The Role of Modern Mobile and Social Media Communications
Case of SMEs’ Marketing Activities

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ABSTRACT

Background: In today’s world mobile marketing and social media marketing are playing a significant role. The reason for this is a global digitalization that effects a lot of interactions between clients and organizations. In that situation small and medium-seized enterprises (SMEs) are challenged to exist and generate revenue. Huge corporations also observe the change in the business landscape, however it is much easier for them to adapt as they have way more resources and expertise concerning marketing in ‘digital era’. As the market becomes more competitive SMEs have to act wisely, but they do not always have necessary knowledge.

Purpose: Consequently, the purpose of this thesis is to determine whether using SMM and mobile marketing brings value to the SMEs and have proven and measurable positive outcomes on sales of the company.

Method: As the research explores the topic of SMM and mobile marketing in relation with SMEs the decision was made that main source of data will be executives and marketing practitioners of the companies who use social media in their business activity. The research method will be exploratory, with induction as the primary research approach. Hence, semi-structured interviews were chosen as empirical data source. Finally, 12 interviews were held with companies from various business sectors from Russia and Sweden. Qualitative research gives an opportunity to investigate such a developing area find out certain business insights and vision from the companies that would be difficult to find out otherwise.

Results & Contribution: First of all, the thesis has a theoretical contribution. The theoretical framework can give a deeper understanding of the subject for marketing practitioners and executives. As the theory moves forward on such a popular topic some of the instruments may have been left aside, whereas the conceptual framework can grab the attention and reveal the tools of SMM and mobile marketing that were not used by the companies. Furthermore, research has a comprehensive empirical analysis of the subject. The 12 semi-structured interviews covered all the areas that were previously examined in theoretical part. SMEs can use the practical part as a foundation to build their own marketing strategy. Such a strategy may be a complex platform for achieving results. Whereas, the participants share insights and vision on the subject.
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1 INTRODUCTION

This Master's thesis focuses on small and medium-seized enterprises' (SMEs') marketing activities with a narrow focus on modern mobile and social media communications as tools, which can be implemented and successfully used by companies today. The introduction part is aimed to show background of the studies as well as its relevance and justification. Consequently, a problem discussion will be presented and followed by research purpose divided into research question and research objectives. Finally, firm delimitations are set for the purpose of narrowing the scope of the thesis.

1.1 Background

The starting point for the thesis is a background where first steps into the subject will be made. To start the discussion about Social Media Marketing (SMM) and Mobile Marketing it is necessary to define the current landscape and recent developments in the core areas related to the main topic. First of all, the growth of digitalization and globalization in the context of interactions with the client will be shown. Later on, a more precise view on Social Media Marketing (SMM) and the possible future scenarios of its expansion will be given.

1.1.1 From Ancient Rome to Global Social Networks

The idea of Marketing was known to the people from the ancient times, of course it was not defined in the way everybody knows it today, but still it was present. In archeological sites of Ancient Greece and Ancient Rome scientists find some kind of symbols and things, which nowadays will be defined as commercials (Ryan & Jones, 2012). Likewise, companies try to send their message to the customer today using any available marketing channel in order to build relationship. Hence, the level of competition and speed on any market today has grown significantly in comparison to the Ancient Rome. The shown example proves the very long history of Marketing and its relevance to companies and no matter of the size of the business or its history, everyone tries to be in the customer’s heart (Lancaster & Reynolds, 2004). As it was mentioned earlier, the landscape today has changed dramatically companies have a great variety of tools which can be used in order to succeed. The thesis focuses on the area of Digital Marketing that started developing with the development of Internet and personal computers around the globe. Thus, Digital Marketing is an ocean where a lot of sub-themes can be distinguished. As a result, the thesis will examine SMM and mobile marketing used by SMEs' in their regular marketing activities.

‘Progress is impossible without change, and those who cannot change their minds cannot change anything.’ (– George Bernard Shaw)

Even a decade ago only few experts would be able to define Social Media Marketing, its potential, opportunities, threats and a significant importance of digital component. Therefore, the reality has inconvertibly changed. The world has changed in many ways. First of all, Internet, the quantity of data, which can be found there, the penetration level, the speed of its development, and the number of active users all these figures have grown notably. Moreover, Internet brings a certain digital component, which opens doors to greater changes in numerous industries around the globe (WEF, 2016). SMM will be examined in the paper precisely both from theoretical and practical angles as far as this market experiences rapid growth in terms of people and money globally. The great thing about SMM is that it is not just a tool for companies to work with the targeted audience but it also works other way around. Consumers receive an opportunity to interact with companies regarding any issues and sometimes when companies do
“strange” things the reaction can be very loud (Nobre & Silva, 2014). Actually, SMM has become a buzzword when it first came out (Ghosh, Varshney & Venugopal, 2014). People realized the change in the paradigm of communication and a change in the global mindset when ‘generation Y’ was growing parallel with the rise in technological sector. New generations are fully related to digital component and it is impossible to imagine them without social media accounts. Consequently, during the global financial crisis 2008-2009 a vast majority of companies faced a decline in profit and as a result had to tighten up their marketing campaigns. Exactly at that time SMM caught the interest of executives as a potentially efficient and relatively cheap marketing channel. Unfortunately, even after 8 years from that time the debate concerning SMM’s effectiveness and cost/income ratios continues as far it is still difficult to precisely calculate the expenditures on SMM (Vranica & Raice, 2012). Hence, the effect of good image in the web demands money but does not necessarily provide growth in sales.

1.2 Problem Discussion

1.2.1 Marketing Activities Used by SMEs

SMEs quite often experience scarcity in resources while they have to compete with strong competitors, which have more capital and expertise (Centeno, Hart & Dinnie, 2012). Similarly, SMEs also compete with each other and such competition becomes extreme due to the fact that companies may be approximately the same size and have approximately same resources. As a result, these companies use same marketing instruments and have roughly the same results. Moreover, with the processes of globalization and fast technological development the level of competition on a global scale intensifies significantly (WEF, 2016; UBS, 2016).

‘Successful small firms must seek a balance between the ends to which the organization aspires and the ways and means available to them’ (Gilinsky, Stanny, McCline & Eyler, 2001, p.2).

It is apparent that traditional marketing channels such as TV, for instance, may be an unachievable desire for small and medium-seized companies (Huang & Brown, 1999). Nevertheless, SMEs also have some competitive advantages, which they can use in their competitive struggle.

First of all, it is flexibility, when small companies can adapt to the changing environment condition, while large companies may not be able to change at all. Secondly, it is the speed of reaction when SMEs have the ability to react just in time to any obstacle or opportunity. Thirdly, SMEs have the eye for the market opportunities, which come from their focus on the market (Krake, 2005; Gilinsky et al., 2001; Hill, 2001).

One of the strategic decisions, which executives can make, is a strategy of ‘blue ocean’. The main idea is that companies mostly compete with each other intensively and that leads to a lower revenue hence, this is called ‘red ocean ’ because it is full of blood, while when company reinvents the existing market it becomes a ‘blue ocean’. A very typical example is Cirque du Soleil, when the concept of the circus and theater was reinvented and put together, which came in the idea of a certain mix. The price of the tickets and the idea of a dramatic show was taken from the theater, while actors, gymnasts and clowns were adopted from the circus (Kim & Mauborgne, 2005). Also, the market changes as new generations are coming and the needs and wants of the clients change accordingly, still it depends highly on the industry and key customers of the particular firm, global transformation of the markets cannot be argued. Such fields like music, travel, banking, hospitality services, consumer electronics, retail, media & advertising already experienced tectonic changes and with high probability the process will continue (WEF, 2016). The great thing is that such a dramatic change cannot be stopped, almost any small and
medium-seized business has to go online, otherwise it risks loosing clients, missing opportunities and experiencing failure. At some point, online gives a chance to SMEs to compete with the titans, as the price of marketing activity there is relatively low. The possible audience is merely unlimited as the business stops considering geography and time zones as a limit while it is still possible to narrow your target audience very accurately (Ryan & Jones, 2012). Furthermore, all the activity online can be measured and tracked as all the traffic, conversion rate and many other figures can be compared to key performance indicators, which are set in the company. The only question in this case is to what extent it will effect sales.

1.3 Research Purpose

The stated discussion explains the growing demand in sound research of the field, which will explore the positive and negative sides of SMM and mobile marketing for SMEs.

Consequently, the purpose of this thesis is to determine whether using SMM and mobile marketing brings value to the SMEs and have proven and measurable positive outcomes on sales of the company. The research will be relevant for executives who make strategic decisions in the firm.

In this regard to achieve the declared purpose a number of empirical investigations will be made from the side of the companies, which use SMM and mobile marketing as tools of marketing strategy.

1.3.1 Research Question

The thesis makes an attempt to answer the following research question:

| RQ | Can Social Media Marketing and Mobile Marketing be an effective solution for SMEs’ to grow in competitive environment? |

1.3.2. Research Objectives

In order to fully respond on the stated research question the following objectives were stated:

1. Conduct a comprehensive research of literature related to methods of mobile marketing and SMM used by SMEs.
2. Gather initial information from companies, which use mobile marketing and SMM in regular marketing activities. The data collection will be organized through semi-structured interviews.
3. Carry on a content analysis of the publicized data by companies and market practitioners that face obstacles in real life while working in the business. This analysis will support the primal investigations.
4. Develop a practical component in the form of specific recommendations that can be used by SMEs in order to improve their business activities and, as a result, enhance revenue stream.
5. Suggest areas for future research of the subject.
1.4 Contributions

The thesis will have contribution in two ways:

1. The research will have a theoretical contribution to the subject. The subjects SMM and mobile marketing are experiencing remarkable attention from the scientists and marketing practitioners, a great number of books and articles were written on the subject for the past decade. Nevertheless, there is a continuous debate about SMM efficiency and its perspectives. The up to date semi-structured interviews will bring understanding of the current situation with regard to external factors and will be a foundation for the future explorations of the subject.

2. The research will make a practical contribution to the subject. Currently, SMM and mobile marketing are very popular among companies. The reason for that is the growing digitalization of the society. Goods and services in addition to various business processes are changing dramatically, due to the growing digital component. This rapid change forces SMEs to act appropriately, and the options are SMM and mobile marketing. However, the subject is still not well discovered and numerous companies loose money in social media activity. The research aims to give a set of recommendations based on the interviews with SMEs, which will help companies to prevent losses and act efficiently.

1.5 Delimitations

The scope of the paper was narrowed due to existing time limitations and stated purpose of the work:

1. Firstly, the research focuses only on the side of directors and marketing practitioners who work in SMEs and use in their every day business SMM and mobile marketing. Other stakeholder groups such as government, suppliers, owners, creditors etc. were excluded from the research.

2. Secondly, only social media and mobile marketing will be studied, other areas of digital marketing such as e-mail marketing, search marketing etc. were excluded from the research.

3. Thirdly, the study was conducted in international context, which gives opportunity to find exemplary cases of using SMM and mobile marketing. Still, the research was narrowed down to Russia and Sweden, only companies from that countries participated in the research.

1.6 Definitions

Mobile Marketing: ‘Mobile Marketing is a set of practices that enables organizations to communicate and engage with their audience in an interactive and relevant manner through and with any mobile device or network.’

Digital media: ‘products and services that come from the media, entertainment and information industry and its subsectors. It includes digital platforms (e.g. websites and applications), digitized content (e.g. text, audio, video and images) and services (e.g. information, entertainment and communication) that can be accessed and consumed through different digital devices.’

Social Media Marketing (SMM): ‘Monitoring and facilitating customer-to-customer

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1 Mobile Marketing Association, 2009
2 WEF, 2016, p. 5
interaction, participation and sharing through digital media to encourage positive engagement with a company and its brands, leading to commercial value. Interactions may occur on a company site, social networks and other third-party sites.⁵

**Small and medium-seized enterprises (SMEs):** ‘SMEs are non-subsidiary, independent firms which employ fewer than a given number of employees. This number varies across countries. The most frequent upper limit designating an SME is 250 employees, as in the European Union. However, some countries set the limit at 200 employees, while the United States considers SMEs to include firms with fewer than 500 employees.’⁴

**Social network sites:** ‘as web-based services that allow individuals to (1) construct a public or semi-public profile within a bounded system, (2) articulate a list of other users with whom they share a connection, and (3) view and traverse their list of connections and those made by others within the system. The nature and nomenclature of these connections may vary from site to site.’⁵

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⁵ Chaffey & Smith, 2013, p.599
⁴ Organisation for Economic Co-operation and Development (OECD)
⁵ Boyd, D., Ellison, N., 2007, p. 211
2 FRAME OF REFERENCE

This part of the thesis will be devoted to the frame of reference, where the sound theoretical background will be provided to the work. The starting point is a conceptual framework with an overview of what will be the main parts of the whole frame of reference and why these fields of knowledge are important in the analysis of the topic of the thesis. Later on a social media marketing theory is analyzed with the focus on different forms of SMM and pros and cons of using it in the business. The following part is devoted to mobile marketing theory and different forms of it in the modern environment. SMEs as a form of enterprise with limited resources and its potential strengths and weaknesses are explored. The last but not the least is a conceptual model, which makes a visual presentation of the components related to the topic of the thesis and their interaction.

2.1 Conceptual Framework

The thesis is devoted to the topic of modern mobile and social media communications which companies can use in their day-to-day marketing activity. First of all, an overview of the current changes will be analyzed. Global digitalization is not a myth anymore and the fourth industrial revolution will bring a lot of changes and companies have to react appropriately. Likewise, number of active social media accounts and active mobile users continue to grow in significant amounts of people every year. Secondly, thesis requires an exploration of mobile marketing theory where the global overview of unfolding situation will be made in addition to explanation of different social media tools used by enterprises all over the globe. The end of the part discusses the advantages and disadvantages of using SMM in the business. This part will be most relevant for the entrepreneurs who consider investing in social media. Third part examines the phenomenon of mobile marketing, which actually was introduced not a long time ago, and today it is a developing business and a field of studies. Ending of the part discusses the advantages and disadvantages of using mobile marketing in the business. Finally, the breakdown into current situation with the SMEs will be made.

2.1.1 Global Digitalization

The invention of printing by Johannes Gutenberg has changed the global landscape. Advertising and marketing was also affected by that change (Fussel, 2001). Today global digitalization and technological innovation change the way how we live and some experts declare that we are going to witness a Fourth Industrial Revolution related to artificial intelligence and big data, which has already started in some areas around the globe (WEF, 2016; UBS, 2016).

Figure 2.1: Industrial revolutions. (Adapted from WEF, 2016)

![Figure 2.1: Industrial revolutions. (Adapted from WEF, 2016)](image)

In the figure above four industrial revolutions are presented. The first one was in 1784 in the United Kingdom, this revolution was related to mechanical production equipment, steam and water. The second industrial revolution, which is dated 1870 was lead by division of labour, electricity and mass production. Later on, in 1969 development in electronics, IT and automated production lead to the third revolution. Nowadays, people can witness the fourth industrial
revolution, which is related to Cyber-physical systems (Schwab, 2016). Subsequently, most developed companies started making inventions in the field of ‘Internet of things’. In the report presented by Accenture Strategy (2016) it is mentioned that present digital economy includes digital skills, digital equipment and digital accelerators and there are still huge shifts going to happen. We already see how sharing-economy apps like Uber or supply-and-demand matching services like Airbnb completely changed taxi and travel industries around the world. Therefore, these two startups Uber and Airbnb would never get such popularity without remarkable growth of social media and technological development of modern smartphones. Their growth would be impossible without remarkable rise of social networks. The same rapid growth happens in modern mobile and social media communications, as we see how a field ‘big data’ skyrocketing in the stratosphere and more opportunities are going to arise. As far as all the processes are interconnected social media is also affected by the present changes (WEF, 2016; OECD, 2015).

Figure 2.2: Global digital landscape and year-on-year growth. (Adapted from EPC, 2015)
In total user numbers, percentage of penetration and growth, by category, relevant for 2015.

The figure above presents an interesting statistical data. First of all, world’s total population is 7.210 billion people with the level of urbanization equal to 53% and even a small growth actually results in millions of people. The number of active Internet users is 3.010 billion people with penetration level equals to 42% and it has a two-figure growth rate on year-on-year basis. The current situation with significant growth of Internet users most probably will continue as companies like Google X presented such projects as Project Loon, which will provide permanent Internet connection all over Africa with balloons flying around (Levy, 2013). Active Social media accounts have a penetration rate 29% or 2.078 billions people which shows that there are still great opportunities for growth. With mobile users penetration rate equals to 51% and annual growth 5% it should be mentioned that this growth is happening primarily in developing countries. The last but not the least data is related to active mobile social accounts which is 1.685 billion people and penetration rate 23%, but 2.078 billion people have active social media accounts which gives great opportunities for the figure related to mobile social accounts to grow significantly (EPC, 2015).
2.2 Social Media Marketing Theory

2.2.1 What is Social Media?

In today’s world brands have to be online and switched on 24/7. The problem is that customers will be either friends or foes. The digital component develops everywhere not only in marketing but also in social, mobile, gaming and search applications and programs (Burrows, 2010). And the Figure 2.2 shows the growing popularity of social media.

‘Social media is the umbrella term for web-based software and services that allow users to come together online and exchange, discuss, communicate and participate in any form of social interaction’ (Ryan & Jones, 2012, p.152).

Apparently, social media gives companies an opportunity to compete with each other on the new field, but still with regard to their main goals. Social media platforms today go beyond just communication processes; they already make it possible to proceed legal, financial and social transactions (WEF, 2016). In the present day we face technological turbulence when technology develops too fast. Some companies still afraid of the present change while others find opportunities (Burrows, 2010; Dahnil, Marzuki, Langgat, Fabeil, 2014).

‘When the winds of change blow, some people build walls and others build windmills.’

(– Chinese proverb)

Social media gives people a great opportunity to reinvent their traditional behavior. Consumers got a chance to have their own active voice. Next, social interaction is in people’s behavior, the vast majority of people are social and to be with others is in people’s DNA, that is why online social interaction is such an attractive and viable process (Nobre & Silva, 2014; Burrows, 2010). The story, which happened with Comcast, is a great example of it when a technician just fell asleep on the customer’s couch and this video became extremely popular on YouTube (Belson, 2006). Today people can easily write a review on the product or service they purchased and commonly the aim will be to improve the product or service and not to harm it (Nobre & Silva, 2014; Burrows, 2010). A remarkable tendency today for various websites to adopt elements of social media in order to built better and stronger relationship with the clients. While Twitter, Facebook and others built the whole business model around user-generated content, participation and interaction from members of the network (Ryan & Jones, 2012). In addition, social media enhances sharing information about brands between people, in particular it is seen on Facebook (Lipsman, Mudd, Rich & Bruich, 2012). The real change is about the level of penetration and reach of the social networks, whereas even 15 years ago people in majority were not so much familiar with computers. At those times any interaction through the web was a challenge. Nowadays with the progress in design and technology when all social interaction is easy, user-friendly design is everywhere, it is powerful and a lot of people around took part in the process it is comfortable for others to take part (Ryan & Jones, 2012).

The growth of social networks still continues and no matter will the company take part in it or no the process cannot be stopped, hence it is better to get involved and have some benefits from it.

First of all, social media gives an opportunity to have another place where company can listen its clients and keep track of what is going on, what are the perceptions of the company and its products or services. Company can understand its customers better and transform it into competitive advantage (Chaffey & Smith, 2013). Secondly, social media activity enhances natural brand support and advocacy. When company starts any positive activity in social media loyal customers of the brand who are already there will support it (Ryan & Jones, 2012). Thirdly, company gets a chance to work with the influencers who already have supporters in social media and a proven reputation, as a result if company cooperates with such people it will influence a big mass of targeted audience, so influence the influencers. Fourthly, mostly SMEs do not have
money for constant expensive marketing researches, surveys and focus groups, social media is a place for almost free marketing researches, and hence it cut costs. The last but not the least, viral circulation, within online news travel much faster something absorbing is taking place right in the next moment everybody knows about it and the company receives an ultimate attention (Chaffey & Smith, 2013; Ryan & Jones, 2012; Berthon, Pitt, Plangger & Shapiro, 2012).

2.2.2 Different Forms of Social Media

Today there is a great variety of social media services as the definition was stated previously in the current thesis only several groups will be analyzed. The main are: social network sites, media sharing sites, blogs, micro blogging, vlogs, forums and rating sites. It is apparent that with fast technological development new forms of social media marketing arise. Also, according to Dahnil et al., (2014) each of the components of social media marketing can be used alone, the best effect can be reached when they are combined and sustain each other. Still, each marketing tool may be used for certain specific aims.

2.2.2.1 Forums & Rating Sites

Forums are quite popular in the web and they were set up in Internet from the beginning. People who have certain interest enjoy finding like-minded friends who want to discuss this interest. Most popular forums can be found in such topics like travelling, cars, gardens and living on the countryside, rising children and many-many more. The good thing about forums is that everyone there shares at least one same interest. As a result, when SME knows its target audience in the forums it can find a lot of potential clients which leads to a targeted traffic to the corporate website. In forums company can get closer to the clients and learn a lot about them. A company can get involved in the discussion and provide valuable expertise and advice, which will strengthen company’s reputation. Company can work with the critics and give sound answers to customer’s negative experience and reviews. All that makes forums a valuable asset to use in the business (He & Yan, 2015; Ryan & Jones, 2012). Moreover, today certain huge groups in social networks compete with forums due to easier process of user interaction between each other.

Rating sites at some point are similar to forums because usually they have a discussion component, however the focus of rating sites precisely on rating. Rating sites operate in different fields: products, services, books, travelling, etc. Consequently, today huge online stores and marketplaces integrate rating system in their main business, Amazon and Alibaba, leading and well-known E-commerce companies allow rating for every item they sell. For instance, Uber makes a 5-star rating system of the drivers. That fact actually increases the quality of the client service (Lenzo, 2016). A good example when a rating site goes further and starts to provide different services is TripAdvisor. This website which started as a rating system in travelling and then became a service provider. Today they started implementing the methods of gamification to make the process of leaving rating and doing purchases even funny and simple (Sigala, 2015). Through rating and reviews company can analyze which of its products are good and which are not, what are the problem areas and what consumers really think. Finally, there are opportunities for simple advertising on those sites (Ryan & Jones, 2012).

2.2.2.2 Social Network Sites

Social network sites probably are the most popular group in social media services in terms of number of people involved. The most popular are Facebook, QQ, LinkedIn and others. The most common thing is that people have a certain circle of their friends with whom they share their
information, photos and events (Karimi & Naghibi, 2015). Consequently, works the common rule of networks that states ‘the bigger is the network the more valuable it becomes’. A company can organize its page there, where loyal customers can share their ideas and interact with the company. In addition, company can attract new influencers and advocates, who will promote company’s activity. Finally, company can advertise its goods or services to a very targeted audience in this network, as far these services aggregate all the data about their members. Thereby experts question the effectiveness of such adverts (Vranica & Raice, 2012). As for today social networks are searching for new opportunities to generate more revenue still, advertising is the biggest and major source of resources for social networks (WEF, 2016). However, an interesting thing is that Millennials, for instance, have much less chances then other age groups to respond to online advertising (WEF, 2016). Furthermore, level of trust which online ads arise in people is less then in traditional marketing channels: TV (63%), newspapers (60%), magazines (58%), online video ads (48%), ads on social networks (46%), mobile advertising (43%) (Nielsen, 2015). However, companies today rely a lot on social media, as on another marketing channel and a source of information to answer business questions, but SMM effectiveness and possible Return on Investments (ROI) figures still issues without a clear answer (Altimeter, 2011).

Figure 2.3: Leading social networks worldwide by number of active users (in millions) as of November 2015. (Adapted from Statista, 2015)

The figure above gives insights into number of social networks users worldwide. As for now Facebook still #1 with 1.550 billion people. In addition, #2 WhatsApp, #4 Facebook Messenger and #7 Instagram are parts of big Facebook corporation which makes it absolute champion on the global field of social networks around the globe. Moreover, some social networks are just leaders in some particular markets like QQ, QZone and WeChat are leaders on the Chinese market, but in other countries only few are familiar with them whereas Facebook is known around the globe. As far as the research includes Russian SMEs the most popular social network in Russia is VK (vk.com) with approximately 100 million active users (Statista, 2015).
2.2.2.3 Media Sharing Sites

Another category of social media services is media sharing sites, which are very popular nowadays. The well-known examples are video sharing service YouTube and photo sharing service Instagram that is already owned by Facebook. However, some services try to specialize on something, for instance, Slideshare is known as a platform for sharing presentations, Blip which is a platform for web series content, etc. (Evans & Bratton, 2008). Companies can first of all analyze their target audience in terms of what they want and what motivates them, companies can distribute their own digital content, and additionally in most of them it is possible to put advertisements. Videos can be viral and with today’s speed of sharing content just one video can make the company famous. As a result, one of the ideas is to make a virus video, which can grab the attention of a huge audience and make a company well known among the target audience. However, their cost/income ratio is also difficult to measure. The great example of a viral content which actually brought some results is a video uploaded by a South Korean pop artist PSY which is called Gangnam style and received more than 2.5 billion views on YouTube and actually boosted tourism to South Korea (Tweedy, 2013).

2.2.2.4 Blogs, Micro Blogging & Vlogs

Blogs can be considered as one of the dramatic shifts, which happened, in the modern media. Originally name blog came from web blog, from the beginning is started attracting people. Mainly the reason it was in its simplicity and relevance for readers (Berthon et al., 2012). Anyone can become a blogger in less than 10 minutes and places like Blogger or WorldPress provide such an opportunity, also bloggers usually write about local news, something that catches their eye, anxieties, frustrations, share the vision or provide certain information about the field they are interested in. The readers are answering commenting on the subject and sharing it with friends, this fact makes blogs a powerful instrument of influencing people. Today in the blogosphere there are millions of bloggers and a vast majority of them is somewhere in the middle of nowhere, but the ones on the top have millions of followers and are extremely powerful in terms of influencing others (He & Yan, 2015). One of the most important things any business can do in social media is to learn the most powerful bloggers in the industry. It is proven that a post in the popular blog, which is connected with the company, somehow will definitely generate much more traffic and exposure than any press release and it is an opportunity for marketing collaborators to think about (Berthon et al., 2012). Another idea, which can be interesting, is to organize a corporate blog, which will show the process behind the scene and make impression of the company with a human face, not just another greedy corporation. The information in the blog may be different, but the firm should not just promote its products or services. Good idea is to provide some genuine content, insights into the business, comment on popular issues, which are related to the company (Ryan & Jones, 2012).

Micro blogging is a new blow of wind in comparison to classical blogging; therefore it is very popular nowadays. A leader on this market is an American-based company Twitter with 316 million active users (Figure 2.3), which allows people to post messages with the size of 140 symbols or less (Berthon et al., 2012). First impression maybe that the size of the message is too small, but people get used to it and make their messages clear and straight to the point. In general the idea of micro blogging is the same as classical blogs however there is a difference. When a person is connected with someone through these small posts he or she better understands the partner in this digital world with a lack of time and energy. Moreover, Twitter is called a public barometer of the society that provides a relevant and up-to date opinion about modern issues (He & Yan, 2015). Marketers from the SMEs can use Twitter in their strategy. First of all, it is an access to top influencers in the industry and a chance to cooperate with them somehow. Secondly, company can make its own account in Twitter and communicate with the customers. It
is actually a modern alternative to another e-mail which client may get from you and delete it without even opening it while in Twitter it is probably will be read. Thirdly, it may be a source of relevant information, interesting expertise and something valuable for others. Fourthly, Twitter introduced a new option for business it is organizing surveys to measure loyalty and satisfaction. Net-net, it will definitely increase the traffic and boost company’s reputation (Thomases, 2010).

Vlogs. The name is similar to blogs but V goes for video. The general idea is completely the same with the only difference that everything is not in the form of the text but in the form of video. Commonly, vlogs are organized on YouTube where certain people with some periodicity upload videos on some topic. The most popular format of vlogs is 15-30 minutes length with a new upload every week. The topic of the vlog can be absolutely anything (Safko & Brake, 2009). It was detected that younger generation with all the technological progress consumes much more video content than previous generations; usually they watch videos instead of reading books. Actually, reading is harder than watching because it makes brains work harder. Hence, watching is easy and a person can become addicted to it that is why vlogs are so popular nowadays. A new impulse was made by new apps for mobile devices, which are called Periscope and Snapchat. Periscope allows making live video translations worldwide so anyone can be a reporter and a journalist at the same time. Snapchat is a communication app, which allows making short videos with a length of 10 second and sending it to your friends or subscribers. The principle is that the videos disappear after 24 hours. Snapchat develops rapidly nowadays and became one of the leading apps in around 100 countries (Chafkin & Frier, 2016). The easiest way for marketing collaborates to grab attention is to find popular vloggers on the subject and provide them with interesting information, which may be relevant for them. This may lead to positive cooperation between the company and a vlogger; also vloggers can advertise goods or services.

2.2.3 Pros & Cons of Using SMM

As a result of dramatic shifts on the global markets and development of SMM and mobile marketing several studies in the area of marketing for SMEs suggest using SMM and mobile marketing as efficient tools of marketing strategy for SMEs (Karimi & Naghibi, 2015; Amirkhanpour, Vrontis & Thrassou, 2014).

There are a number of reasons why it is considered to be an effective instrument. Firstly, SMM and mobile marketing are considered as cheap in comparison to traditional marketing channels such as TV, for instance. Almost all social media platforms are free to join almost all the tools for interactions with customers are free and maintenance does not cost a lot. (Karimi & Naghibi, 2015). Even if the company makes a full social media strategy with full outsourcing, which includes permanent content generation, digital design layouts, SMM maintenance, etc. the price range still cannot be compared with other marketing channels (Miller, 2012). Secondly, social media gives an opportunity to reach a huge number of people and the number is actually unlimited in scope and reach from all over the world. Also, social media is wide in demographics any age group can be found there and if your product or service is attractive enough customers will share information about it with even more people. Thirdly, social media is fast. Really fast! Fourthly, social media helps to enhance long-term relationship with clients, as all interactions in social media develop trust in long run between company and clients. Social media can be a big support to relationships with targeted audience (Nobre & Silva, 2014). Fifthly, social media helps to build brand loyalty through beneficial interactions with clients, which sustain company’s reputation, and finally increases loyalty (Nobre & Silva, 2014). Sixthly, social media definitely helps in improving customer service. As far it is really easy to reach a company through social media services where clients can express their suggestions, ideas and complaining. Apparently, social media becomes an important source of feedback from customers (Miller, 2012).
However, there are also negative reasons why using SMM is not a good solution for companies. Firstly, SMM is really time consuming, when company does not want to outsource SMM campaign, people with knowledge of product or service have to spend their precious time on interacting with customers. And the person who is responsible for such interactions should be very competent and qualified in social media issues. If the campaign is done inappropriate all the money and time will be completely wasted (Ward, 2014).

‘It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently.’ (~ Warren Buffett)

Secondly, with the positive users who like your company SMM also generates negative users who just want to harm the company with their own motives (i.e. ‘trolls’). Thirdly, a company can loose control of what information is generated; once something is published it becomes next to impossible to delete this information. Fourthly, the last, but not the least is that ROI in terms of time and money can be hardly calculated due to high level of uncertainty of how actions on social media generate sales and revenue afterwards (Viswanathan, 2016).

### 2.3 Mobile Marketing Theory

#### 2.3.1 Breathtaking Perspectives of Mobile Marketing

The definition of mobile marketing was given in the section 1.6, just to remind it is a tool to communicate and engage with the audience. The figure 2.2 proves the breathtaking perspectives of mobile marketing. Mobile phones give a great opportunity to collect any data about consumers in today’s world from health care to food preferences and many more (WEF, 2016). In the United Kingdom there is already number of phones in use is higher than total population of the country (Burrows, 2010). Mobile devices have experienced a tremendous transformation from just a source to hear each other’s voice into portable computers, which can solve numerous tasks (Varnali & Toker, 2010). Today smartphones have apps for almost every task, some entrepreneurs already have a mobile-first mindset, which means that an app or program first of all should be developed for the mobile device and only after that a desktop version will be presented (WEF, 2016). Other companies from huge corporations to SMEs across all industries, which are not on the front edge of the current transformations and can be considered as more conservative ones already started to implement mobile marketing into their marketing strategies (Pasqua & Elkin, 2012). Probably one can say that mobile devices have enhanced the ‘social media fire’ (Burrows, 2010).

Such significant growth in mobile marketing actions has a clear explanation and it is a growth in mobile devices users. The forecasts go in line with the current situation. In the Mobility report presented by Ericsson (2015) figures look impressive. As for now there are 7.4 billion mobile subscriptions, by 2021 we will see 9.1 billion mobile subscriptions, smartphones will show a 10% annual growth and by 2021 there will be 6.4 billion subscriptions instead of 3.4 billion today. From that 9.1 billion LTE will take 4.1 billion (25% annual growth), WCDMA/HSPA 3.2 billion (5% annual growth), GSM/EDGE-only 1.3 billion (-15% annual decrease). By 2021 we will have a 5G standard introduced and almost 150 million users.

Subsequently, as a result of such growth not a long time ago several young start-ups introduced apps which block almost all kind of advertising and that can be considered as a challenge for companies to show their commercials and not to be blocked by such an app (WEF, 2016).
2.3.2 History of Mobile Marketing

In 1984 Motorola introduced a first commercially available cell phone DynaTAC 8000X for the price $3'995. This phone was expensive, heavy and took around 10 hours to fully recharge, however there were thousands of people who wanted to buy it (Wolpin, 2014). The situation has changed radically from that time. Technological development helped to make phones smaller, cheaper and faster to recharge, then they received simple displays. In 1996 Siemens introduced a first phone with colored display and voice recorder. With the next step phones received two sim-cards, MP3 player, photo camera, GPS navigation and many other features. Apotheosis of all that development was the introduction of Apple Iphone on the 29th of June 2007. This cell phone has changed the perceptions of the mobile phone around the world. From that point of time mobile phone became a vital component of every day’s life for millions of people around the globe (Kim, 2011). Subsequently, companies got another tool for interaction with the client. Today people use phones for communication, entertainment, work, travelling, and numerous other things. Definitely, social media received a significant support with the phones and companies like Instagram and Twitter could not exist without such advanced phones (Burrows, 2010). All this leads to certain transformation of mobile marketing, from being something new it turned to be a mainstream. Mobile marketing as well as SMM will be examined from both theoretical and practical sides. Numerous companies even from B2B and B2G sector suppose that they cannot progress without using modern technologies (Miller, 2012).

2.3.3 Mobile Marketing Channel

In order to analyze mobile marketing first of all relevant mobile devices should be defined. For the purpose of marketing the three types of mobile devices are suitable: smartphones, connected devices and featured phones. Smartphones are the most advanced mobile devices in terms of productivity, connectivity and options they have to interact with the environment. These phones have the highest potential for mobile marketing and their number in the world is growing. As for today, the highest penetration level of smartphones is in the developed countries. The second category is connected devices. This category consists, for instance, from Apple Ipad, Samsung Galaxy Tab, Amazon Kindle etc. These devices cannot be used as phones as far it is impossible to make or receive a regular phone calls from them, thus in other terms they are the same and in addition more productive and have bigger screens. The third category is featured phones they are considered as a previous generation before smartphones came to the market. As for now these phones are still having strong positions in several markets around the globe. They cannot be compared with smartphones in terms of productivity, thus there are possibilities for mobile marketing even with those phones, preliminary using SMS (Becker & Arnold, 2010). Needless to say that significant development of mobile technologies opens great perspectives for companies to use mobile marketing. Moreover, according to Mobility report presented by Ericsson (2015) the development of 4G and 5G networks means that more content can be downloaded to the phone and remarkably faster. The technological development of phones, cloud technologies and infrastructure development (incl. Wi-Fi) turns the phone into a vital component of every day’s life.

According to the analysis today experts distinguish several mobile marketing categories: mobile social media marketing, mobile applications, mobile-optimized websites, mobile advertising, location-based marketing, SMS and mobile messaging services, mobile analytics (Ryan & Jones, 2012). However, with the rapid development of new technologies new forms of mobile marketing arise. It is apparent that the expert should choose each tool for the marketing campaign and the best positive outcome comes when the tools are combined with each other.
2.3.3.1 Mobile Social Media Marketing

As it was stated previously in the section 2.2.1 social media is growing significantly nowadays and as a result mobile phone producers have to consider it in their product plans. Hence, every new generation of smartphones has better processors, more storage space, bigger random access memory etc. In this case, mobile social media marketing develops rapidly. Especially, when companies see the figures that show biggest growth rate of users from developing countries that for the most part have mobile-first and mobile-only Internet access mobile SMM becomes vital component of company’s expansion and development (Pasqua & Elkin, 2012). Generally there are several opportunities for the business. 

First of all, it is advertising in social networks, for instance, Instagram or Snapchat that mostly used from the mobile devices mix advertisements with the user-generated content. Social networks like Facebook just add commercials on the side of the page or also add them to the news feed which every user sees when he or she enters the network. Secondly, companies, which understand that their biggest targeted audience uses smartphones, can set up their page or create account with content that will be particularly easy to consume through the phone. In particular, regardless the size of the display, several website offer to check the company’s website usability with different screen resolutions (Chaffey & Smith, 2013). Geolocation also offers a great opportunity first of all to track your customers, to interact with the one who are near you and many other possibilities. Social media platforms also analyze the numbers of people who use them through mobile devices (according to the figure 2.2 it is 1.685 billion people) which means that all the user-generated content all the media files and other things have to be optimized for the users. The companies which use social media in their marketing strategy has to consider that and depending on their target audience react appropriately.

2.3.3.2 Mobile Applications

Mobile applications are popular nowadays, due to their simplicity, 100% compatibility and ability to perform a lot of things. Apps provide information, they are used for communication, games etc. In accordance to the mobile platform either iOS or Android Apps can be downloaded from Apple Store or Google Play and bring outstanding interactive experience. Apps should bring additional value to the user so he or she will have an incentive to use it on their mobile devices. When the app is downloaded it provides a constant marketing of the service or product of the company that is why it should be maintained always (Hopkins & Turner, 2012).

2.3.3.3 Mobile-optimized Websites

A website plays a vital role in company’s business today. Almost in every transaction client interacts with the website in one way or another and a good website is a necessary thing (Amirkhanpour, Vrontis & Thrassou, 2014). Thus, when the client uses mobile devices either a smartphone or an Ipad he or she may face difficulties with the standard web page. Today there are two main forms of website mobile optimization. First one is called dedicated mobile website, it means that there is another additional website which was constructed specifically for smartphones and tablets, when user visits such a website he or she usually has a positive impression, as the website responses properly to all the commands which made from the device. The second option is called responsive web design, here the standard web site which is made for the computers just reacts when a customer tries to enter from the mobile device and just clasped in order to fit in the size of the mobile screen. Evidently, dedicated mobile website is a better solution for the company (Becker & Arnold, 2010).
2.3.3.4 Mobile Advertising

Mobile advertising is a new form of advertising, which started developing rapidly not a long time ago. However, today the growth of mobile advertising is so tremendous that experts already predict that in 2016 this market will reach $101 billion worldwide. There are different reasons for such situation. First of all, social media develops very fast and people spend more and more time there and it is a global trend.

‘If your plans don’t include mobile, your plans are not finished.’ (Wendy Clark, Coca-Cola)

Secondly, the number of people with smartphones increases and some experts predict that in 2016 this number will exceed 2 billion users around the globe. Furthermore, this growth partly comes from the developing countries where people do not have computers, so people get access to Internet mobile-first and mobile-only (Greiff, 2015). Moreover, the development in technologies and social media allows companies to advertise their goods and services in places where it was impossible. One of the examples of it is a Snapchat with its principle 3V: vertical, video, views. One of the great things about it that all the advertising appears using premium accurate content, so it is not a random advert completely out of subject, but something closely related to the topic potential client is interested in (Brouwer, 2015).

Mobile advertising today is made in mobile videos, mobile websites, in-app advertising and mobile social media advertising. The positive thing about mobile advertising is that advertisers can easily track all the important metrics: location, demographics, type of device and operating system, which gives them the necessary hints. Consequently, the advertiser can change on a real-time basis all the necessary settings and monitor performance all the time.

In addition, the challenges, which mobile commercials face today, come from the applications, which can block commercials on websites or in different apps (Chafkin & Frier, 2016).

2.3.3.5 SMS & Mobile Instant Messaging Services

The technology of SMS was developed back in 90s in 20th century. The idea was to allow customers to send pure text messages. The first limit of words was 160 symbols, which was considered as small but lately customers managed to adapt to that. With the growth of the number of active mobile users companies started to consider SMS as an opportunity to interact with the client. SMS can be used as notification, conformation or data collection tool, still using as an advertising channel can be considered as junk (Pasqua & Elkin, 2012).

Nevertheless, even with the developing of IP telecommunication services and Internet coverage around the globe, people continue using text messages. However, today SMS experiences a significant pressure due to growing usage of mobile instant messaging services. The leaders on that market are WhatsApp, Facebook Messenger, WeChat, Viber and Telegram. They use Internet, you do not have to pay for every message, just cover the Internet traffic and that is it. As a result, some telecommunication companies may require additional payments in case if the client uses these services. Hence, SMS or mobile instant messaging services provide a direct channel to interact with the client (Becker & Arnold, 2010).

2.3.3.6 Mobile Analytics

A great opportunity for companies lies in mobile analytics. The idea is that in traditional marketing there is always a time lag, means that you invest in marketing campaign today but results can be seen only tomorrow. Additionally, according to Chaffey & Patron (2012) web analytics gives ultimate opportunity to improve digital performance.
‘Half the money I spend on advertising is wasted; the trouble is I don't know which half.’
(– John Wanamaker, one of the ‘pioneers in marketing’)

With mobile marketing situation becomes better, especially in the question of time lag. All the results can be monitored on the real-time basis. Consequently, the company can make changes during the campaign and switch resources between different tools of mobile marketing. One of the most well-known services of analyzing the marketing campaign is Google Analytics, which provides real-time data. Thereby, a company can use its resources wisely as far as it can monitor all the actions made by clients and while the words said by John Wanamaker still relevant, at least companies can minimize the percentage of net losses. Thus, it is related to company’s aims, for instance, company can calculate easily the conversion rate and calculate cost/income ratio. Nevertheless, this situation is mostly works with digital businesses which operate online only, when company operates offline there may be failures as far as calculating the pure effect of mobile component becomes harder due to effect of other marketing channels, for instance, word-of-mouth marketing (Hemann & Burbary, 2013; Krum, 2010).

2.3.4 Pros & Cons of Mobile Marketing

The situation with mobile marketing is not clear there are different arguments, which support positive or negative points of view.

Firstly, mobile gives permanent access to customers everywhere, anytime, due to the fact that people always have their phones with them. Secondly, content created for a mobile device is cheaper and easier to produce in comparison to the one that is made for desktops. Thirdly, the developments of high-speed standards of mobile connection with development of social networks give a synergetic effect to companies who have a chance to be with customers 24/7. Fourthly, geolocation services help to track the customers and convert it into higher revenue. In addition, a significant part of the population in some developing countries has mobile-first and mobile-only way to access to the Internet, so then, mobile marketing is the only digital way to interact with those people (Krum, 2010). On the other hand, right now there are different platforms and company has to produce same content for different devices, which increases costs. Also, mobile smartphones do not have the same size of the screen as desktops or tablets, which means that the content should be adapted to it, especially in case of dedicated mobile websites (Hemann & Burbary, 2013).

2.4 SMEs Marketing Environment & Activity

‘...many problems faced by SMEs are brand – related, including a lack of resources’
(Centeno, Hart & Dinnie, 2012, p.448)

Even from the ancient times society had SMEs in a form of small companies, for instance, a shoemaker had his small company and later on his relative will inherit this business and will become a shoemaker. In case of death of the shoemaker somebody else would come and open a new shoemaker store because people still need shoes and they are ready to pay for it. This example shows that SMEs usually occupy such niches which large corporations will never even pay attention to due to its size, transaction costs etc. In the thesis the focus will be on SMEs instead of large businesses. The reason for it is that large corporations usually have a way more resources and expertise than small companies, it means that such companies have to be cost-effective and manage their scarce resources wisely (Centeno, Hart & Dinnie, 2012). SMEs play significant role in global business nowadays, for instance, in Sweden they account for about 99,8% of all enterprises in the country. In quantitative reading SMEs represent around 65,7% in terms of people employed and 59,2% of value added. It is apparent that SMEs cover the major part of the market in various industries and their role in the economy is large (European
Commission, 2015). Also, SMEs usually operate in such businesses where big companies will not even look.

Hence, current situation in the global economy drives SMEs towards mobile marketing and SMM due to several reasons. First of all, it is cheaper in comparison to traditional marketing channels (WEF, 2016). SMEs usually are not able to put a lot of recourses in terms of people and time in brand management (Krake, 2005) and it is possible to make an impression on customers that your company is a leader or at least a significant player on that particular market. Obviously, it is an illusion, but when you use SMM or mobile marketing you can sustain that kind of illusion (Miles, 2014).

2.4.1 Current Situation With SMEs

SMEs quite often experience scarcity in resources while they have to compete with strong competitors, which have more capital and expertise (Centeno, Hart & Dinnie, 2012). Moreover, with the processes of globalization and fast technological development the level of competition on a global scale intensifies significantly (WEF, 2016; UBS, 2016). It is apparent that traditional marketing channels such as TV, for instance, may be an unachievable desire for small and medium-seized companies (Huang & Brown, 1999). Nevertheless, SMEs also have some competitive advantages, which they can use in their competitive struggle. First of all, it is flexibility, when small companies can adapt to the changing environment condition, while large companies may not be able to change at all. Secondly, it is the speed of reaction when SMEs have the ability to react just in time to any obstacle or opportunity. Thirdly, SMEs have the eye for the market opportunities, which come from their focus on the market (Krake, 2005; Gilinsky, Stanny, McCline & Eyler, 2001; Hill, 2001). Also, the market changes, new generations are coming and the needs and wants of the clients change accordingly, still it depends highly on the industry and key customers of the particular firm, global transformation of the markets cannot be argued. Such fields like music, travel, banking, hospitality services, consumer electronics, retail, media & advertising already experienced tectonic changes and with high probability the process will continue. (WEF, 2016).

![Figure 2.4: Global advertising spending, % of total. (Adapted from The Economist, 2016)](image)

The figure shows the up-to date situation on the advertising market. It can be seen that television is still the leading place to advertise with approximately 39% of the total share. However, the digital component grows significantly every year and today it is around 31% of the total spending on advertising around the world. By 2020, experts predict that advertising on television will be around 35% from total spending, while advertising in digital space will be around 45%. Magazines, radio and outdoor advertising experiencing decline today as the spending on each of them is less than 8% from the total spending and situation probably will not change in the future (The Economist, 2016). Another result of such transformation means that the competition for the best places in the web, which receive the highest amount of clicks, will increase. Huge corporations like Procter & Gamble will remove SMEs from ‘sweet’ locations. Additionally, digital is the only good option to reach people under-30s whereas the
audience of regular TV is in their 50s with the only exception MTV, but still their audience is decreasing nowadays (Chafkin & Frier, 2016).

### 2.5 Conceptual Model

There were a few attempts to analyze the efficiency of SMM and mobile marketing. In accordance with the theoretical background a certain conceptual model was built. This model combines SMM and mobile marketing as tools, which can help SMEs to increase sales and as a result grow in terms of revenue. Such precise attention is paid to sales due to an understanding in the literature that the most important thing for SMEs are sales that can solve the vast majority of problems. Subsequently, the empirical analysis will show how SMM and mobile marketing are practiced by SMEs in the real business. Whereas the aim is to find out if there is a positive outcome of using SMM and mobile marketing which appears in the growth of company’s sales. Finally, the empirical findings will be compared with the theoretical framework.

**Figure 2.5: Conceptual model**
3 METHODOLOGY & METHOD

The following chapter reveals the research methods and design, which will be used, later on in empirical analysis. First of all, research philosophy is examined and a core philosophical research theory is set. Secondly, research approach is proposed. Thirdly, research design is built; special attention is devoted to research method and time horizon. Later on, data collection process is examined. Fifthly, data analysis is presented. The next point is research ethics. And the last component is the summary, which is presented in the form of the table.

3.1 Research Philosophy

The sound research philosophy is extremely important, as the choice of the philosophy will determine research strategy and the methods, which are chosen as part of the strategy in addition to the development of knowledge and the nature of that knowledge. The study adopts pragmatism as a core philosophy that will lead towards carrying out the research on the research purpose.

‘Pragmatism argues that the most important determinant of the epistemology, ontology and axiology you adopt is the research question – one may be more appropriate than the other for answering particular questions.’ (Saunders, Lewis & Thornhill, 2009, p.109)

As far as the focus of the thesis on the issues of social media marketing and mobile marketing usage by SMEs, the author investigates the subject from the business side. The fundamental one is the point of view of SMEs, which implement SMM and mobile marketing in their day-to-day business operations, measure its efficiency and collect data, which they gain. Thus, the idea is to uncover the best and most efficient tools of SMM and mobile marketing which companies can implement in their marketing activity.

According to Tashakkori and Teddlie (1998) pragmatism is appealing due to the fact that it prevents from falling into senseless debates regarding truth and reality. And it makes it possible to study what is interesting, appropriate and relevant for the author. Regarding ontology, the view will be external and multiple as far as it helps to answer the stated research question in the best way. As for, epistemology the focus is kept on practical applied research. In order to analyze data proficiently different perspectives will be integrated together. Values will play a significant role in the research and in the interpretation of the results as for axiology. Both points of view on the subject objective and subjective will be interpreted and adopted.

3.2 Research Approach

Choosing a suitable research approach on the subject of SMM and mobile marketing has proven to be a challenge. On the one hand the topic is new and the continuous debate about different aspects of the topic makes it a mainstream. An evidence of that are numerous publications in well-known magazines (i.e. Harvard Business Review, Bloomberg Businessweek etc.). As a result, it leads towards an inductive research approach. On the other hand, a lot of literature was written on the subject and a lot of materials like case studies and so on can be found in the libraries, so a certain theoretical framework can be defined and this leads to deductive research approach (Creswell, 2002).

Moreover, while working with deductive research approach the data collection is significantly faster, and more important the time schedules can be set accurately. Also, some experts believe in deduction is more familiar and often easier to analyze. Hence, deduction can be a good choice
for the risk-averse scientist. Nevertheless, *induction* also has some remarkable benefits. The main argument is that new patterns or knowledge can be discovered through *inductive* research approach, as far a researcher aims towards something completely new. Still, there is a risk of not finding any new patterns or it can take more time to analyze than it was previously planned (Saunders, Lewis & Thornhill, 2009).

Consequently, the decision was made to choose *induction*, whereas it will have specific advantages for the final analysis and findings. The thesis will have close understanding of the research context. Researcher will be a part of the research process. There will be an understanding of the ways in which the study subject is interconnected with events and processes. Subsequently, the scientific principles will be used. The move from theory to data will be done and controls, which will ensure the validity of the data, will be applied. As a result, the research will collect and operate with qualitative data (Smith, 1981; Malhotra, Birks & Wills, 2012; Saunders, Lewis & Thornhill, 2009).

### 3.3 Research Design

Research design is a vital component of any research it can even be compared with the designing the building. *First of all*, the research will highly depend on time and resources devoted to it. *Secondly*, the research will be influenced by researcher’s background, preferences and a choice of the method. Above all, it is apparent that the researcher will be the person who will conduct all the necessary steps from acquiring data to writing a conclusion. Obviously, it is an issue of great importance to do a sound research as well as in the analogy to build a good building (Hakim, 2000).

#### 3.3.1 Research Method

According to the research philosophy and research approach in order to answer the stated research question, which is: Can SMM and mobile marketing be an effective solution for SMEs’ to grow in competitive environment?

The research itself is going to be *exploratory*. Likewise, an *exploratory* part is for the interview component where the new insights on the subject will be discovered after several interactions with the real practitioners of *SMM* and *mobile marketing*. Based on the study of Saunders, Lewis & Thornhill (2009) it will be a *mono method* research with semi-structured interviews (*qualitative*).

#### 3.3.2 Time Horizon

With regard to the research question and existing time boundaries the decision was made to conduct a *cross-sectional study*. This leads to a significant amount of data collection in a relatively short period of time, whereas a data is relevant on the time of collection (Saunders, Lewis & Thornhill, 2009; Williamson, 2002). The *longitudinal study* was very difficult to conduct in such a tight schedule without loosing in the quality of presented research. All the interviews were done in the period from *March to April 2016*. Nevertheless, a certain limitation of the *cross-sectional study* should be identified the current research will show the situation with *SMM* and *mobile marketing* in *SMEs* in one particular moment and will not show the changing of the approach towards the issue over time.
3.4 Data Collection

The research aims to explore the field of SMM and mobile marketing in terms how SMEs can use these tools in their everyday business and eventually generate sales with it. The SMEs for the research were chosen with regard to their need of using digital marketing. In addition to interviews with the companies the researcher managed to contact with marketing professionals who work with SMM and mobile marketing inside the company and reveal certain insights in the business.

The research was narrowed down and a certain criteria was introduced:

- **SMEs**: The SMEs were chosen precisely. The important issue was if SMEs already had previous experience of SMM and mobile marketing usage. The idea was to collect data from companies, which tested digital marketing in the real world, invested a certain amount of time, energy and resources and finally faced several difficulties during this process. Whereas more important is to realize the obstacles which company had to overcome.

- **Geographic Coverage**: The research was not aimed to limit itself to a certain geographic location. Nevertheless, researcher wanted to include international component in the thesis that is why the research primarily focuses on Sweden and Russia.

- **Interviewees**: Interviews were conducted among people who had at least managerial role in the organization, so the person was responsible for the final results, had previous working experience, which proves person’s ability of building judgments and coming up with the solutions.

The empirical analysis will be done in the way of a combination of primary and secondary data analysis. A two-step process of the qualitative research will be presented.

**Step 1. Semi-structured interviews with SMEs’ executives and heads of marketing departments.**

The first step is a primary data collection of the information from the companies that use SMM and mobile marketing in the day-to-day business operations. The important element is to organize interviews especially with the people who implemented SMM and mobile marketing in the company and later on monitored its progress. Another group of people relevant for the research is heads of marketing departments. This people have the necessary knowledge and most often have the necessary experience in the field of SMM and mobile marketing. Moreover, they monitor the progress and measure efficiency of those digital channels of communication regularly.

**Step 2. Document Analysis.**

The second step is a secondary data analysis. The data was collected through numerous websites, analytical reports, influencers’ blogs, business publications and many other sources of publicly available data. The process presents the qualitative document analysis and becomes extremely important for the proper interpretation of the semi-structured interviews.

Hence, this data collection process will provide significant insights in the topic, give the necessary information for answering research question and will allow exploring the subject from different perspectives.
3.4.1 Semi-Structured Interviews

In the qualitative analysis semi-structured interviews will be the main source of information. This method of data collection has various benefits. Firstly, conversations with people who have necessary expertise and experience in the field of SMM and mobile marketing will provide high-quality information. Secondly, well thought questions for the interview and follow-up discussion will uncover the fields, which were unknown for the researcher previously. Thirdly, semi-structured interviews give an opportunity to move aside a little bit to the allied fields of knowledge that related to the subject. The positive thing is that in such a dynamic digital environment there is no direct correlation between events, while moving aside can significantly help in the analysis. Furthermore, with twelve interviews a researcher was able to aggregate a remarkable amount of data where twelve different opinions presented a broad picture on one issue. This goes in line with the theoretical findings as twelve interviews achieve ‘data saturation’ (Guest, Bunce & Johnson, 2006).

Concerning a special preparation for the process an interview guide was developed (Appendix 1). The importance of the interview guide is essential as it helps to the researcher to stick to the topic and monitor in the real-time the questions which were covered and which had to be discussed later on. While all the interviews were semi-structured it allowed the researcher to move aside. Almost all the questions were open-ended which put interviewees in the position when they had to explain their actions in detail. All the questions go in line with the previously constructed frame of reference. The interview guide was divided into several parts:

1. **Opening.** In the beginning of the interview the questions related to the company’s history discussed. Moreover, important information concerning marketing department, overall percentage from revenue devoted to marketing and marketing activities is clarified.
2. **Social media marketing.** Moving from marketing to particularly SMM which company uses, which tools, how often, does the company have a marketing strategy, how the efficiency of SMM is measured. The closing is related to obstacles/difficulties which company has experienced while working with SMM and future areas of development.
3. **Mobile marketing.** Starting with the precise look in mobile marketing and progressing to the combination of SMM and mobile marketing in the company. Next, moving to statistics, if possible, concerning users who learned about the company through mobile and number of users who interact with the company only through mobile. Additionally, the way that the efficiency is measured is clarified. Likewise, the questions regarding obstacles/difficulties also discussed.
4. **Ending.** The final part focuses on company’s vision concerning future and possible risks which company realizes. Also, the idea of new methods/technologies and strategies is discussed with the company’s representative.

3.4.2 Participants of Semi-Structured Interviews

The qualitative part of the research was organized with 12 interviews on the subject. Concerning the interviews the most preferable method was to make interviews face-to-face as it gives the understanding of the person, his or her motivation, discovers the body language. Moreover, the benefit of face-to-face interviews it is much easier to understand if the interviewee got the question properly, also such communication increases the level of trust between people and gives a chance to discover more (Kvale & Brinkmann, 2014).

Nevertheless, some of the interviewees were busy with their work and could not find time for a comprehensive interview, which lasts more than 40 minutes, and these people received all the questions in the written form. Hence, the answers were not so broad as in case of the verbal interviews still a lot of valuable information was discovered. As a result, researcher insisted on face-to-face format, which allows conducting semi-structured interviews in the best way as far it
provides an opportunity to move a little bit aside the topic and discover insights.

Concerning participants of semi-structured interviews a table was made with all the relevant information:

Table 3.1: Interviewees.

<table>
<thead>
<tr>
<th>#</th>
<th>Company</th>
<th>Location</th>
<th>Business</th>
<th>Position</th>
<th>Date</th>
<th>Duration</th>
<th>Format</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company A</td>
<td>Jönköping, Sweden</td>
<td>Retail/Horeca</td>
<td>CEO</td>
<td>01.04.2016</td>
<td>43 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>2</td>
<td>Company B</td>
<td>Jönköping, Sweden</td>
<td>Tourism</td>
<td>CEO</td>
<td>02.04.2016</td>
<td>46 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>3</td>
<td>Company C</td>
<td>Jönköping, Sweden</td>
<td>Recruiting service</td>
<td>CEO</td>
<td>06.04.2016</td>
<td>46 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>4</td>
<td>Company D</td>
<td>Jönköping, Sweden</td>
<td>Geographical social network</td>
<td>CEO</td>
<td>08.04.2016</td>
<td>47 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>5</td>
<td>Company E</td>
<td>Jönköping, Sweden</td>
<td>Horeca</td>
<td>Co-founder</td>
<td>10.04.2016</td>
<td>–</td>
<td>Via e-mail</td>
</tr>
<tr>
<td>6</td>
<td>Company F</td>
<td>Jönköping, Sweden</td>
<td>Horeca</td>
<td>CEO</td>
<td>12.04.2016</td>
<td>41 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>7</td>
<td>Company G</td>
<td>Moscow, Russia</td>
<td>Repairing service</td>
<td>CEO</td>
<td>18.04.2016</td>
<td>76 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>8</td>
<td>Company H</td>
<td>Moscow, Russia</td>
<td>Retail/E-commerce</td>
<td>Head of marketing</td>
<td>19.04.2016</td>
<td>63 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>9</td>
<td>Company I</td>
<td>Moscow, Russia</td>
<td>Telecom</td>
<td>CEO</td>
<td>20.04.2016</td>
<td>45 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>10</td>
<td>Company J</td>
<td>Moscow, Russia</td>
<td>IT</td>
<td>CEO</td>
<td>21.04.2016</td>
<td>51 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>11</td>
<td>Company K</td>
<td>Moscow, Russia</td>
<td>Horeca</td>
<td>CEO</td>
<td>22.04.2016</td>
<td>47 min</td>
<td>Face-to-face</td>
</tr>
<tr>
<td>12</td>
<td>Company L</td>
<td>St. Petersburg, Russia</td>
<td>E-commerce</td>
<td>Co-founder</td>
<td>25.04.2016</td>
<td>–</td>
<td>Via e-mail</td>
</tr>
</tbody>
</table>

3.4.3 Document analysis

The aim of the research is to fully understand the phenomenon under investigation. In this regard, a necessary thing is to validate the information received during interviews, minimize any kind of bias revealed during the interview process and provide sound conclusion to all of the investigated topics. A qualitative document analysis can be such an instrument, which will support the research and help to deliver better outcome. The documents that were analyzed include internal companies’ data, blogs of well-known experts in the field, seminars and webinars done within the topic and various press publications. Moreover, most often interviewees recommended to check some materials related to the topic.

3.5 Data Analysis

So the research findings and analysis will be devoted to the analysis of the qualitative findings. Concerning qualitative part the structure of analysis was set in line with the previous frame of reference. This allowed making a well-rounded analysis, which is able to answer the research question and fulfill research objectives.
In order to make a trustworthy research a criterion offered by Guba (1981) is adopted:

1. **Credibility** (in preference to internal validity)
2. **Transferability** (in preference to external validity/generalizability)
3. **Dependability** (in preference to relaibaility)
4. **Confirmability** (in preference to objectivity)

(Shenton, 2004, p.64)

Each of the four elements will be taken to pieces so the quality of the thesis is proven.

**Credibility**: *First of all*, according to Guba (1981) ‘prolonged engagement’ is highly recommended. The researcher made a lot of preparations before the interview. Each company, which took part in the research, was studied carefully so during the interview the researcher could focus especially on the subject of the thesis. *Secondly*, researcher did a significant amount of actions in order to ensure honesty from interviewees. All the participants in the research did it freely without any ‘push’ from the side, they were able to withdraw any time and were genuinely interested in taking part in the research as far as they will receive a complete thesis later on and will be able to implement beneficial tactics and strategies in their business. *Thirdly*, iterative questioning was used in order to detect any kind of lies. Eventually, that annoyed some interviewees; nevertheless it helped to ensure that the data collected was accurate and precise. *Fourthly*, the feedback from the supervisors and peers who took part in reading the thesis and criticizing the elements of the work helped to wider the vision of the research, challenged assumptions and strengthen the arguments of the researcher.

**Transferability**: According to Firestone (1993) it is the responsibility of the researcher to identify the possibilities to the transfer of the research to other areas. Luckily, the topic of SMM and mobile marketing experiences a tremendous growth today, numerous companies invest a lot of money in it everyday and even a greater number is waiting to start doing the same. The great thing is that digital marketing becomes relevant for a greater number of businesses, which opens opportunities. The presented research was not focused on particular businesses (IT, Retail, Recruitment, etc.) that make it possible to project the results to the new areas where SMM and mobile marketing are about to come.

**Dependability**: The thesis was written with the accounting of every single step, which was done during the research. That performs to the repeatability of the study (Shenton, 2004). During the research the starting point was made with the comprehensive introduction which includes all necessary components such as background, research objectives and so on. The next step was to provide a sound frame of reference, which will show a broad picture of the examined area. Later on methodology and proposed methods were presented and the final step was made with empirical findings and analysis. However, it is highly questionable that the same research in a period of time will provide the same results as the business environment changes a lot, new marketing practices develop and answers on semi-structured interviews are highly possible to vary. Still, Guba (1981) in the work remarks that such changes are acceptable.

**Confirmability**: To reach a full objectivity in the research is difficult, however the researcher made significant amount of actions to build the research as transparent and objective as possible. So any observer can start the ‘audit trial’ when any observer can trace the research step-by-step (Shenton, 2004). *First of all*, limitations of the study are recognized. *Secondly*, all the procedures and steps in the thesis are well proved and clear presented. *Thirdly*, all interviews were recorded in precise and unbiased way, which helped to build a sound chain of evidence, which presents the way that the empirical findings arise from collected data. The last, but not the least is the feedback from peers who examined the work throughout the whole research significantly strengthen the line of arguments and cleared the needless components.
3.6 Research Ethics

Strong ethical principles were embraced through the whole research as far as the Master’s thesis should meet certain requirements where ethics play significant role. The foundation of the ethics principles was taken from Saunders, Lewis & Thornhill (2009).

First of all, is the principle of volunteer basis was implemented. Nobody was pushed or forced in any sense to take part in the interview. Secondly, all the participants were fully informed about the research purpose, questions and objectives, everybody had a right to withdraw from the research at any time. Each participant received e-mail prior to the interview with all the details concerning the process and structure of the interview. All the interviewees were asked for permission to audio record the interview and luckily all of them allowed to do it. Thirdly, attention was played to the privacy of each participant as a result all the interviews are anonymous. Hence, none of the findings can be linked to real people or organizations. As a result, nothing from the raw data gained through interviews can be presented or disclosed to any third party. That action is done in order to cope with the issues of confidentiality. The completed thesis will be sent to the interviewees in order to share value with them.

3.7 Summary of Method

In order to present a clear summary of methodology and proposed methods the researcher built a table with all the elements

Table 3.2: Summary of Method

<table>
<thead>
<tr>
<th>Research Philosophy</th>
<th>Pragmatism</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research Approach</td>
<td>Induction</td>
</tr>
<tr>
<td>Research Design</td>
<td>Mono Method Research</td>
</tr>
<tr>
<td>Time Horizon</td>
<td>Cross-Sectional</td>
</tr>
<tr>
<td>Data Collection Methods</td>
<td>Semi-Structured Interviews</td>
</tr>
<tr>
<td></td>
<td>Document Analysis</td>
</tr>
<tr>
<td>Data Analysis Technique</td>
<td>Qualitative Content Analysis</td>
</tr>
</tbody>
</table>
4 FINDINGS & ANALYSIS

The following chapter presents the results of empirical investigations on the subject. The main goal of the analysis is to meet research objectives and to answer the research question: Can Social Media Marketing and Mobile Marketing be an effective solution for SMEs’ to grow in competitive environment? All the 12 semi-structured interviews are analyzed and structured within the previously defined conceptual framework. The chapter is divided into three parts. The first part explores the role of SMM for SMEs. The second part is focused on instruments of SMM, which companies use in their business activity and their impression from them. Finally, the last part of the chapter investigates mobile marketing tools and experience that SMEs have after using it.

4.1 The Role of Social Media Marketing for SMEs

The starting point of findings & analysis is a general attitude, which was expressed by the interviewees concerning marketing, SMM and mobile marketing. Likewise, each informant expressed his or her own perspective and vision on the subject, still some of them expressed the same idea so it was not necessary to overload the chapter with the similar answers.

4.1.1 Importance of Marketing

“You can’t be good at everything from day 1 especially when we speak about marketing” (Company C, Sweden)

Different respondents shared this impression. The general idea was that in every business in the beginning an owner and employees have certain understanding of the situation and have various assumptions. After the business is found any entrepreneur or employee consider himself/herself good, but the cold shower of the reality changes this perception.

“25% of the whole budget is devoted to marketing. For us marketing is basically the most important thing...Our product is not what people buy everyday, but our targeted audience should always remember, when they need us we are there and ready to deliver.” (Company B, Sweden)

“We devoted to marketing 15-20%, but now we can lower down the amount because when you focus precisely on a particular group of people it becomes much easier to optimize expenditures.” (Company C, Sweden)

The most common % of budget invested in marketing among informants was 20%. This figure shows that SMEs consider marketing as an important element in the development of their business. Nevertheless, the majority of respondents assumed that through the time they would be able to lower the investments in marketing. This idea was based on the fact that they will be more experienced and will be able to spend their money wisely, or they will be bigger and better known among their target audience. Particularly firms in Sweden suppose that the will be even more focused on their target audience and it will allow to lower the spending.

“When you work in Horeca industry the key thing is your reputation, in that case we do not rely a lot on Facebook or Instagram, you do your work properly and later on you will be good.” (Company F, Sweden)
“Each part of the communication with the client is important starting from first glimpse and ending with the continuous relationship for years we do our best on every stage.”
(Company J, Russia)

It was detected that companies that use digital technologies but still do a significant amount of work offline with the real clients presume that good service is vital and SMM will not do all the work.

4.1.2 Importance of Social Media & SMM

“Social media? Of course, it is easy to spread your brand to a lot of people there.”
(Company E, Sweden)

“When you work on the market of organic food you find all your customers there [in social media] and wasting this opportunity is a nonsense.” (Company A, Sweden)

“Our target audience is people from 25 to 34 years old, apparently, they are more than just familiar with social media.” (Company G, Russia)

Almost all the companies remarked the importance of social media services in one way or another. Most of the companies mentioned that their target audience uses social media. Second argument was the simplicity of tracking all the metrics and performance. Thirdly, the cost of acquiring new customer was cheaper than in other marketing channels.

However, all the companies did not express any WOW reaction concerning social media. They speak about social media as about just another tool for acquiring customers and that is it. In particular, Swedish companies were very economical concerning money.

“When we speak about social media strategy there is nothing new, we just listen to our customers. For instance, ours told us that they interact with us only on Facebook and YouTube, thereby we don’t use Instagram at all. Each crown is important.” (Company D, Sweden)

“When you are running lean, you are not allowed to waste resources.” (Company C, Sweden)

On the other hand companies from Russia, which used cross-platform strategy when the topic of marketing in social media was discussed, expressed several concerns.

“We have observed that any public activity decreases the cost of acquiring paying clients in the paid marketing channels. As a result, if you use various channels to acquire clients the benefit will be higher, whereas if you do marketing only in one channel with the same marketing budget the outcome will be lower. Hence it is difficult to track to what extent the results are better.” (Company L, Russia)

“One of the troubles, which we experienced while working with social media, is the difficulty to measure efficiency. I can explain, yesterday we received an order for our service, we asked the client where he have learned about us, the client replied that it was a relative who sent him a link to the website. So obviously, when the relative first learned about the company he didn’t buy anything and we considered him as a waste of money, but finally he sent it to his relative and we earned money. Another case for you, we call it delayed purchases, a person saw us on Facebook, saved a note about us and when he or
she experiences trouble the saved note will be just right there. The problem is that when the person first discovers us and does not do anything we consider it as a loss, but finally we make money there. Actually, the main difficulty is to figure out how all that touches which client does lead us to the final purchase.” (Company G, Russia)

What can be seen from that two ideas expressed by different companies is that when company has to use different social media platforms it has to calculate the efficiency from each of the platforms, whereas it is difficult to do as far as it is currently difficult to find out all the interactions between the client and the firm.

Furthermore, it was easy to find out that the most important thing in the business for SMEs are sales.

“Look, I do not follow Booking.com, but when I need a hotel anywhere around the globe I come to their page and it is done. And that is what we want to reach. Precise amount of followers and likes are not so important in that case.” (Company B, Sweden)

“Look at small enterprises, all that companies do not care about brand awareness, penetration of the market and so on they do not care about anything except SALES! Social media in that case is a great support, for example, we take Facebook, and you are a producer of the craft handmade furniture, social media can generate you sales, through 2 things:

1. Great and authentic content which you produce.
2. Sound promotion of that content.

The idea is simple you just produce the content which is interesting for your target audience and then you just promote it. There are various instruments how you can do it. But most of the firms fail on the first stage; they just make content, which is irrelevant to the customers. All that can be done by an appropriate content plan. The important thing to remember is that content is vital, if the content is poor, everything will be poor.” (Company H, Russia)

The informant from the company H actually shared an important insight about enhancing and increasing sales in the company. Nevertheless, several companies expressed such understanding of how sales can be accelerated in the company in one way or another and all of them were similar, only this quotation shows the most simple and sound description of the process. Special attention was paid to the quality of the content that is relevant to the target audience as far as it is the main thing, which matters.

### 4.1.3 Key Learnings

As it was found out from the first parts of the interviews, which were, devoted to general openings, basic questions concerning development of the business and the role of marketing together with SMM, several ideas can be distinguished.

*First of all*, around 20% of the total budget is devoted to marketing, due to the fact that companies have either intense competition on the market or they in the stage of rapid growth and want to become well known on the market. *Secondly*, the usage of SMM varies from business to business, but none of the informants expressed any inspiration about SMM, yes it delivers results, yes it has potential, but all the companies try to be very efficient about it. *Thirdly*, several companies mentioned the problems they faced while using SMM; the problems were related to cross-platform usage of the social services and difficulties with tracking all the ‘touches’ from
the client. Finally, the importance of sales was declared and a certain plan of accelerating the sales was discovered.

### Table 4.1: Recommendations for SMEs

<table>
<thead>
<tr>
<th>Marketing</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invest significant amount in marketing especially in the early stage of development. ~20% was the figure discovered during the research</td>
<td>The strategy of accelerating sales through SMM was discovered:</td>
</tr>
<tr>
<td></td>
<td>1. Great and authentic content which is interesting to the target audience.</td>
</tr>
<tr>
<td></td>
<td>2. Sound promotion of that content.</td>
</tr>
</tbody>
</table>

### 4.2 Tools Used in SMM

The following part of the research will focus on precise social media marketing instruments that companies most commonly use in their marketing activity. Also, all the instruments stated here were previously analyzed in the frame of reference. The starting point is social network sites that are most popular tools used in SMM.

#### 4.2.1 Social Network Sites

“Facebook is the best marketing platform right now to my mind that gives access to 1.5 billion users and that is breathtaking.” (Company B, Sweden)

There was no need to put in the work all the quotations about Facebook or VK (the most popular social network in Russia) all of them looked the similar. CEOs and businessmen are unanimous in their thrill about huge social networks and opportunities, which they open to business.

“Several years ago we discovered LinkedIn, today I can say that we often use it when we have a need in new employees or want to contact with experts in various areas.” (Company I, Russia)

Actually, only two companies spoke about LinkedIn, most probably it happened because others do not use it often or have no need in particular experts.

“We use Facebook a lot and it is a great tool. Our strategy is to find people who have already started using our app and have started building a group of people who live close to them in the same community. Right after the moment we detect such activity we start to put advertising precisely to people who live there. As a result, the advertising becomes extremely targeted.” (Company D, Sweden)

“Obviously, it takes a high degree of knowledge to be good at advertising on Facebook. You need both good texts and pictures for the ads and a lot of experience how to do things properly. Of course we use A/B testing and it takes 10 pictures and 10 texts to find the best one, but also remember about the developer’s time to track all that. As a result, you need a lot of areas of expertise in one place and time to make a good thing. So far we know that short is good, but short is the hardest.” (Company C, Sweden)

Two companies even shared their strategy how they work in Facebook. One of the companies focuses on people who has already started using their app and then gives advertising to people
who most likely would interact with the first follower of the app in the area. Another company does very famous A/B testing that helps to find out the best ‘piece of cake’ from the testing array of options.

“We use Facebook Pixel where we measure everything directly. We see the price per click, and other metrics. So finally, we know exactly what is the cost of acquisition of the new candidate is. Great example for you: in the beginning the price was 32 SEK (~3,49 EUR) for every new customer, and now through various actions it has dropped to 21 SEK (~2,29 EUR). It is kind of a remarkable decrease!” (Company C, Sweden)

“We measuring efficiency in Facebook? Facebook Pixel is our choice. Concerning the cost of acquisition of the new customer it is around 3,5 SEK (~0,38 EUR) which is awfully low, but that is what our service is about! Targeting is everything.” (Company D, Sweden)

When we work with social media we distinguish native advertising, which basically does not look like advertising at all and is implemented in the author’s content and simple paid advertising which is seen all over social networks. On average the price of acquiring a new customer is around 650 RUR (~8,72 EUR) and we are making profit with that. Today we forecast 2 scenarios of the future development. The first scenario is that you can reach a certain level of customers after which the price for each new customer will go higher. As an example I know one startup which received 1 million customers and each additional million of customers will be more and more expensive because there is a limit. But on the other hand with the word of mouth the price can go down as more and more people will learn about the company and would like to share it with their friends while the market is huge. The problem is how to come to the second scenario.” (Company G, Russia)

During the research three companies shared their figures concerning the cost of acquisition of each new customer in social networks. These numbers give a certain understanding about how the business operates. Company D gave a remarkable number that may impress. The point is that company D provides a social service and does not charge any money from the clients. Also, company C earns from the companies, not from the regular people. Only company G earns directly from the clients, whom it attracts, that is why the difference in figures is so impressive. Nevertheless, the conclusion can be made that targeting is very important in advertising due to a potential to lower costs of acquiring each new customer.

4.2 Media Sharing Sites

“Instagram is one of the channels which is actively used when you work on the market of adventure tours.” (Company B, Sweden)

“We find Instagram hard. You ask why? Because you need really good pictures. You need really-really-really good texts! And you should be very targeted there.” (Company C, Sweden)

Instagram is a fancy app, which is actively used today by companies and people, it is popular, the potential audience is huge, and the message is straight to the point. Therefore, it is obvious that being targeted there is difficult. Similarly, producing good content has proven to be a challenge.
The Role of Modern Mobile and Social Media Communications

“We use YouTube where we describe our service in a simple way. Additionally it is cheaper to advertise such video than a regular text.” (Company D, Sweden)

We plan to shoot a video, which will be uploaded on YouTube. The aims that we have are to bring value to our customers with that video and to increase trust between the firm and the clients.” (Company J, Russia)

YouTube is another popular tool, which is commonly used by companies as it brings more traffic to the company, makes company better recognizable and brings additional message to the clients. One of the obstacles that was identified is to make the video viral specially in today’s world where people are overloaded with the information.

“We want to try Pinterest.” (Company E, Sweden)

“People use Snapchat in Sweden more than text messages, in particular young generation.” (Company B, Sweden)

“We tried Periscope a week ago, for us it did not cost anything, but for our loyal customers it was a big surprise and they actively participated in the live translation with their likes and questions. Currently, we want to find out who are these people who watch Periscope daily, but as for now we see an opportunity to have additional channel for interactions with our clients.” (Company K, Russia)

What was found out is that companies look forward to use new media sharing services, the arguments for it is to be up to-date to have another communication tool, to monitor the trends and ideas. Subsequently, it is obvious that in new services the efficiency is so far difficult to measure.

4.2.3 Blogs, Micro Blogging, Vlogs

“On the early stage of the development of the company it is pretty difficult to produce your own genuine and qualitative content that will be interesting for the customers and distinguish you from the other competitors. Our solution is to give content about us – young entrepreneurs who started the company and want to make difference. We show ourselves, share the business insights we have discovered, track our progress, post pictures from the office. Moreover, what is important is that such blog gives our customers this personal feeling that there people behind the company and not just greedy corporation which leads to the new level of engagement.” (Company B, Sweden)

“Concerning social networks we have a group which has several updates per week and looks like active, but I think about switching from just talking about tech news to making my own blog about business and my personal business experience, tell about how I started a company, share some business insights, how we manage the obstacles, which problems you can have with the suppliers and so on.” (Company G, Russia)

“We have our own blog on our website which is about topics interesting for our customers, but mainly recruiting. Later on, we decided to promote our blog on Facebook and not just sponsored ad. Hence, we received more customers.” (Company C, Sweden)

The surprising thing was to find out that two companies one from Russia and another one from Sweden made decisions at the same time to start blogs about startup life. Most probably if the
target audience is interested in such a topic it will be a good idea. Another good idea is to promote blog instead of just sponsored adverts, as the cost of such promotion may be lower and the outcome is higher.

“So far we start thinking about professionals and ambassadors who are willing to cooperate with us. Still, we want to acquire more expertise before we start doing it. We suppose that it takes significant expertise to handle it properly.” (Company C, Sweden)

Yes, we have kind of ambassadors. Basically, we just bring value to people and they are willing to cooperate with us. When our ambassadors start creating group in their community we do the advertising to help them promoting the group and inviting new customers.” (Company D, Sweden)

“If we speak about ambassadors, it is expensive and it is really difficult to measure. Also, you do not receive direct outcome from that, you can monitor Google Trends and see the growth of organic requests and visits, but it will not directly lead to the growth of sales.” (Company H, Russia)

Touching the topic of ambassadors who usually have their own blog, vlog or public page where such people interact with audience the answers from various companies were basically similar.

That is the reason why Twitter is so successful, because it does not overload people with huge amount of useless info. (Company B, Sweden)

Only one company was thinking about going to Twitter but not in a short-term perspective.

4.2.4 Forums & Rating Sites

“We came across the idea of influencing the influencers, at first we did not find the idea attractive, but then we tried and found out that it has benefits. We build our relationship with influencers on the principle of sharing valuable data with them and giving them discounts on different purchases. This leads to a good image of the company which they enhance both online and offline.” (Company L, Russia)

The idea, which was expressed in Company L, was about combining different instruments all together and having business with influencers was used in addition to other tools.

4.2.5 Analytics

One of the experts shared his insights concerning analytics that can be used while working with social media. This information is recognized to be important.

“Look, there are hidden gems on the market, for instance, a click loss coefficient. Not a lot of people know about that. There is a difference between clicks and visits. So, basically you pay for 10 clicks, but you will receive only 8, now guess, where are the remaining 2 clicks? And the funny thing is that almost nobody compares clicks with visits. Likewise, almost 80% of all manipulation with clicks is hidden there. Another thing is called bounce rate it is the rate, which calculates the percentage of the visits that are lost right after 5 seconds of visiting the site. So what is the efficiency of that click then?” (Company H, Russia)
“By the way, there are different ways to calculate efficiency of the money invested into business. For instance, there is engagement rate that is a great metric. Of course, sales are important, but sales are a ‘strict line’ whereas engagement rate is not the same and can navigate and help you.” (Company H, Russia)

The information above proves the importance of working with professionals, whereas just average marketing specialists will not be able to find out such facts as shown above and will generate loss.

### 4.2.6 Key Learnings

The second part of the interview was focused on the questions related to social media. The guideline was to find out tools, strategy, obstacles and opportunities which companies recognize. As a result, a lot of raw data was collected and only a part of it was presented as all the companies had a lot of things in common.

First of all, social networks and media sharing sites are considered as the most popular marketing tools used by the SMEs. Companies are familiar with social networks and discovered ways how to work with them and effectively generate traffic. With media sharing sites it is harder due to tremendous competition and the importance of generating valuable content for the target audience. Secondly, blogs, micro blogs and vlogs are not used so widely due to indirect effect of them on sales, still several companies already have plans to use these services in their marketing activity. Concerning ambassadors the interviewees identified the problem of measuring efficiency and an indirect effect on final sales. Thirdly, forums and rating sites, in the beginning of the research the assumption was that that kind of services will be popular among SMEs while in the reality only one company shared its experience of using it. Finally, a part concerning analytics was developed and certain insights of working with SMM were discovered.

### Table 4.2: Recommendations for SMEs

<table>
<thead>
<tr>
<th>Social Networks</th>
<th>Targeting has proved to be a good strategy; always track the outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Media Sharing Sites</td>
<td>Interesting and viral content, otherwise it can be a waste of resources</td>
</tr>
<tr>
<td>Blogs, Micro blogging, Vlogs</td>
<td>Bring value to customers; idea of doing blog/vlog about company’s activity and progress</td>
</tr>
<tr>
<td>Forums &amp; Rating sites</td>
<td>Influence the influencers</td>
</tr>
<tr>
<td>Analytics</td>
<td>If the company needs sound analytics it should hire experienced and expensive employees, otherwise the loss can exceed the salary of the professional</td>
</tr>
</tbody>
</table>

### 4.3 The Role of Mobile Marketing for SMEs

“Digital is a new thing still, and I personally know only few experts, who can provide comprehensive service and expertise. Additionally, I see that digital market develops very fast, what was 2 years ago is already an ancient period. Look at mobile the growth is dramatic there.” (Company H, Russia)

“We are absolutely aware of that trend [growth of mobile marketing] and we plan to develop on that field very actively.” (Company B, Sweden)
“Still, on the market we find mobile as a big unexplored area.” (Company K, Russia)

From the statements above the conclusion can be made that while digital is still developing rapidly the mobile component is absolutely new to the SMEs. All the respondents in one way or the other agreed with the ideas expressed above. One of the obstacles that was named during the interviews was that it is difficult to analyze properly all the information that is collected.

“57% of the total sign-ups are from the mobile devices. We work really much with the mobile component. We made a survey through our customers with the only two questions: Have you seen a job for you for the previous 6 months? Almost all of them said yes. Have you applied to it? Half of the respondents said no. We asked why and the answer we received was that it was not mobile friendly.” (Company C, Sweden)

“Desktops give us 56%, smartphones 37% and tablets 7% of total sign-ups. Above all, we discovered that most customers first learn about us from their mobile devices and then open our website once again from the desktop to make final decision. As a result, cutting investments in the mobile component will be stupid in the long-term perspective.” (Company G, Russia)

The figures prove the importance of sound mobile strategy as it is probably mobile is where the customer will make a first impression about the company.

4.3.1 Mobile applications

“Our mobile app is on the way it takes time and resources to build it, but it is worth it.” (Company L, Russia)

“Yes, we have a mobile application and that is a core element of our business. We have app for both Android and iOS. We have already updated it 6 times. Unfortunately, I have to admit that on the early stage you have to prioritize, you don’t have enough resources for everything. So today our platform has reached a limit and we have to completely rebuilt the whole platform of the app.” (Company D, Sweden)

Apparently, the need of building mobile applications varies from business to business, but when the companies do mobile applications they have to do them with the estimation of the possible future developments.

“Who are our users? 20% are Android users and 80% are iOS users.” (Company D, Sweden)

One of the companies admitted that developing an app for both platforms from the start was a mistake, due to the fact that 20% of Android users were not so important for the company and much better was to invest money in something else.

4.3.2 Mobile-optimized websites

“Our home page is completely optimized for the mobiles and if you have a choice between desktop version or mobile version of the website our experience – go for the mobile.” (Company B, Sweden)
“We have a responsive website and from our perspective doing it today absolutely worth investing money.” (Company C, Sweden)

More than half of the companies who took part in the research have a responsive website and the answers on the question about importance of such a website always were positive.

4.3.3 SMS & Mobile Instant Massaging Services

“It was a big surprise for us to discover that a remarkable amount of people want to interact with us through SMS. And then look how much time and resources it takes to build an app and how much time and resources it takes to built SMS function. SMS costs almost nothing in terms of time and resources.” (Company C, Sweden)

“Yes, we use SMS and I can say that it brings outcome. Thus, we do not send spam or anything like that, mostly it is used for sending details and receiving confirmation of orders.” (Company I, Russia)

The assumption before the interviews was that SMS do not play any role in business today, still during the interviews completely opposite point of view was adopted. Companies today still use SMS in their activity and consider it as an extremely cheap tool for communication with the client.

“We made a bot for Telegram, which makes it really easy to make orders, but currently we are thinking about promoting it or not. (Company G, Russia)

Only one company during the whole research admitted that it constructed a bot for Telegram, which allows users to make orders through Telegram. At the time of the interview the CEO was thinking about pros and cons of investing money in it and as a result, promoting it.

4.3.4 Mobile Analytics

“You always have to remember about the difference between sign ups and downloads. We have around 6,5 thousand downloads. The better figure to analyze is sign ups, we have 5,5 sign ups. It happens, for example, because people can download then switch the phone and download it once again.” (Company D, Sweden)

“I can say that there is a huge gap in mobile analytics today. Mobile is still lags in comparison to computers. It is still tough to track all the necessary metrics in mobile. Technically in mobile there are a lot of things which cannot be found in web and because of that there are a lot of problems.” (Company H, Russia)

“Especially it is hard to measure efficiency in non-profit projects, in commercial ones it is more or less clear with all the goals, but in non-profit it is obviously difficult.” (Company H, Russia)

Here are several quotes about experience, which businesses have when they tried to analyze mobile. Subsequently, all informants confirmed the assumption that mobile is difficult to analyze while mobile devices provide a lot of information. Hence, companies have to use different services in order to gather data and make correct assumptions based on it. Based on informants responses most developed today are services like Flurry and Google Mobile Analytics.
4.3.5 Key Learnings

The final part of each interview was focused on the questions related to mobile marketing. The precise attention was paid to tools of mobile marketing and opportunities & problems that companies can discover.

First of all, role of mobile component in marketing cannot be overestimated. Mobile marketing experiences remarkable growth nowadays. Secondly, mobile applications in case company see opportunity there a good thing is to build it urgently as it brings totally different customer experience. Thirdly, mobile-optimized websites, in most cases it is a must for companies today. Fourthly, SMS and instant messaging services today can have a positive outcome on companies business as the price of building that service is small in comparison to other marketing activities. The last but not the least is to remember about mobile analytics as a lot of valuable data can be found there.

Table 4.3: Recommendations for SMEs

<table>
<thead>
<tr>
<th>Mobile Applications</th>
<th>Always remember about your customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile-optimized websites</td>
<td>Most probably it is a ‘must’</td>
</tr>
<tr>
<td>SMS &amp; Mobile Instant Massaging Services</td>
<td>Very cheap, most people still look positive to SMS; cheap bots in mobile instant messaging services</td>
</tr>
<tr>
<td>Mobile Analytics</td>
<td>Use services which help to analyze the collected data</td>
</tr>
</tbody>
</table>
5 CONCLUSION

The following chapter is a conclusion of the Master’s thesis. The first part proves that the research question was answered, research purpose was fulfilled and research objectives were met. The final part of the chapter is contributed to implications that SMEs can use in their business activities.

5.1 Reflections on Research Outcomes

The research purpose that was stated in the introduction was to identify if SMM and mobile marketing bring value to the company and have a positive and measurable outcome on the sales of the company. The empirical analysis fulfilled the stated purpose.

While keeping in mind the research question: Can Social Media Marketing and Mobile Marketing be an effective solution for SMEs’ to grow in competitive environment? In order to provide the answer to the question the empirical part was filled with 12 semi-structured interviews across two countries and various industries. However, all the companies correspond with the primary requirements to work with SMM and mobile marketing and to be the size of SMEs. The interviews provide specific insights into the topic and coverage of all the areas identified in the conceptual framework. In addition, to this it is necessary to remember about research objectives, which broaden the research.

Firstly, a comprehensive research of literature that covers mobile marketing and SMM was provided in the second chapter of the thesis (section 2). The plan was to analyze the general surrounding with global digitalization and Fourth Industrial Revolution that takes place around the globe today. Later on, the deep analysis of SMM was provided with all the tools and instruments that companies can use in their business activity. The next component was to explore mobile marketing with all the opportunities that can be found there. The final step was done with the conceptual model that visually presents the main idea of the research.

Secondly, the data collection process was done through 12 semi-structured interviews both in Sweden and Russia. The fourth chapter of the thesis covers this area (section 4). In the beginning the certain criteria was identified in order to find the companies that will meet the primary requirements. Later on, the search for the possible candidates was conducted. Lately, all the companies from the short-list received the invitations to take part in the research and as a result, 12 candidates agreed and participated in the interviews. The idea in the empirical part was to present the most interesting and relevant parts from the interviews in the analysis and not to overload the thesis with just raw data.

Thirdly, the recommendations that can be constructed from the empirical findings and the following analysis were done in the end of each section and give specific advice that companies from various sectors can use in their business activities. The recommendations were constructed from key learnings that followed each section of the empirical data and analysis. The recommendations were done short and straight to the point so the companies can realize what was the main idea and if they are interested in the topic dig deeper and find relevant information in the research. The practical component is very important as it proves the research necessity and provides understanding of the explored area.

Finally, the idea was to suggest areas for the future research. The point is that the topic is still having a lot of areas that should be explored further. Firstly, the area of SMM and mobile marketing develops rapidly today and most probably if such research is done in two years from now the results will be different as the external surrounding will be different. Secondly, the
additional quantitative research on the subject can be done, but from the side of the customers who face SMM and mobile marketing every day and have their own perceived attitude towards it. Thirdly, the cultural component can be introduced at a greater extent as most probably, SMM and mobile marketing will be absolutely different in countries like China, Japan, Brazil and India. Lastly, the research was focused on companies’ customers if the same research was done but the focus on organizations how SMM and mobile marketing can be used within B2B context it will be a totally different study.

To sum it all up, it should be mentioned that provided arguments prove that research question was answered adequately.

5.2 Implications for SMEs

As the study has a practical aim, the relevance of it for SMEs should be shown.

Firstly, the theoretical framework can give a deeper understanding of the subject for marketing practitioners and executives. As the theory moves forward on such a popular topic some of the instruments may have been left aside, whereas the conceptual framework can grab the attention and reveal the tools of SMM and mobile marketing. Apparently, the frame of reference can give a clear picture of what is happening around.

Secondly, the research has a comprehensive empirical analysis of the subject. The 12 interviews covered all the areas that were previously examined in the theoretical part. SMEs can use the practical part as a foundation to build their marketing strategy. Such a strategy may be a complex platform for achieving results.

To conclude, companies in current competitive environment should behave wisely, otherwise they risk loosing the market. The thesis has practical and measurable recommendations for the companies. Thus, the research encourages companies to use different instruments combine them together and maximize the outcome. Whereas, all the companies who took part in the research have their own and sometimes painful experience of mistakes and obstacles that they faced. Fortunately, new SMEs will be wise enough to prevent such difficulties.

“A clever person solves a problem. A wise person avoids it.” (–Albert Einstein)
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Konstantin Dyachkov / Jönköping University

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Appendix I – Interview Guide

Interview questions:

The interview studies SMM and mobile marketing as tools, which SME’s can use in their marketing activity, remarkable attention is given to efficiency of SMM and MM. The present interview is divided into two sections, the first one focuses on SMM while the second one focuses on mobile marketing.

I Section. Social Media Marketing

1. When was your company established?
2. Do you have a marketing department? If yes, how many employees do you have there? If no, who deals with the marketing issues?
3. Which Social Media Marketing tools do you use for interaction with your existing & potential customers? Please give some examples? Could you please tell me what your typical marketing budget is? And which part is SMM part?
4. Which SMM tools in your opinion are the most efficient and why? How do you measure their efficiency?
5. Did you face any obstacles/difficulties while using SMM? How did you solve these problems? Which SMM you found working best for you? Please give examples. Please describe what these help you to achieve in terms of marketing goals, objectives?

II Section. Mobile Marketing

1. Which Mobile Marketing tools do you use for interaction with your existing & potential customers?
2. Which Mobile Marketing tools in your opinion are the most efficient and why? How do you measure their efficiency?
3. Did you face any obstacles/difficulties while using Mobile Marketing? How did you solve these problems? What worked and what did not work? Please give me examples.
4. Do you combine SMM and MM in your marketing practice? How do you combine SMM and Mobile Marketing? Please elaborate. Do you get help from external people or all marketing communications is done internally?
5. Which new instruments of mobile marketing would you like to try (ex. Periscope, Snapchat)? Why?