumers realize that someone they thought was genuinely interested in a brand, actually is on their payroll. Especially if the discovery happens after a while, so that trust is first acquired and then breached. It is stated that SM has increased trust between consumers (Weinberg and Pehlivan, 2011; Mangold and Faulds, 2009). If this trust is breached, companies should be as far away as possible, to not be associated with the breach. In one way or another, all the markets also acknowledge this view.

6.2.3 Success Factors

When discussing how companies can make consumers more engaged in their brand in SM, the American and German respondents' answers are quite similar. The American market emphasizes for companies to ask and listen to their consumers, and the German market notice that companies should provide relevant content to the consumers. A marketing process that is based on the consumers' wants and needs is

according to the authors a good example of marketing together with the consumer (Vargo and Lusch, 2004a). Based on Rong's et al. (2005) statement, that consumers are using Internet because of *intrinsic* motivators, the authors argue that this too a high degree is also the case for SM, since it first evolved as a platform for people to meet and talk online. Furthermore, the authors argue that if companies can adjust their offerings and content after their consumers' needs and wants, they motivate the consumers *intrinsically* to promote interaction. Ryan and Deci (2000) state that intrinsic motivation comes from the task itself, and the authors argue that creating content in SM that consumers perceive as valuable is doing just that.

Moreover, the Japanese respondents' answers are more related to giving something more directly to the consumer, like a discount or a sample. This, instead, relates to *extrinsic* motivation, which comes externally and lies outside the task itself (Ryan and Deci, 2000). The authors argue here that basing consumers' engagement for a brand only on extrinsic motivation can be hurtful, if it is not executed well. If the consumers turn to a brand in SM solely because they are expecting gifts or coupons, they will most likely, be disappointed every time they use SM and the brand does not offer them anything. Here, the right balance need to be found, and the authors argue that samples and other similar incentives can be given at an initial stage, but are not to be over-used. As stated before, this view is also shared by Kaplan (2011), stating that sales promotion is not necessarily fostering long-term growth. The authors argue that the differences among the three markets may be because that companies in USA and Germany has been using SM longer than companies in Japan. The fact that they have more experience in the field may lead to that they have developed a more long-term focus, where coupons and discounts are not seen as a major part of a company's long-term SM strategy.

When discussing companies that do well in SM, there are several common success factors mentioned across the markets. Here, similarities can be found among all of the countries in terms of providing the consumer with something more than just the product itself. Grönroos (2006) state that customer value is created by all elements connected to a product, and this is in different ways what the respondents acknowledge. The view on all markets seem to reflect the importance of providing the consumer with different things they can find valuable in various ways. Whereas it is through giving something to generate interaction, according to the USA and to give coupons and create interaction according to the Japanese respondents. The

German respondents believe this is made through customer support and feedback. This view is also in line with the core of SDL, that it is not only customer-oriented, but also places focus on learning together with the consumer, and providing the consumer with more than the product itself (Vargo and Lusch, 2004b). Just as Kietzmann et al. (2011) state, that customer service is the new marketing, the German respondents argue that customer service and feedback is what companies that do well in SM has in common. According to the authors, customer service is also an excellent example of companies learning together with the consumer, where the consumer can discuss problems about a certain product or service. This, in turn, can lead to companies creating better offerings for the consumers, in the way that they can approve products and services according to the consumers' needs and wants.

Regarding which factors that drive sales in SM, the American and German respondents have similar views, whereas the Japanese respondents' view differ. The Americans and Germans argue that companies should generate engagement and excitement when reaching and interacting with consumers in SM in order to drive sales, and thus apply a pull strategy. However, the two markets' view differs in this context, since the German market highlights interaction, which is of course connected to the SDL (Vargo and Lusch 2004a). The American market emphasizes trust, and the authors see here a clear connection between the different views. The authors view both these aspects as long-term, and that it is a good start of a sustainable foundation to drive sales in a longer perspective.

The Japanese respondents notice coupons as the best way to drive sales through SM. Richardson, et al. (1994) state that discount and samples can be seen as extrinsic motivators. Even though they do not explicitly mention 'coupons', the authors argue that the same thing goes for them, that also coupons are motivating consumers extrinsically. Due to this, the authors argue that there is a risk that Japanese consumers will associate themselves with brands in SM more out of extrinsic motivation, compared to the US and Germany. Just as Kaplan (2011) state, that sales promotion does not foster long-term growth, the authors here argue that Japanese companies' SM strategy may be more short-term focused than the other two focal markets. This, in turn, can be devastating, since constant sales promotion can erode a company's brand (Jedidi et al., 1999). However, it should be noted that some of the Japanese respondents also acknowledges the same view as Jedidi et al. (1999). The authors would like to emphasize the importance of maintaining a balance between

motivating the consumers extrinsically and intrinsically, and that extrinsic motivators should be used more in the initial stage of approaching consumers.

SUB RQ2 - How do companies in the USA, Japan and Germany interact with their consumers in Social Media?

From the analyzed empirical material it can be established that all three markets agree that SM has facilitated interaction between company and consumer. However, it is depicted in three different ways.

- The US respondents notice that *ask* and *listen* are important aspects to consider in order to foster interaction between company and consumer, but that this is not done enough yet.
- The Japanese market notice *discounts* as important in companies' interaction with the consumers. Push strategy and extrinsic motivations are characteristics for the market.
- The German respondents notice that *relevant content* is the main aspect to consider in order to drive interaction, but that this is not done enough yet.

6.3 Measuring Social Media

6.3.1 The challenge of measuring

When discussing how companies should measure SM, the majority of respondents across the markets say that they should measure SM in more qualitative than quantitative ways, in order to make it more accurate. Also, the American and Japanese market noticed that it is difficult to measure the actual effect of SM. The problem with SM according to the American and Japanese respondents can be related to ROI. Here, the authors see a connection to the prevailing 'quick-fix' mentality at some companies. SM has received much attention in media, and many companies do not put in enough efforts and see it as a simple solution. The fact that the effects of SM, the actual ROI, is difficult to measure may lead managers to set their expectations far too high, but still at the same time with a reluctance to actually invest enough resources into it. This, in turn, may lead to that managers give up the company's SM effort before they have even started it properly. Also, they may show

a side of their company that is not coherent with their brand image, due to lack of resource allocation into SM, which can ultimately damage the brand.

Also, from the authors' point of view, managers may believe it is too resource-consuming to through qualitative measurements monitor what is being said on various SM platforms. Fisher (2009) states that qualitative measurements are preferred to use in order to capture people's true opinion, and that quantitative measurements are not enough to measure SM. In other words, does the number of comments on Facebook really matter when the tone-of-voice (i.e. a qualitative measurement) is *not* measured? The authors do agree with Fisher (2009), although, an interesting question comes up - how many positive comments about a brand actually lead to a purchase? Keep in mind, SM originally evolved as a medium to create and share content between peers and, not as a channel for companies to increase sales with (Fisher, 2009). Consequently, the authors would like to shed light on the whole concept of measuring SM, and the effect that the results have. What does 10 000 'likes' on Facebook mean? As for today, the literature cannot provide a straightforward answer.

The German respondents notice the importance of connecting SM measurements to the overall goals of the company. This is in line with Kietzmann et al. (2011), who also highlight the importance for companies to have clearly stated goals with their SM presence. Furthermore, this is also linked to what Fisher (2009) states about the importance of developing these goals *before* companies enter SM, rather than afterwards. The authors believe that this is a view that will be adopted on all three markets in a matter of time, and the lack of strategic focus is due to the fact that SM is a new channel for companies.

Furthermore, Kaplan (1984) states that companies have been using more and more qualitative measurements for their normal business activities during the last years. The statement by Kaplan (1984) is almost 30 years old, but SM is a somewhat novel phenomenon, and companies are yet to adjust their procedures and tools of measurements accordingly. The authors believe that SM during the following years will go through a similar change, because of the more holistic view qualitative measurements can provide.

6.3.2 Why companies hesitate

So why are there still companies out there who choose *not to* actively engage in SM? The respondents on the US market notice lack of evidence and resources allocation as plausible explanations to why companies do not actively engage in SM. The lack of evidence of the effects of SM on the US market is connected to ROI, and relates to what Weinerberg and Pehlivan (2011) state when arguing that the uncertainty of ROI often make managers hesitate whether or not to engage in SM. Furthermore, both the Japanese and German respondents highlight that some managers are reluctant to actively engage in SM due to lack of knowledge. However, in Japan, the lack of knowledge is a question of generation. It is stated that some managers in Japan are not familiar with SM, and view it as something irrelevant and abstract, or are sometimes not even aware of its existence. Here, the authors argue that SM has to prove its efficiency to the skeptical managers' traditional view of marketing before they will choose to enter it and consider it as a serious marketing channel. This corresponds to Fisher's (2009) statement that SM, indeed, has to prove its efficiency to managers, but the authors would like to add that this seem more relevant on the Japanese market than in the US and in Germany.

The authors argue that an increase of tangible evidence of SM's effectiveness would maybe remove some of the barriers-to-entry for the skeptical managers in the US and Germany, and thus, encourage managers to improve their knowledge of SM. However, these barriers seem more difficult to remove in Japan, at least the changes will most likely not be as fast as in the US and in Germany. This since the uncertainty in Japan is not to the same extent built on lack of tangible evidence of SM's impact. Rather, it is built on the fear of this very impact. According to the respondents, most of the Japanese managers that are skeptical towards SM are skeptical because they do not wish to leave the brands in the hands of the consumer. So, even in a scenario where Japanese managers have tangible evidence of the effectiveness of SM, there are reasons to believe that they will *still* be reluctant to enter SM.

SUB RQ3 - How do companies in the USA, Japan and Germany measure Social Media?

All the respondents noticed that it is in fact hard for companies to measure the effects of SM today. Mostly quantitative measures are used, however, the respondents state that companies should use more qualitative measures.

- The American market notices that it is difficult to measure the actual effect of SM, and that companies mainly *use quantitative measures*. This is also the reason why some companies choose not to participate in SM.
- The Japanese market also notices that it is *hard to measure* the effect of SM and that managers are lacking knowledge about SM, and how to measure it. This may explain why some companies are reluctant to act in SM.
- The German market notices the importance of *connecting SM measurements to companies' overall goals*. Furthermore, managers' lack of knowledge of how to use and measure SM may act as a barrier-to-entry for companies.

6.4 Summary of analysis

Table 2. A summary of the analysis.

	USA	JAPAN	GERMANY
Communicating	Encourage Engagement	Trust & Honesty	Loyalty
Interacting	Ask & Listen	Sales Promotion	Relevant Content
Measuring	Quantitative Measures	Hard to measure	Connect to company goals

Source: Authors own.

7. CONCLUSION

Research Question: How does the usage of Social Media differ in companies in the USA, Japan and Germany?

The authors would like to conclude that there are, indeed, dissimilarities between the different markets in terms of how companies in the USA, Japan and Germany use Social Media. Sub-RQ 1, 2 and 3 has shown that the ways companies communicate, interact and measure Social Media differ.

In the USA, companies that perform well in Social Media *communicate* with their consumers in a way that encourages engagement. In Japan, successful companies build their communication on trust and honesty, and in Germany, well-performing companies' communication ultimately leads to loyalty. The view of *interaction* between company and consumer depicts the largest differences between the three markets. In the USA, companies put emphasis on asking and listening to their consumers in order to generate interaction between the parties. In Japan, companies are using discounts and other sales promotion to create interaction with the consumers, and German companies are driving interaction by offering their consumers relevant content. The ways the countries *measure* Social Media also differ among the countries. All three markets state that companies are using quantitative measurements in order to measure Social Media, however, agree upon that more qualitative measurements should be used in order to measure Social Media in a more accurate way. Also, a similarity among the markets is that the reluctance for some companies to enter Social Media is that managers lack knowledge of how to use it. This is especially evident on the Japanese market, where some managers are basically not even aware of Social Media's existence. Hard facts of how Social Media affects company performance would probably decrease managers' reluctance to use it in the USA and Germany, whereas in Japan, chances are that some managers would *still* not know or understand it.

The authors also see implications of these findings. According to the respondents, many companies across the markets are present in Social Media only because their competitors are active there. This finding is not acknowledged by the literature and depicts a new dimension that may be interesting for practitioners. Companies who enter Social Media simply because 'everyone else is doing it' may end up jeopardizing

the brand, since communication will not be well thought-through or adapted to a Social Media setting. If companies instead enter Social Media with clear goals in mind, built on a strategic foundation, their performance will most likely excel. Even better, if the strategy is formed by a Relationship Marketing approach and a Service-Dominant Logic mindset, communication and interaction will be put in first place and optimize the use of Social Media's cornerstones. Remember, Social Media was initially created for people, not for companies. Concluding, companies should embrace Social Media's initial intention instead of trying to change it. Or, as Ron (US) puts it - *"Always remember it's like courting someone, going on a date - Remember to equally listen and talk!"*

7.1 Future research

This study shows that there are differences in SM usage on the three focal markets, and also what implications these differences may have. However, the underlying reasons for these differences have not been explored. To be able to understand *why* the markets differ, it would be interesting to do a similar study, but to analyze the differences from a cultural perspective by using Hofstede's (1980) dimensions. Many scholars have used Hofstede's dimensions and proven that websites reflect the cultural values in a country (Yalcin, Singh, Dwivedi, Apil and Sayfullin, 2011; Singh, Fassott, Zhao and Boughton, 2006; Singh, Kumar and Baack, 2005). However, Social Media has not yet been studied in the same type of cultural context, and there are clear implications to believe that culture is a paramount factor also in this field. As an example, Singh et al. (2005; 2006) in his studies, state that the importance of coupons can, in fact, be explained by the country's prevailing culture, which of course here is relatable to this study and Japan's heavy focus on coupons. Therefore, there are reasons to believe that also some of the other differences and outcomes of this study can be explained by culture and the way it affects companies' business procedures on different markets.

REFERENCES

- Acquisti, A and Spiekermann, S (2011), 'Do Interruptions Pay off? Effects of Interruptive Ads on Consumers Willingness to Pay', *Journal Of Interactive Marketing* (Mergent, Inc.), 25, 4, pp. 226-240.
- Ballantyne, D and Varey, R (2006), 'Creating value-in-use through marketing interaction: the exchange logic of relating, communicating and knowing', *Marketing Theory*, 6, 3, pp. 335-348.
- Baumann, M (2006), 'Caught in the Web 2.0', *Information Today*, 23, 8, p. 38.
- Berry, L (1983), 'Relationship Marketing, In Emerging Perspectives of Services Marketing', Shostack, and G.D. Upah. eds. Chicago: *American Marketing Association*, 2, 5-28.
- Berry, L and Parasuraman, A (1991), *Marketing Services: Competing through Quality*. New York: The Free Press 1991.
- Brown, R (2009), *Public relations and the social web: how to use social media and web 2.0 in communications*. London: Kogan Page.
- Christodoulides, G (2009), 'Branding in the post-internet era', *Marketing Theory*, 9, 1, pp. 141-144.
- Easterby-Smith, M, Thorpe, R and Jackson, P (2008), *Management research*, 3. ed. London.
- Evans, J (2011), 'Retailing in perspective: the past is a prologue to the future', *International Review Of Retail, Distribution & Consumer Research*, 21, 1, pp. 1-31.
- Fisher, T (2009), 'ROI in social media: A look at the arguments', *Journal Of Database Marketing & Customer Strategy Management*, 16, 3, pp. 189-195.
- Freberg, K, Graham, K, McGaughey, K and Freberg, L (2011), 'Who are the social media influencers? A study of public perceptions of personality', *Public Relations Review*, 37, 1, pp. 90-92.
- Grönroos, C (2004), 'The Relationship marketing process': communication, interaction, dialogue, value, *Journal of Business & Industrial Marketing*, Volume 19 - Number 2 - 2004 - 99-113.
- Grönroos, C (2006), 'Adopting a service logic for marketing', *Marketing Theory*, 6(3), 317-333.
- Hanna, R, Rohm, A, and Crittenden, V (2011), 'We're all connected: The power of the social media ecosystem', *Business Horizons*, 54, 3, pp. 265-273.
- Harker, M, and Egan, J (2006), 'The Past, Present and Future of Relationship Marketing', *Journal Of Marketing Management*, 22, 1/2, pp. 215-242.
- Haveman, H (1993), 'Follow the Leader: Mimetic Isomorphism and Entry into New Markets', *Administrative Science Quarterly*, 38, 4, pp. 593-627.
- Hofstede, G (1980), 'Culture's consequences: International differences in work-related values.' Beverly Hills, CA.
- InSites Consulting (2011), *Social Media Around The World*. Retrieved April 10, 2012 from <http://www.slideshare.net/stevenvanbelleghe/m/social-media-around-the-world-2011>.
- Internet World Stats (2012) using US Census Bureau, Nielsen/Net Ratings, and International Telecommunications Union, *Internet world stats, Usage and Population Statistics*. Retrieved April 23, 2012 from <http://internetworldstats.com/stats.htm>.
- Jedidi, K, Mela, C and Gupta, S (1999), 'Managing Advertising and Promotion for Long-Run Profitability', *Marketing Science*, 18, 1, pp. 1-22.
- Kaplan, A (2011), 'If you love something, let it go mobile: Mobile marketing and mobile social media 4x4', *Business Horizons*, 55, 2, pp. 129-139.
- Kaplan, A and Haenlein, M (2010), 'Users of the world, unite! The challenges and opportunities of Social Media', *Business Horizons*, 53, 1, pp. 59-68.
- Kaplan, R.S. (1984) 'Yesterday's Accounting Undermines Production', *Harvard Business Review*, July-August, pp. 95-101.
- Kelley, D and Jugenheimer, D (2008), *Advertising Media Planning: Brand Management Approach*, M.E Sharp Inc.

- Kietzmann, J, Hermkens, K, McCarthy, I and Silvestre, B (2011), 'Social media? Get serious! Understanding the functional building blocks of social media', *Business Horizons*, 54, 3, pp. 241-251.
- Mangold, W and Faulds, D (2009), 'Social media: The new hybrid element of the promotion mix', *Business Horizons*, 52, 4, pp. 357-365.
- Mardsen, P (2011), *Social Commerce Today*. Retrieved April 16, 2012
From <http://socialcommercetoday.com/speed-summary-wired-feb-2011-cover-story-on-social-commerce/>.
- Morgan, R and Hunt, S (1994), 'The Commitment-Trust Theory of Relationship Marketing', *Journal Of Marketing*, 58, 3, p. 20.
- Nielsen (2011, Quarter 3), *State of Social Media; The Social Media Report*. Retrieved April 15, 2012 from <http://blog.nielsen.com/nielsenwire/social/>.
- O'Brien, C (2011), 'The emergence of the social media empowered consumer', *Irish Marketing Review*, 21, 1/2, pp. 32-40.
- Peng, L and Wang, Q (2006), 'Impact of Relationship Marketing Tactics (RMTs) on Switchers and Stayers in a Competitive Service Industry', *Journal Of Marketing Management*, 22, 1/2, pp. 25-59.
- Pew Research Center (2011, December 20), *Global Digital Communication: Texting, Social Networking Popular Worldwide*. Retrieved May 16, 2012 from <http://www.pewglobal.org/2011/12/20/global-digital-communication-texting-social-networking-popular-worldwide/>.
- Phillips, P (2010), *Measuring and Evaluating Training*, 1. ed. Amsterdam ; Boston: Elsevier/Butterworth-Heinemann.
- Richardson, P, Dick, A and Jain, A (1994), 'Extrinsic and intrinsic cue effects on perceptions of store brand quality', *Journal Of Marketing*, 58, 4, p. 28.
- Rimlinger, C (2011), 'Push and Pull Marketing Strategies: Using Them to Your Advantage', *Franchising World*, 43, 12, pp. 15-16.
- Rong, S, Chen, C and Shen, L (2005), 'Extrinsic versus intrinsic motivations for consumers to shop on-line', *Information & Management*, 42, 3, pp. 401-413.
- Ryan, R and Deci, E (2000), 'Self-Determination Theory and the Facilitation of Intrinsic Motivation, Social Development, and Well-Being', *American Psychologist*, 55, 1, p. 68.
- Saunders, M, Lewis, P and Thornhill, A (2009), *Research methods for business students*, 5. ed. Harlow: Financial Times Prentice Hall.
- Singh, N, Fassott, G, Zhao, H and Boughton, P.D (2006), 'A cross-cultural analysis of German, Chinese and Indian consumers' perception of web site adaptation', *Journal of Consumer Behavior*, 5(1), 5668.
- Singh, N, Kumar, V and Baack, D (2005), 'Adaptation of cultural content: Evidence from B2C e-commerce firms', *European Journal of Marketing*, 39(1/2), 7186.
- Syncforce (2012), *Ranking the brands*. Retrieved May 16, 2012 from <http://www.rankingthebrands.com/The-Brand-Rankings.aspx?rankingID=30>.
- Tiwsakul, R, Hackley, C and Szmigin, I (2005), 'Explicit, non-integrated product placement in British television programmes', *International Journal Of Advertising*, 24, 1, pp. 95-111.
- Truong, Y (2010), 'Personal aspirations and the consumption of luxury goods', *International Journal Of Market Research*, 52, 5, pp.653-671.
- Trusov, M, Bucklin, R and Pauwels, K (2009), 'Effects of Word-of-Mouth Versus Traditional Marketing: Findings from an Internet Social Networking Site', *Journal Of Marketing*, 73, 5, pp. 90-102.
- Too, L, Souchon, A and Thirkell, P (2001), 'Relationship Marketing and Customer Loyalty in a Retail Setting: A Dyadic Exploration', *Journal Of Marketing Management*, 17, 3/4, pp. 287-319.
- Valcke, P, and Lenaerts, M (2010), 'Who's author, editor and publisher in user-generated content? Applying traditional media concepts to UGC providers', *International Review Of Law, Computers & Technology*, 24, 1, pp. 119-131.
- Vargo, S and Lusch, R (2004a), 'Evolving to a New Dominant Logic for Marketing', *Journal Of Marketing*, 68, 1, pp. 1-17.
- Vargo, S and Lusch, R (2004b), 'The four services marketing myths: Remnants from a manufacturing model', *Journal of Service Research*, 324-335.

Vollmer and Precourt (2008), 'Always On: Advertising, Marketing and Media in an Era of Consumer Control', *International Journal Of Advertising*, 27, 4, pp. 670-672.

Weinberg, B and Pehlivan, E (2011), 'Social spending: Managing the social media

mix', *Business Horizons*, 54, 3, pp. 275-282.

Yalcin, S, Singh, N, Dwivedi, Y, Apil, A and Sayfullin, S (2011), 'Culture and localization on the web: Evidence from multinationals in Russia and Turkey', *Journal of Electronic Commerce Research*. VOL 12.

APPENDIX

Appendix I

Example of an email

Hi XXX,

We are three master students from Uppsala University in Sweden, currently studying our fifth and last year at the department of Business Administration.

We are currently doing our last term at the University, and writing our Master Thesis in the field of Social Media. In short, the aim of the study is to identify differences in how companies use Social Media on different markets. Therefore, we are conducting interviews with practitioners from different countries, namely USA, Japan and Germany.

Through research, we have concluded that You have the required competences and skills of Social Media in order to participate in our study.

Our findings will hopefully give in-depth knowledge how companies are using Social Media in different countries in order to be successful. Indeed, we will provide you with the study with insight that will hopefully be helpful for You and Your company.

We would be grateful if you would be willing to conduct an interview via Skype, it will not take longer than an hour.

Please, answer if this sounds interesting.

Thanks for having your attention.

Sincerely,

Johan Kos, Oskar Norlander & Petter Rudwall

Appendix II

INTERVIEW QUESTIONS

The interview consists of 14 questions that cover different areas of Social Media. Please answer the questions from your local market's perspective.

1. Do you think that social media have changed the market?
- If yes, how?
2. What is the biggest advantage of using social media from a business perspective in your opinion?
3. What do you think companies should take into consideration when entering social media?
4. Which are the biggest mistakes companies often make in social media?
5. Can you give one example of a company on the market in your country that you think uses social media in a very good way? Why?
6. What is the main reason for companies to use social media on the market in your country?
7. Do you think that the break-through of social media has changed the view and need for companies of target groups?
8. Can companies create deeper relations with their consumers through social media?
- If yes, what effects does this have?
9. What do you think is the biggest single factor a company has to take into account in social media to drive sales?
10. How can companies make the consumers more engaged to their brand in social media?
11. Is it important for a company to use Social Media Influencers (SMI's)?
- If yes, how does a company create these?
12. How should a company measure the effects of social media in an accurate way?

13. Why do companies choose *not to* actively engage in social media?

14. The entry of social media means that consumers now in a more open way can discuss and publish content about brands, products and companies. Do you think that this means that companies are losing control of their brands?

- If yes, do you think that companies need to worry about this?