Prof. Dr. Wilfried Mödinger

## Seminar on **Integrated Marketing Communication** Research on ForumforfutureMarketing

Will the invisible hand become visible?



1 l il II li HOCHSCHULE DER MEDIEN HOCHSCHULE DER MEDIEN (Stuttgart Media University) Nobelstraße 10 70569 Stuttgart, Germany moedinger@hdm-stuttgart.de www.hdm-stuttgart.de

Design and realization by Jessica Stiglmeier, Heiko Weiss
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## **Preface**

Prof. Dr. Wilfried Mödinger

## Will the invisible hand become visible?

There are many concepts of marketing which are spawned by the Internet and its diverse applications. Some concepts emerge from technically focused applications such as cross media marketing, some are focused in more strategic applications such as integrated marketing communication (IMC). Marketing is a process which depends on technical, economical and social development. A part of this process is the development of technology in general and in particular the development of technology in communication and digital media. Another aspect that we have to take into account is the fundamental importance of values in social relationships and the challenge which comes from the discussion about globalization, the shortage of resources, global justice and the responsibility for living conditions of future generations. Beginning with a consideration of the evolution of marketing the following assumptions were researched and discussed in the seminar of the Master Class at Stuttgart Media University in summer term 2012.

**Thesis 1:** Social Media (inclusive Mobile Media) has already changed the marketing environment. There are new structures in the relationship and communication between corporations and customers, but also between customer and customer about corporations. This influence of socializing information of a corporation or product between customers and customers needs to be further researched.

**Thesis 2:** The customer as a communicator comes to the fore more and more. The challenge for marketing in the future (Promotion, Corporate Communication e.g.) is aggregating communication and not only broadcasting information. Facing this challenge the invisible hand of the market can become visible by the activities of the customers in Social Web.

**Thesis 3:** Marketing of Sustainable Leaders is a framework, which considers the result of marketing not only in a short time perspective of effectiveness but also in a sustainable long time perspective of efficiency.

## The Method – the heuristic approach

There are different ways to research topics. The mind applies logic, statistics, or heuristic.¹ The traditional way especially in media is based on the empirical research method. But according to Bruhn², the complexity of integrated marketing communication and the new challenge for new media communication are too strong. The plenty of integrated marketing actions makes it impossible to get a convincing result based on traditional methods such as statistics. Relaying on the measurement of recalls e.g. this method is focused to single campaigns³. The method shows only a single aspect of the reality.

The research with heuristic method is still at the very beginning. One of the reliable definitions comes from Shah and Oppenheimer. They define the process of heuristic as follows: heuristics rely on effort of reduction by one or more of following: (a) examing fewer cues, (b) reducing the effort of retrieving cue values (c) simplifying the weight of cues, (d) integrating less information, and (e) exam-

<sup>1</sup> Gigernzer, G. Gaissmaier Heuristic Decision Making in Annu. Rev Psychol. 2011 62 P 451-482

<sup>2</sup> Bruhn, M. 2006 Integrierte Unternehmens- und Markenkommunikation. Strategische Planung und operative Umsetzung 4. Auflage 2006 P 153

<sup>3</sup> Gruner und Jahr 2012 Brand Case http://ems.guj.de/media-solutions/broschueren/

ining fewer alternatives4.

We added a further aspect to this procedure: especially for a scientist in media the processes of research should be based on a learning outcome. That means, that the research based on heuristics includes learning process such as a double loop. It is not only the heuristic approach of reducing aspects and cue to get some findings. The heuristic methods include the reflection of what has been learned in the procedure of heuristics.

# Creating a matrix which makes the invisible hand visible

Based on this fundamental idea different marketing strategies where analyzed and evaluated. In the seminar the master students researched eight marketing approaches:

- Promotion (market communication)
- Cross Media Marketing
- Corporate Communication
- Customer Relationship Marketing
- Social Media Communication
- Crowdsourcing
- Social Local Mobile Communication
- Mobile Communication

Based on the results the students developed a matrix with two axes. The first axis describes the marketing and communication actions in a strategically perspective such as the traditional ap-

<sup>4</sup> Sha, Ak, Oppenheimer DM, 2008 Heuristics made easy: an effort-reduction framework. Psychol. Bull 137, 207-222

proach of promotion (market communication), corporate communication and community marketing.

The second axis presents the tactical approach of marketing and communication activities. The perspective shows the aspect, which channels of communication are used. In the current discussion the experts label three aspects of channels:

- · bought media
- own media
- · earned media

Using the channel of bought media means to spend the media budget for newspapers, broadcasting or online activities in a traditional way. Own media means channels which are created and established by the companies at their own, such as a corporate facebook site, a YouTube channel e.g. Earned media describes communities, especially in the Internet which are absolutely independent of any influence by corporations. Earned media creates reputation, recommendation, net externals, trust e.g. without any input of the corporations.

The discussion is a still ongoing process but it is clear that something is changing in using channels. We defined this chance on the second axis with the items:

- The traditional approach (traditional use of channels)
- The Social Media Channel, what means: using social media such as facebook e.g. as a channel and
- The Social Media Cloud, that means: using social media like a cloud and win reputation, image e.g. through community activities.

The next step was to come up with a result, to create cluster and

to allocate the cluster in the two axes of the matrix. The task was to name the cluster and to define them with the following aspects:

- How could communication target be achieved with in the cluster?
- What are the target groups to be addressed with the different cluster?
- What is the impact of the cluster (e.g. creating reaction or interaction)?
- How could the elasticity of the cluster be described (e.g. regarding time)?
- What are effectiveness and efficiency of the cluster?

The following chapters show the results of this research. It is a first new step with a new approach in method and must be further researched to find a valid method, how professional communication is used in future within marketing.

## Chapter one

JILL DRESSENDÖRFER, ISABELL GEISEL, MAREN REICH, CLAUDIA WIESINGER **Market Communication** 

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### 1. Definition

Before classifying the cluster of market communication into the matrix, it is necessary to provide a definition of the term market communication in order to understand the concept.

Looking at the context of communication in general, communication includes all communication activities which intend to transfer the self-perception of a company to an external image. In general, communication is a process of transferring information from one entity to another. Therefore it is not sufficient to solely develop a good product. Companies need to communicate the services. Communication is the fourth and final decision to be made about the marketing program.

The term market communication is one form of communication. The word itself clearly describes what is meant by market communication. Messages and related media used to communicate with a market. It tries to achieve an effect on the consumer. Therefore, the company promotes mainly its products to an external audience. The main goal is to provide information about the company and its products, influencing purchasing decisions in the mind of the potential buyers and finally increase sales of the company.<sup>4</sup>

Nevertheless, communication policies have become more and more challenging for companies. One reason thereof is the rapid development of progresses in media technologies which has significantly increased the selection of communication tools. These new media tools do not only send out messages but also enable interaction between the consumer and the company. As a result,

<sup>1</sup> Cf. Busch 2007, p. 212.

<sup>2</sup> Cf. Kotler et al. 2007, p.840.

<sup>3</sup> Cf. Busch 2007, p. 212.

<sup>4</sup> Cf. Meffert et al. 2008, p. 632.

<sup>5</sup> Cf. Meffert et al. 2008, p. 633.

addressing specific target groups is considerably more complex. When looking at the communication process, it becomes apparent how the new tools change communication between a company and its target audience.

Considering the communication process, we normally think of a company transmitting a message through any form of media to an identifiable target segment audience. In order to communicate in an effective way, the sender needs to have a clear understanding of the purpose of its message, its target audience and how this audience will interpret and respond to the message.6 However, this form of communication is a one-side street because the consumer has no response possibility to make an interaction with the company. This communication process is significant for traditional communication tools like radio, television, cinema or newspaper advertising but also for sponsoring and product placement.<sup>7</sup> These instruments apply primarily corporate services, product groups and individual products. For example, with the tool sponsoring the company supports a particular area with the name of the company, for example a football team. Thus, it is clear that no interaction between the company and the consumer occurs and the company only wants to increase its reputation. The same accounts for the tool media advertising. These tools are primarily used to communicate to the mass market to provide information. Therefore, no interaction or involvement takes places. The last tool in this category, product placement, only places goods or services in movies, music videos or television shows, also without any interaction with the consumer.8

The new tools change the traditional communication process in a significant way. Modern communication tools like direct marketing, event marketing or sales promotion focus on reaction and

<sup>6</sup> Cf. Hollensen 2007, p. 542ff.

<sup>7</sup> Cf. Winkelmann 2010, p. 409ff.

<sup>8</sup> Cf. Meffert et al. 2008, p. 649ff & Bruhn 2010, p. 373ff.

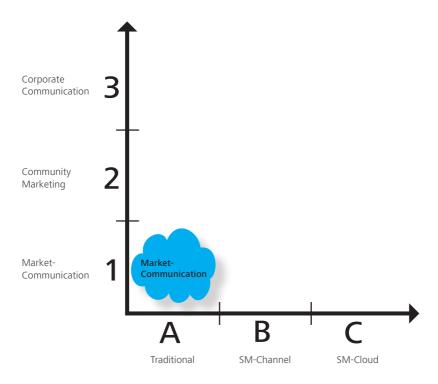
dialogue between the company and its customers. In this case, experts refer to a two-side, direct communication. The internet can be cited as a prime example as it offers a whole spectrum of communication opportunities, including listening as well as talking and collecting or simply sending information or a message. Consequently, the sender can learn from the reaction of the consumer and modify the next message or information to the wants and needs of the audience. This form of communication is aimed at dialogue and response. Here, the company speaks directly to customers and try to connect them to the company or the product. 9 Involvement of the consumer should also be a main goal. For example, the tool direct marketing directly speaks to the consumer and a dialogue occurs. So this is a two-sided communication form because the consumer has a direct response possibility. The tool event marketing can also be used to interact with the costumer or potential costumers. The last tool, sales promotion, is directed at the consumer so here interaction can occur and a response possibility is given.10

To sum up, market communication includes one-sided and indirect as well as direct instruments. Traditional communication does not only mean that a company addresses to its audience. The audience has also the possibility to respond.

<sup>9</sup> Cf. Winkelmann 2010, p. 409ff.

<sup>10</sup> Cf. Meffert et al. 2008, p. 649ff.

#### 2. Matrix



Based on these definitions, the cluster of market communication can be arranged into coordinates of A1. This means that these are traditional instruments, which mainly serve the marketing of products to increase sales. It should be noted that within this cluster, there are one-sided and two-sided, dialogue-based instruments. Therefore in the last few years a significant change from one-sided to two-sided communication has occurred. Companies recognize the need for individualized communication that involves the consumer.

Furthermore, it has to be noted, that one-sided and two-sided communication will conglomerate in the future even more and that it is not possible to separate the two perspectives of market communication.

## 3. Description of the matrix criteria

In the following it is necessary to describe the cluster market communication in more detail. In the next few chapters the term market communication will be evaluated according to different criteria like objectives, target group, communication effect as well as temporal, contentual and formal resiliency.

## 3.1. Objectives of communication

A description of the objectives of the communication tools in oneand two-side markets is very difficult due different approaches. For this reason, the communication tools will be explained separately.

## **Event Marketing**

Event Marketing is more than just the creation of festivals and the entertainment of clients. There is a possibility of an innovative and experiential-oriented sending a promotional message.<sup>11</sup>

Event Marketing addresses customers very directly and personally and furthermore allows people a special experience and expertise. Event Marketing responds to economic communication objectives such as stimulating actual and potential customers emotionally. The marketing tool intensifies customer's loyalty and achieves the customer enthusiasm.<sup>12</sup>

In addition to economic communication, objectives event mar-

<sup>11</sup> Cf. Absatzwirtschaft 2012, www.absatzwirtschaft.de.

<sup>12</sup> Cf. Bruhn 2007, p.354ff.

keting is always aiming at long-term strategic objectives such as increasing sales prices or sales volume, opening new markets or reaching new groups of buyers.<sup>13</sup> Event marketing always aims to increase the brand awareness of the company or the brand.

## **Sponsorship**

Increasingly, companies use sponsorship as a communication tool in several industries (sport, culture, environment) in order to confront customers with communication intentions of firms.<sup>14</sup> However, to achieve an increased memory long lasting effect, a sponsorship commitment must be carried out continuously over a longer period.

As part of sponsorship activities, both external, as well as internal communication objectives are considered. Due to the fact that very often only a presentation of the name of a brand or company is possible, the sponsor or at least its products must already be known to a certain degree.

Internal corporate communication objectives include mainly aspects of employee motivation and a stronger identification with the company. In contrast, external objectives can increase a brand awareness of the company or the knowledge and memory effects. Moreover, sponsorship has the goal to maintain contact with selected target groups and built up goodwill.

Ensuring that its objectives can be attained, a high affinity between the target groups of the sponsor and the sponsored event must be given.<sup>15</sup>

<sup>13</sup> Cf. Eventlexikon 2012, www.eventlexikon.eu.

<sup>14</sup> Cf. Gabler Wirtschaftslexikon 2012, w.d.

<sup>15</sup> Cf. Gabler Wirtschaftslexikon 2012, w.d.

#### **Product Placement**

The main objective of Product Placement from advertisers-side is to influence the consumer. The addressee should be informed in a confident way and should always be reminded of the product. Product Placement is particularly suitable for increasing the brand awareness and image promotion. In addition the consumer should be confirmed and supported in his situation. Another goal is the introduction of products into new markets. The goals of the company, e.g. sales success, can be expressed in the actual incremental sales revenue or sales output.<sup>16</sup>

The main interest of Product Placement in the perspective of television economy is the possibility of cost reduction by financing TV productions. However, depending on the film, this can be quite tough.<sup>17</sup>

## Media Advertising

Media Advertising has different forms of appearance which are transmitted by telecommunication carriers: print media, electronic media or outdoor advertising.

Media Advertising is both, purposeful and conscious as well as unconscious and indirect influence on the customer.<sup>18</sup> Five objectives can be defined: information, motivation, sozialication, enhancement and entertainment.

Media Advertising is designed to inform customers about products and their features as well as quality characteristics. Media advertising aims at stimulating the consumer through products and general information by attracting the audience emotionally. In addition media advertising wants to motivate the customer to

<sup>16</sup> Cf. Koppelmann 2001, p.555.

<sup>17</sup> Cf. Bente 1990, p.79ff.

<sup>18</sup> Cf. Bruhn 2003, p.334.

purchase a product. The customer should be grapple with it. The aim of the media advertising may also convey to members of a target group of values (for example cigarettes). Another objective of a media advertisement is to encourage customers who are motivated to purchase a product, in their decisions.

## **Direct Marketing**

The main objectives of using direct marketing is the customer acquisition through direct communication and without affecting sales immediately. The dimension of "trust" is herewith really important because a completion requires confidence of the buyer.<sup>20</sup> In addition, the following additional objectives are specified: production of customer loyalty, improvement of customer contact, customer care and customer service, recoupment of customers or identification of the target population of a target group.<sup>21</sup> Without loyalty there will be no dialogue. Direct marketing aims to build up images and brand management.

In addition, direct marketing collects, saves and prepares data of this target group.

## 3.2. Target Group

The traditional market communication is mainly sales-orientated. Therefore, the main target groups are the costumers.<sup>22</sup> The costumers can be differentiated in existing and potential ones. A more detailed definition of this target group is not possible because of the dependency of the individual communication objectives and products of a company.

<sup>19</sup> Cf. Bruhn 2003, p.338ff.

<sup>20</sup> Cf. Bruhn 2003, p.335ff.

<sup>21</sup> Cf. Bruhn 2003, p.364ff.

<sup>22</sup> Cf. Unger, Fuchs 1999, p.13. p.37.

In addition to the costumers, a company can have other target groups such as competitors, suppliers and dealers.<sup>23</sup>

#### 3.3. Communication effect

In the following we try to describe the effects of the one-sided and two-sided market communication in a traditional use.

First of all we want to analyze the one-sided market communication. The effects depend on the individual communication tools. However, when investigating in one-sided market communication some basic trends can be observed

The range of the single instruments depends on the advertising media which is used. In one-sided market communication, mass media is broadly used. Consequently, the range is generally high. There are some exceptions like advertising in special interest journals or broadcasters. Attention losses are significantly high by advertising in mass media because of the non-specific address of the target group.<sup>24</sup>

In the traditional one-sided market communication, there are no opportunities for feedback. Thus, there is no interaction between a company and its target groups.<sup>25</sup>

The involvement of the costumer is generally low because there is no interaction. There is no need for the customer to become active and the contact time is very short.<sup>26</sup> The costumer involvement also depends on his media involvement. Advertising in print products with a high informative character triggers a higher involvement than a TV-spot with an emotional character. The other

<sup>23</sup> Cf. Seebohn 2011, p.37.

<sup>24</sup> Cf. Stähler 2002, p.136ff.

<sup>25</sup> Cf. Bruhn 2010, p.369.

<sup>26</sup> Cf. Esch, Sattler, Herrman 2011, p.273ff.

factor which influences the consumer involvement, is the product involvement. Products with a high price or consumption period trigger a higher involvement on the costumer's side. He has a highrisk purchase and is therefore highly involved. The investigation shows that there exist a lot of factors which influence the involvement of a costumer. In general one way-market communication results in a lower involvement because of the missing interaction between company and costumer. That is one of the reasons for the minor effectiveness of one-sided market communication. <sup>27</sup>

The tools of the two-sided market communication have a lower range in comparison with the one-sided communication tools because the used media is more specific. Mostly, there is no use of mass media. Exceptions are for example the use of mass media with response-elements within the direct marketing. The attention loss is also lower because the addressing of the target group is more specific. In direct marketing it is possible to address single persons of a target group and members of irrelevant target groups can be excluded.<sup>28</sup>

In the two-sided market communication, there is an interaction between companies and costumers. The resulting dialogue is in all cases initiated by the company.<sup>29</sup> This is the difference to a dialogue in social media which also can be initiated from the costumers or fans. In the traditional dialogue-orientated communication the costumer makes the decision if he wants to interact with the company. There can be a direct dialogue like in personal sales talks or a delayed dialogue such as informative cover letters with response-element.<sup>30</sup> In conclusion, the interaction in direct personal dialogues is extremely high while the interaction in the delayed dialogue is rather low.

<sup>27</sup> Cf. Fuchs, Unger 2007, p.518ff.

<sup>28</sup> Cf. Michel, Michel Oberholzer 2009, p.202.

<sup>29</sup> Cf. Bruhn 2010, p.369.

<sup>30</sup> Cf. Holland 2011, p.410..

The degree of involvement depends on the degree of interaction. It can be assumed that there is a high involvement on the costumer side if there is a high interaction between company and costumers. For example the involvement of the costumer is very high in a personal chat with a company member. There is a low involvement when the interaction is low. A personal addressed letter with response element causes only a low involvement of the costumer. <sup>31</sup>

Finally, it can be stated that two-sided market communication causes a higher involvement and interaction at a lower range with lower attention loss. One-side marketing causes a lower involvement, no interaction at a higher range with high attention losses.

## 3.4. Resiliency

## 3.4.1. Temporal resiliency

With regard to economic sociology, the resiliency of time means the characteristic of activities to be expanded or limited in time.<sup>32</sup> Transferring this definition to different communication tools, on the one hand it means how flexible the advertisements are in length and on the other hand, how effective the communication channels and tools are.

Media advertisement has to be differentiated in print media advertisement and electronic media advertisement, e.g. TV- or radiospots. Generally, the duration of electronic media advertisement is not very long. For example, a TV-spot has normally a length between 30 and 90 seconds and in some cases a cinema or online spot could last almost two or three minutes. This implies that the resiliency of the duration of advertisements is very low.

<sup>31</sup> Cf. Esch, Sattler, Herrman 2011, p.273ff.

<sup>32</sup> Cf. Wirtschaftslexikon 2012, www.wirtschaftslexikon24.net.

In case of the non electronic media advertisement it is difficult to identify the resiliency of time, but generally recipients do not read a printed advertisement very carefully and thus, the resiliency is low as well. Otherwise, a spot or a whole campaign could be placed during a few years. The question is, if the relevant issue is still up-to-date during this period.

The lasting of media advertisement and product placement is not very high. The reason thereof is the low involvement of the recipients and the missing interaction between recipient and company. Only with a continuous advertisement, a short-term effect could be changed into a long-term effect. Concluding this tool, the resiliency of time is low in the duration of one spot etc., high in the possibility to expand the duration of a campaign and tends to be low concerning the lasting of an advertisement.

Focusing on the dialog-oriented communication such as direct and event marketing, the resiliency is low in using the communication tools. This implies that the duration of the advertising message and the interaction between the company and the recipients could not be expanded at will. For example, an event could last several weeks, but a single customer visits the event only for one or two days. A potential customer accepts only a short-term personal conversation with an employee of the company and the issue of two or three different conversations may not be the same. The lasting of the dialog-oriented communication tools is clearly higher than in the one-sided market communication. This fact is based on the interaction between the customer and the company.

## 3.4.2. Contentual resiliency

As an example for the one-sided communication tools in media advertising, there are no basic and general rules concerning the content of the advertising. However, due to the budget of a marketing campaign in most cases the content of ads in different mediums is mostly the same. It is rather the decision for a specific

medium e.g. a political magazine or a TV guide which gives restrictions for the content.

The dialog-oriented market communication tools have a very high resiliency in content. During events and a personal conversation, the requirements of the customers and target groups can be answered very individually. With the specific dialogue between the customer and a sales representative, it is possible to change the relevant issue and message rapidly if necessary.

## 3.4.3. Formal resiliency

In one-sided market communication, and especially in media advertising, the choice of the advertising material depends on the choice of the advertising medium.<sup>33</sup> With the decision for a TV-spot, a cinema-spot or online ads, the design is limited to a combination of text, pictures and sound. Furthermore, in most cases the length of the advertising is limited as a result of the budget available.

In print advertising, there is a low formal resiliency as well. For example when placing an ad, there are fixed dimensions and colours to be regarded.

In contrast, the formal resiliency of dialogue-oriented communication is high. Taking event marketing as an example, it is only necessary to know some key details such as the expected number of visitors of an event and then a suitable location can be chosen.

<sup>33</sup> cf. Bruhn 2005, p.341.

## Chapter two

VICTORIA ADLER, LENA GROSSHANS, STEPHANIE SCHLAYER, JESSICA STIGLMEIER, HEIKO WEISS

## Crossmedia Marketing

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### 1. Definition

The term Crossmedia marketing is on everyone's lips for quite some time now. A reason therefore is the transition of the consumer behavior - consumers evolve increasingly into people who frequently change channels - from offline to online and vice versa.¹ That's why they become exclusive for companies. To counteract this trend, companies and brands make use of Crossmedia Marketing.

Crossmedia marketing is the ability to reach consumers across all media channels with consistent messages that are relevant to the individual recipient in terms of content, presentation, timeliness and channel.<sup>2</sup> It is also one of the best methods to maintain a highly-personalized dialogue with the individuals of the target audience. Thanks to the combination of different forms of promotion, online and offline marketing, the target group is reached and a strong connection with consumers is established. As a consequence Crossmedia Marketing, a form of integrated market communication, can be seen as a contentual, creative and formal cross-linkage of different media channels to realize a maximal success of advertising through a multichannel response.<sup>3</sup>

Due to Crossmedia Marketing, companies are able to combine three different worlds: print media for the spirit, television and radio for feelings and online services for interaction.<sup>4</sup> According to BITKOM, Crossmedia effects eventuate particularly if a wide-coverage channel is linked to an interactive response channel. The intelligent interplay of different media channels implicates many advantages. Through Crossmedia marketing companies or brands can generate range, create emotions, consider individual-

<sup>1</sup> Cf. BITKOM 2008b.

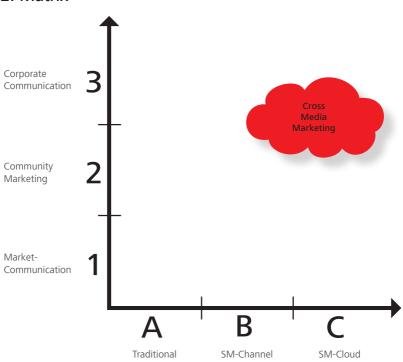
<sup>2</sup> Cf. Aizikowitz 2006.

<sup>3</sup> Cf. Bachér 2003.

<sup>4</sup> Cf. BITKOM 2008b.

ization and allocate capabilities of interaction – all in one.<sup>5</sup> Considering BITKOM the combination of different media channels leads to new target groups and helps to link existing customers permanently to the company respectively to the brand. Furthermore Crossmedia marketing strengthens the brand, increases the pressure of advertising and reinforces the advertising recall. The prior aim is to enhance the communication impact.

#### 2. Matrix



The definition describes Crossmedia marketing as the ability to reach consumers across all media channels. Therefore the combi-

<sup>5</sup> Cf. BITKOM 2008b.

nation of all media channels is between the Social Media-Channel (B) and Social Media-Cloud (C). The communication in Cross Media Marketing campaigns takes place between Community Marketing (2) and Corporate Communication (3).

## 3. Description of the matrix criteria

The classification of Crossmedia into the matrix is based on several criteria.<sup>6</sup> Concerning to the interaction between different media types and systems, especially social media like Twitter, Facebook and others, cross media creates not only a social media channel, where advertising text can be sent out. In fact there exists an interaction with customers and the public. The venture assumes a dialogue to them, response questions and needs a high potential of customer liaison and support.<sup>7</sup>

The fact that cross media interacts with the customer via social media also generates a mix of corporate and community marketing: information of products are sent out by advertising and simultaneously they create strong community solidarity.<sup>8</sup>

## 3.1. Objectives of communication

Crossmedia advertising concepts use their comprehensive character to carve out the power of each media type. The concepts combine classic and modern media types with the aim to generate a communicative additional benefit. Due to that, the communication activity as well as the response effort becomes optimized.

The main thinking of crossmedia campaigns is to pick up the consumer at his current media use and catch his attention. By the

<sup>6</sup> Cf. Bruhn 2006, p. 31.

<sup>7</sup> Cf. Runia u.a. 2007, p. 76.

<sup>8</sup> Cf.. Publisher 2012.

combination of different media types, the content of a campaign becomes a strong compressed marketing-instrument. Thereby afore defined objects of communication can be reached successfully. From the economical point of view, the main objectives of crossmedia campaigns are rising sale figures, expansion at markets and building a strong image of the brand.

With a highly cross-linked campaign, the brand gets the attention of potentially customers. The product is present in the world of advertising and gets the opportunity to create a recognition value and identification potential. Thus more people will become customers and so it is creating additional sales as soon as it will increase their market shares.

Another positive site of creating a strong brand by crossmedia marketing is, that a brand which unites true customers, is armed for economic crisis, labile sale figures and bad public relations. Also thinkable is an improved communication between resellers, company and customers.<sup>9</sup>

In addition, the effect of crossmedia campaigns in reference to brand image and sale figures is measurably and successful. It will become more and more important for company as well as for small and medium-sized businesses. Nobody can turn a blind eye to these changes.

## 3.2. Target Group

One of the definitions of crossmedia marketing says that it is the ability to reach consumers across all media channels with consistent messages that are relevant to the individual recipient in terms of content, presentation, timeliness and channel. In this chapter will be explained how to achieve the target audience through

<sup>9</sup> Cf. Publisher 2012.

crossmedia marketing-tools.10

Crossmedia marketing is one of the most optimal methods maintaining a highly-personalized dialogue with the individuals of the target audience. Thanks to the combination of different forms of promotion, online and offline marketing, the target group is achieved and the strong connection with consumers is established.<sup>11</sup>

The aim of the parallel use of different communication channels allows achieving high efficiency and giving extra acceleration of marketing company, expanding the outreach of an audience and increasing the force of impact. The concept of individual cross media campaign is defined by different advertising technologies. Using the mechanism of cross media marketing consecutively, a much greater effect of the funds spent on advertising can be achieved. The synergy effect allows reaching one advertising the target group through different channels and provides new ways for attracting clients and customer loyalty.

The main challenge for companies is to identify the best channel, time of contact and message for each existing and potential customer segment. The more precisely communications are aligned with customers' preferences and behaviors, the more effective they are. To gain a clear picture of existing and potential customers the following information is needed: Who are my customers? What are their interests, concerns, and questions, and how can we take them into consideration? Demographic attributes help to describe the profile of a particular market segment. Psychographic are the attitudinal traits people exhibit in their approach to life. Both sets of traits have an impact on buying behavior, both have an impact on success of advertising campaign.<sup>13</sup>

Prof. Dr. Wilfried Mödinger

<sup>10</sup> Cf. Nieschlag u.a. 2001, p. 1090.

<sup>11</sup> Cf. Wehle 2012, S. 12.

<sup>12</sup> Cf. Müller-Kalthoff 2002.

<sup>13</sup> Cf. o.V. 2012b.

#### 3.3. Communication effect

The advertising effect of a campaign can be denominated as every kind of reaction in answer to this advertising. These reactions can be observable or not. The assumption for the success of a crossmedia campaign is broadcasting the brand, its campaign and its claim all over the media channels contemporaneous. Developing the starches of these different media channels in doing so is really important to complement interaction, exploiting synergetic potential and raising the advertising effect. By the use of crossmedia, marketing it is possible to combine three worlds: print for the spirit, television and radio for the feelings and online for interaction.

Interaction is the first important mechanism of possible communication effects of a crossmedia campaign. But thereby the customers pay attention to the advertising message of the companies, the companies have to show that they also listen to their customers. This is efficiently possible by the alliance of online- and offline engagements.<sup>14</sup> Especially for the younger and better educated target groups the online engagements are enormously important. They even spend more time in the internet than with the classical media channels like television or print. So it is possible to approach new target groups with integrated crossmedia campaigns and raising the coverage within the relevant target groups by a multichannel addressing. This multichannel addressing augments the communication effect and abates the fading of the advertising message. The advertising pressure can be raised by an intermediary communication and the resulting repeated touch with the brand and its campaign.<sup>15</sup> Under ideal circumstances crossmedia reaches the optimal combination of coverage and awareness of the classical media channels. The internet offers an extra chance of deepening information and interaction and thereby the exploi-

<sup>14</sup> Cf. o.V. 2012a.

<sup>15</sup> Cf. Bachér 2012.

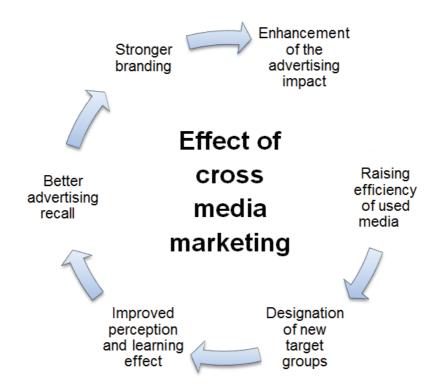
tation of the customer relationship to the point of customer retention.

Besides interaction, action is the next important mechanism of communication effects of a crossmedia campaign. Many advertising campaigns are especially placed offline and much money is spent for achieving a broad reach. The problem is that too many companies miss out on carry on this campaign online and so lose the follow-up communication. But especially when an advertising channel with a broad reach is combined with an interactive response channel, the positive effects of cross media marketing can commence: The advertising message can be continued and deepened. Every media channel has its own strength. Using cross media tools, companies can benefit these strengths in real terms and bail out the interdependency and all synergetic potentials. By using these tools, companies can achieve range, emotionalisation, individualization and interaction all in one.16 The variation of the advertising message over several advertising channels leads to a high advertising appeal. Companies have to flash into action to achieve an accumulated advertising effectiveness. By means of the interconnectedness of the several media channels, there can be achieved a capacity high attention and an increased advertising impact.

The third important mechanism of possible communication effects of a crossmedia campaign besides interaction and action is involvement. Involvement means the attendance of "me", what means the interior commitment of a person in an actual situation. It can be distinguished between Low- and High-Involvement. Concerning to the choice of media channels in a cross media campaign, it has to be considered that television applies to Low- and print to High-Involvement. The formal arrangement is different within these classifications: by using Low-Involvement channels, the spectrum of room for manoeuvre is less than with High-In-

<sup>16</sup> Cf. Bitkom 2008a.

volvement channels. The absconding point of view within Low-Involvement channels has to be backed up by the use of nonverbal stimuli. Key Visuals are of a particular importance. Especially for less involved consumers it is important to recognize the brand immediately. A well-known Key Visual in Germany is the "Becks" sailing boat. Even consumers who don't drink Becks know about the brand when the sailing boat appears on TV.<sup>17</sup>



Summing up the several effects of cross media marketing, they can be illustrated in one chart:

Source: BITKOM 18

<sup>17</sup> Cf. Netz 2004.

<sup>18</sup> Cf. BITKOM 2008a.

By the use of crossmedia marketing, the efficiency of used media can be raised. Thereby provides the possibility to designate new target groups by covering almost every media channel. As a result it makes for an improved perception and learning effect. By all-around availability the brand can accomplish a better advertising recall than just being substituted on one single media channel. This better advertising recall naturally leads to a stronger branding and the advertising impact can be enhanced.

## 3.4. Resiliency

A consistent type of communication is the most important issue of a communication strategy. So the last point of the crossmedia marketing is the resiliency of time, content and form.

## 3.4.1. Temporal resiliency

Temporal resiliency means, how flexible the advertising is and how effective the channels and tools of communication are. Crossmedia marketing is marketing all over the media channels. Thereby it is possible pursuing an advertising message incommensurable to other marketing tools. By all-around availability, the brand can accomplish a better advertising recall than just being substituted in one single media channel. But even so the advertising campaign isn't an effective and long-lasting one, but selective. Achieving a continuous positive advertising appeal, the campaign has to be pursued.

## 3.4.2. Contentual and formal resiliency

Due to the content and form, communication tools in crossmedia marketing are almost fixed. As it was told several times, crossmedia marketing uses all media channels to solicit the brand. Logically all forms of media should be used, starting with TV-Spots, print campaigns to radio spots. It is the most important factor for the success of a campaign. All-around availability can accomplish a better advertising recall than just being substituted on one single media channel.

In crossmedia marketing one main effect is this better advertising recall. To reach this effect, the advertising message has to be a consistent one.

The assumption for the success of a crossmedia campaign is broadcasting the brand, its campaign and its claim all over the media channels contemporaneous.

# Chapter three

Saskia Egger, Corinna Kramm, Kathrin Kurz, Anna Vorderdörfler

# Customer Relationship Management – Between the Old and New Media Paradigm

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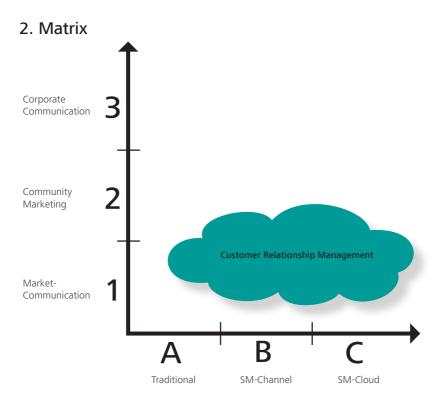
### 1. Definition

"One face to the customer, one face of the customer" is a guide-line, which takes us to our understanding of Customer Relation-ship Management (CRM). The last decade witnessed a major shift through the emergence of the social web in the behavior from companies to customers and vice versa. Not only as a matter of IT-processes and calculation, CRM should now be understood as a mutual "trust-driver". This is pointed out in Robert M. Morgan's and Shelby D. Hunt's Commitment-Trust Theory of Relationship Marketing. Especially as we are facing the so-called "Social Media Revolution", companies have to focus on the new possibilities of how to improve their customer relationship.

Considering this, there are two definitions of Customer Relationship Management: the first definition concerns management, IT and processes, the second focuses on building a personal customer relationship. In the first meaning Customer Relationship Management is based on a customer orientated business philosophy. Out of it a company derives a corporate strategy and relevant processes. Finally, the strategy and processes are implemented through information systems (CRM systems).¹ The second definition is about the sociological and the benefit aspect. The goal is to gain trust and relationship commitment of customers. In addition, both sides should benefit from the relationship.² It is important to adhere to both definitions because Customer Relationship Management cannot have success without a performing CRM system but neither without the trust and relationship commitment of the customers.

<sup>1</sup> Cf. Nohr/Roos/Vöhringer/Ade 2006.

<sup>2</sup> Cf. Morgan/Hunt 1994; Wehrmeister 2001.

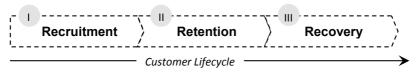


Customer Relationship Management is positioned on the y-axis intercepts "Community Marketing" und "Market Communication". Based among others, the main objectives of CRM are customer retention and gaining new customers. Although CRM has reputationenhancing effects, targeted measures in this direction, however, are more likely attributable to Issue Management. Therefore CRM is not located in intercept "Corporate Communication". Whereas some years ago Customer Relationship Management pursued only a unilateral approach in traditional media, nowadays – in times of Social Media – companies understand more and more that there has been a change in communications. Today successful CRM has to consist of an interactive relationship with customers. For that reason CRM is displayed over the entire width of the x-axis.

# 3. Description of the matrix criteria

# 3.1. Objectives of communication

The main goal of CRM is to gain economic benefits through longterm customer relationships.<sup>3</sup> Throughout the entire customer lifecycle CRM has different objectives and key aspects. The three main phases of CRM are shown in the following graph.



The three main phases of CRM. (Source: Leußer et al. 2011, p. 322.)

The objective of the first phase "Recruitment" is to win new customers. To gain a new customer is far harder than to keep one. Winning new customers involves a great deal of expense, e.g. marketing or sales costs. Therefore it is absolutely fundamental to establish customer loyalty and create customer satisfaction to maintain the customer relationship.

Thus CRM is responsible to expand the customer base. It is mainly used in order to retain regular customers. Customer "Retention" is thereby the key success factor for CRM. Instead of selling many products to many customers, it gets more relevant to sell as many products of a company or brand as possible to one customer. Due to CRM the customer gets more and more transparent. Data is gathered to comprehensive knowledge of the customer base. Thereby it is possible to customize the communication and communicate with each customer personally and more effectively. This deepens the relationship between customer and seller and creates trust.

<sup>3</sup> Cf. Schuhmacher et al. 2004, p. 22, 23.

The knowledge about customers also gives the opportunity of cross- and up-selling. Cross-selling means to sell an additional product or service to established clients. Up-selling is to induce the customer to purchase a more expensive product or an upgrade. Regular customers usually are more eager to pay a higher price than new costumers. The willingness to change the seller decreases with the duration of the relationship. A higher purchase frequency and increasing sales per customer yield business success with greater turnover and business profit. Long-term customer relationships also help to increase the predictability of revenues. In the phase "Recovery" it is important to prevent customer churn and therefore try to identify specific causes or indicators. CRM has to attract previous customers or customers who are willing to change the brand or company.

To support the three phases CRM develops very advanced analytical tools to understand and use the data. For example segmenting customers in order to know what product or service fits to each one.

Another communication goal of CRM is to support marketing efforts. With data from CRM systems it is possible to identify and target key customer groups. Marketing campaigns, promotions etc. can then be customized and get more effective. CRM ensures that every customer interaction is handled with the same tools, most recent data and information across all communication channels. But it is important to keep in mind that CRM is only successful if all customer-facing business processes are integrated into a CRM concept. This ensures that all processes are focused on the customer.<sup>4</sup> In summary, it can be stated that the objectives of CRM are to gain customer satisfaction, loyalty and trust, and thus to increase sales and the profitability of customer relationships.

<sup>4</sup> Cf. Leußer et al. 2011, p. 7-12.

# 3.2. Target Group

Pointed out by the objectives of communication, the customers of a company form the main issue of a CRM strategy. Regardless of whether you focus on existing or potential clients – the satisfaction of their needs, suggestions and requests will always determine marketing, sales and service activities. "Customer focus" is used to be the magic word! Thus CRM is aimed at including both the customer base and prospects. In spite of that, customers – in general – are more considered to be the main unit of a CRM system than a specific target group by itself. To a greater degree, CRM conduces in the first place to the identification and segmentation of definable target groups by analyzing, interpreting and forecasting customer data. In this regard, the segmentation of target groups depends mainly on the intensity of customer relationships – for example measured against the customer equity – and leads to the classification of "new customers", "regular customers" and "lost customers". 5 In this way, sales approach does justice to the specific status of each client concerning the customer lifecycle. This allows both to raise customer satisfaction of disaffected customers and to stabilize customer satisfaction of those who feel already comfortable with the company's products and services.6 To endorse such a target-group-specific approach, the selection of communication tools depends on how the marketing measures work on customer relationships and affect customer loyalty.7 While new customers are in need of objective information about a product or service, regular and even lost customers rather tend to be addressed by emotional and confidence-building communication tools. Furthermore, the large number of various customer data – such as demographic figures, attitudes and preferences – enables a great individuality of offerings and communication messages and supports the communication tools in influencing cus-

<sup>5</sup> Cf. Schneider 2008, p. 6-8.

<sup>6</sup> Cf. Leußer et al. 2011, p. 20.

<sup>7</sup> Cf. Schneider 2008, p. 5.

tomer recruitment, retention and recovery. Finally CRM allows an efficient method of target-group segmentation that ensures high quality in communicating and interacting with customers.

#### 3.3. Communication effect

Digital media changed the way of client's interaction and communication effects within Customer Relationship Management caused by the development of new communication channels. The roots of traditional market communication developed from one way communication (or passive direct marketing instruments) such as bulk mailings to two way communication through direct response advertisement and telephone marketing.8 Nowadays the communication is proactive from the customers' side as well as beneath them. The pattern of communication is not the only thing which changed due to New Media. Companies use database management to understand their clients and to push customer satisfaction and involvement. Information and the customer dialog belong within the company's overall CRM processes. Since Multi Channel Management, Social Media and Online Communities emerged (see y-axis of the Matrix) the communication between company and customer is public, transparent and not controllable anymore. These developments offer new chances of customer ranges and interaction through different aspects:

# From CRM through Multi Channel Management (MCM) Communication

Studies show that by the year 2013 over 50 percent of customers (B2C and B2B) will use different access channels in the field of CRM.<sup>9</sup> Schulze (2000) defines MCM as "the organizational and technical management, as well as the coordination and integra-

<sup>8</sup> Cf. Gelbrich et al. 2008, p. 184.

<sup>9</sup> Cf. Moosmayer et al. 2001, p. 85.

tion of business and media channels".10 Thus companies are very often overwhelmed with the variety of channel and media access like telephone services, email newsletters, online performances or on-mobile communication. They face problems of limiting resources optimally to meet the customer's needs. Therefore the knowledge of costumer processes as well as services and products should be identified to help potential users to resolve problems in order to meet the most effective communication ways with additional benefits. Moreover, companies should consider all advantages and disadvantages of each communication channel as well as the companies' nature, e.g. that social media requires 100 percent transparency of a companies' politics. Furthermore customers decide on their own through which channels and media they want to communicate while expecting a consistently high level of service.

# Customer Coverage and Engagement through New Media

In the field of New Media the companies' CRM should not see their clients as "Datasuppliers". Moreover, the additional benefit should be

- exclusive and relevant exchange of content and information as well as
- fast response to customers' needs and wishes.

<sup>10</sup> Cf. Schulze 2000, p. 41.

The following graph shows the development of communication and interaction from traditional CRM to Social CRM respectively New Media:

The development of communication and interaction. (Source: Kerst 2011, p. 76.)

	TRADITIONAL	NEW MEDIA
wно	specific	everyone
WHAT	company centric process	customer centric process
WHERE	defined channels	customer driven dynamic channels
WHEN	set business hours	customers set hours
WHY	transaction	interaction
HOW	messages flow outside	messages come inside

The graph shows that communication happens both within the community and in two way communication from customer to company. Channels, content and time are determined by each customer. Therefore it is the company's programmatic response to the customer's control of the conversation. To spread content and conversation it is important to find persons who are multiplicators (advocacy), who like the company (because of special offers or the brand) and want to elate other persons. On the other hand communication with critical persons (badvocacy) is also important to understand peoples' thoughts about products and services. Overall, companies should search the dialog with target groups to get them involved with the products, e.g. supply exclusive information about a product.

Another way to reach potential customers is to contact Social Me-

<sup>11</sup> Cf. Kerst 2011, p. 75.

dia influencers or so-called opinion leaders. These digital natives grew up with new media and are known for their special interest blogs, videos or photo channels. They are creative in any ways to get more likes, views and subscribers. The themes range from interior decoration, cosmetics, child education up to entertainment.<sup>12</sup> "Mr. Tutorial", named Sami Slimani, explains in front of his camera and explains how to do e.g. the perfect hairstyle. He has 280.021 subscribers, 56.483.264 views, 180.750 Facebook fans and 71.704 Twitter followers.<sup>13</sup> Companies use the viral potential of social influencers and give their products to them in order to use the products in the next show under consideration of freedom of art. Internet users create their own role models influenced by their interactions. Through their influence and the additional own social experience with a company's website, the personal involvement with a brand or a company rises.

#### Prospect

The diversity of communication channels increases the range of communication activities within the target group and the level of interaction between customer and company. This in return creates potential for a higher quality of a customer relationship (e.g. through more awareness) as well as an increased trust between client and company through personal contact. The challenge for companies is the coordination of the full tap of New Media potential within Customer Relationship Management matched to the Companies culture and channel management.

# 3.4. Temporal and contentual resiliency

The temporal and contentual resiliency of Customer Relationship Management can be described by the so-called Commitment-Trust

<sup>12</sup> Cf. Adda 2011, p. 63.

<sup>13</sup> Cf. http://www.youtube.com/user/HerrTutorial.

Theory by Robert M. Morgan and Shelby D. Hunt.<sup>14</sup> The theory focuses on the variables which influence a customer relationship and therefore concentrates on the specific elements Customer Relationship Management impacts on.

The "Key Mediating Variables (KMV) Model of Relationship Marketing" by Morgan und Hunt says that the mediating variables commitment and trust can be compared to the heart of a successful relationship, whereupon commitment is influenced by trust. For this reason the model is often referred to as Commitment-Trust Theory.

Beside these two mediating variables, Morgan and Hunt name five antecedent variables which influence commitment and trust and consequently the quality of a relationship. According to the "KMV Model of Relationship Marketing", a company has to strengthen these antecedent variables and as a result the mediating variables commitment and trust to reach the greatest temporal resiliency (duration of the relationship) and contentual resiliency (intensity of the relationship) as possible. Subsequently, the Commitment-Trust Theory is extended by the influence of the variables on the temporal and contentual resiliency. It raises the question: If one variable changes, how will the temporal or contentual resiliency differ as a result?

The five antecedent variables are:

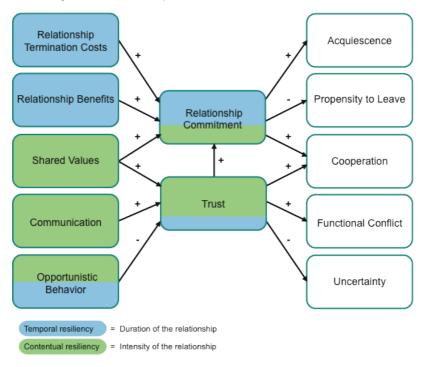
 Relationship Termination Costs: If the losses of terminating a relationship are expected to be high, the relationship is viewed as important and is terminated more rarely. This variable therefore influences the temporal resiliency of a relationship.

<sup>14</sup> Cf. Morgan/Hunt 1994.

- Relationship Benefits: The relationship commitment is higher if at least one partner profits by the relationship. This variable also influences the temporal resiliency.
- Shared Values: Shared values such as honesty, the payment behavior or quality unite partners and thus strengthen their commitment on the one hand and their trust on the other hand. This variable influences the contentual resiliency of a relationship.
- Communication: Communication of high quality enhances trust. This variable influences the contentual resiliency as well
- Opportunistic Behavior: Opportunistic behavior is a factor that negatively affects trust and thereby the relationship commitment, too. This variable influences both the contentual and the temporal resiliency of a relationship.

If a company succeeds in gaining commitment and trust of its customers, there have been five effects presented which will result in a customer relationship according to Morgan and Hunt: The higher the commitment, the higher is the acquiescence for decisions a partner has made and the lower is the propensity to leave the relationship. The cooperation is also better, the higher the commitment and trust of the customers are. If partners trust each other, conflicts can be solved easier and more functional and there will be less uncertainty as partners know that they can rely on each other.

The following graph shows the "Key Mediating Variables (KMV) Model of Relationship Marketing" by Morgan and Hunt, extended by the influence of the variables on the temporal and contentual resiliency of a relationship:



The KMV Model of Relationship Marketing. (Source: Morgan/Hunt 1994, p. 22.)

The graph points out that high relationship termination costs and high relationship benefits impact positively on the duration of a relationship. High shared values and a communication of high quality influence the intensity of a relationship in a positive way. Opportunistic Behavior influences the duration as well as the intensity of a relationship negatively.

In conclusion, there are two main goals for a successful CRM strat-

egy: strengthening the relationship commitment and the trust of each customer. If a company strengthens the relationship commitment on the one hand, it can mainly extend the duration of a relationship but also enhance the intensity of a relationship for a smaller part. On the other hand, if a company strengthens the trust it can thus mainly enhance the intensity of a relationship and for a smaller part extend the duration.

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# Chapter four

Tugce Dizdar, Julia Hübner, Eva Schubert, Natalie Skrzypczyk, Maria Trojan

# Corporate Communication and Stakeholder Dialogue

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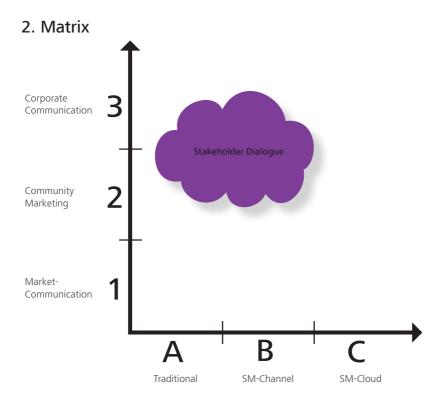
### 1. Definition

In the course of the society's change in values, the increased importance of mass communications, the rising competition and the growing variety, the products of the company are progressively exchangeable and the corporate image becomes more and more important. Furthermore the growing information demand of the public and of the employees has to be satisfied. But this is only possible by establishing structures and institutions that take the essential communication function for the successful positioning of the institution and develop concepts, which accomplish and assure the communicative basic function long-term. Corporate Communication describes the totality of all communication tools and measures within an organization, which are used to represent the company and its services to the relevant internal and external target groups and to coordinate all communication processes (cp. Mast 2010:10). Thus Corporate Communication includes

"all the communication processes that contribute to the task definition and task performance in profit-oriented economic entities and will contribute in particular to internal and external coordination of action and interest clarification between the company and its stakeholders" (Zerfaß 2007: 23).

At this point, the Stakeholder Dialogue as an important part of Corporate Communication comes to the fore. "To manage a business is to balance a variety of needs and goals" (Drucker 1954: 62). Peter Drucker has already recognized the balance of different needs as the central task of a company's management. Economic activity has become a public matter, which has been intensively to deal with the demands of all sectors of society. These stakeholders accost closer to the company with more or less specific concerns. Any person, group or institution that may affect the company's goals and the conditions for achieving these goals, or are affected by the achievement of a company, may be referred to as stakeholders (cp. Freeman 1984:46). As companies aren't always aware of actual and often inconsistent expectations of

their stakeholders it is important to include their opinions (cp. Van Tulder et al. 2004: 1). "The dialogue in general, and the stakeholder dialogue in particular, are seen nowadays as instruments for facilitating effective communication between company, government, NGOs, science and other societal groups" (ibid.). With the Stakeholder Dialogue the company establishes a high value on an open dialogue with various stakeholders. Because through active communication, an important factor for economic success, will be built: trust. Open communication proves transparency and transparency builds trust. The Stakeholder Dialogue makes it possible to participate in creating important economic and social issues and to find solutions together with different stakeholders that promise sustainable economic success.



The interplay of corporations and stakeholders such as the community is based on traditional and Social Media channels.

# 3. Description of the matrix criteria

The interplay of Corporate Communication and Stakeholder Dialogue show new ways of communication and interaction. Corporate Communication used to be a one-sided communication. But Corporate Communication can no longer be only a message that an organization issues to the public. It's no longer adequate to make Public Relations, sending newsletters and answering on questions that the media want to get to know. The reason for this change is clear: It's Social Media.

Due to the development of Social Media, community and corporations move more and more together. Both parts can communicate their aims and needs in social platforms. Before the development of Social Media, Corporate Communication used to be more a one-sided way of communicating with the stakeholders. This is no longer possible as Social Media offers the possibility to inform oneself about any information. Stakeholders can react quickly to corporate crises or negative developments and advance their opinion. Furthermore the development of Web 2.0 shows that bad information about corporations can spread guickly within the internet. The past has shown that stakeholders such as NGOs used the Social Web in order to attack corporations due to their negative activities. The information was spread so guickly that the corporations lost their important reputation. They can no longer avoid the viral effects of the Social Web. Their new task is to get prepared to this digital information flood in order to make representations.

Corporation activities are as well concerned as the community when it comes to economical interactions. Therefore the Stakeholder Dialogue as a part of Corporate Communication has to be classified into the clusters "Corporate Communication" and "Community".

# 3.1. Objectives of communication

Because Stakeholder Dialogues are so variegated you cannot name just one communication objective for all of them. Every single dialogue with stakeholders is different and therefore it targets at something else. The Stakeholder Dialogues can be inserted for sundry reasons with different achievements of objectives.

Nevertheless a few objectives are in common for nearly all Stakeholder Dialogues. Especially establishing and improving the image and reputation of a brand or company is a basic objective. The reason is that the biggest object of Stakeholder Dialogue is to "create a climate for trust, commitment and collective intelligence" (Kuenkel; Gerlach; Frieg 2011: 25). In addition developing and managing crisis communication is a fundamental part in the field of Stakeholder Dialogue as well. It is extremely necessary for a company to monitor issues and elaborate a plan for times of crisis.

Furthermore, Stakeholder Dialogue enables constructive collaboration and openness to different perspectives which can lead to better solution in the Corporate Communication. Communicating with stakeholders brings companies closer to their target groups. In doing so, the aim is to involve all aspects of an issue and integrate various perceptions. Ideally, if all stakeholders are involved, you "can see the 'bigger picture' of the issue at stake and can experience a higher degree of ownership for the results that the process achieved" (ibid.).

It's always good for a company to communicate with the stake-holders, to ask for their individual conveniences and their expectations. Stakeholder Dialogue offers a good chance to analyze what your stakeholders like or dislike. A proactive, bidirectional communication with stakeholders helps to identify a company's weak points and criticized aspects on the one hand and gains confidence and popularity of the target group on the other hand. Establishing a good image and reputation of a company are the most important objectives of a professional Stakeholder Dialogue. To gain trust of the target groups is the long term objective of

Stakeholder Dialogue. That takes time and is quite expensive. But finally if the Stakeholder Dialogue is effective, the target group rewards authentic and transparent Corporate Communication with trust and customer loyalty. And trust is the base of relationships which Stakeholder Dialogues make possible. At its best, the come out of Stakeholder Dialogues is a long-lasting, faithful and intensive relationship with a highly interactive and involved customer. Closing, it is essential to define different communication objectives depending on the stakeholders. Defining communication objectives the beginning is absolute necessary and the following SMART-points are important to be considered (Schop 2009):

- Specific: Knowing what you want to accomplish is the alpha and omega. If you define your aims you should describe them in detail.
- Measurable: If your aims are caught or not they have to be measurable.
- Attainable: Your aim should fit to your company and your target groups. The best the aims are accepted by all stakeholders. Good aims are high, but realistic.
- Relevant: Aims should be similar to the whole business' purpose.
- Time-Sensitive: Deadlines are very important for achievement of objectives. Setting milestones are necessary in each project.

## 3.2. Target Group

Considering the concept of the Stakeholder Dialogue, its target group includes all stakeholders of a company. As described above, a stakeholder is any person, group or institution that may affect the company's goals. Since stakeholders are a very heterogeneous target group that is hard to describe, there are various models to differentiate between different types of stakeholders.

One model distinguishes between internal and external stakeholders. Internal stakeholders are employees, managers or owners – in other words all groups that are directly influenced by the company's activities. External stakeholders are all groups that are affected only indirectly by corporate activities. This includes clients, suppliers, the public or the government (cp. Bouncken, Jones 2008:85-90).

Another possibility to classify stakeholders is the Power/ Interest Matrix. This model differentiates stakeholders by their level of power to influence a company and by their interest in the company's strategies (see image 1), which leads to the following four types of stakeholders: Stakeholders of type A only need minimal attention or control. Type B is powerless as well, but should be informed about the company. Group C are powerful stakeholders with a low interest in the company's strategies. They usually act passive, as long as they are kept satisfied. Stakeholders of type D are powerful and interested in the company. Those key players should be highly involved in the Stakeholder Dialogue since they have high influence on other stakeholders as well as on the company's activities (cp. Cornelissen 2008: 53).

		Level of Interest	
		Low	High
Power	Low	A Minimal effort	B Keep informed
	High	C Keep satisfied	D Key players

Image 1: Power/ Interest Matrix for classifying stakeholders (Source: http://www.12manage.com/methods\_stakeholder\_mapping.html)

Regarding the function of Corporate Communication, this differentiation is quite important since different stakeholders, and therefore different target groups, have different demands. As a consequence they have to be addressed in diverse ways. Instruments like conferences, cooperations, specialized publications or sustainability reports are suitable to address NGOs, politics and industry. In order to support the dialogue with employees a company can use measures like newsletters, staff magazines, its intranet or internal workshops. In contrast, roadshows, quality labels, blogs and social media enable a dialogue with customers and consumers.

# 3.3. Communication effect

Since the Stakeholder Dialogue is a part of Corporate Communication, it is necessary to measure the results and effects in order to legitimize the communication activities towards the management. As already mentioned the objectives of the Stakeholder Dialogue are among others improving the image and reputation, gaining

trust and preventing crisis, so that the Stakeholder Dialogue, in contrast to advertising, doesn't aim at distribution and the measurable value in terms of return on investment is difficult to ascertain. Another reason is that besides the Stakeholder Dialogue many entrepreneurial measures contribute to the enhancement in value (cp. Mast 2006: 155). As always in Corporate Communication it is very difficult to ascribe specific outcomes and effects to certain measurements because the methodical problem consists in the classification of the communication objectives and effects which creates the problem of causality (cp. ibid.: 158).

The main task of the Stakeholder Dialogue consists in the interaction between the company and its stakeholders. Particularly the internet and especially the social networks enable a bidirectional exchange. This could occur between the individual stakeholders or between the stakeholders and the company. Consequently the company takes an active and reactive position. It can initiate and manage the dialogue – what returns from the stakeholders or is even exchanged among themselves can hardly be influenced.

Social Media allows measuring the dialogue at the output level: Which dialogue was conducted, when in what amount from whom. But as the aim of Stakeholder Dialogue is furthermore based on the outcome level, which means the improvement of the image and reputation, it is very difficult to measure – despite the interoperable and widespread networks or maybe due to it. Stakeholder Dialogue especially matters in times of crisis as all the attention is directed towards the company. It is necessary not to ignore the dialogue but listening and responding the stakeholders' concerns and opinions. Stakeholder Dialogue generally features high involvement, because the stakeholders, contrary to classical public relations, deal with their dialogue partner, which is in the best case the company itself.

## 3.4. Resiliency

Stakeholder Dialogue needs to be consistent in form and content. Only in this way a company can gain confidence and credibility. Especially since the digitalization companies have to communicate more transparently and consistently because stakeholders have better access in order to inform, talk or write about a company's reputation.

Nevertheless the communication can vary from one stakeholder to another in content, design and channel.

### 3.4.1. Temporal resiliency

With regard to temporal resiliency Stakeholder Dialogue needs to be long-term and future-oriented. Companies should not hope for quick results since a good reputation takes its time. On the other hand it can be destroyed in a second, in particular since the digitalization enables a quick dissemination of information. As a consequence stakeholders can react immediately which forces companies to initiate an active and constant Stakeholder Dialogue. Otherwise their communication could lead to a crisis as the examples Nestlé or BP have shown.

Therefore, building up a good reputation should be seen as a long-term investment. The higher the reputation, the more authentic, reliable and responsible a company appears in the eyes of its stakeholders. And the better it can cope with a crisis or bad publicity (cp. Steinert 2007: 44 - 46).

## 3.4.2. Contentual resiliency

In terms of contentual resiliency the communication should be consistent in content. This includes a uniform wording that is adapted to the corresponding target group. Besides topics discussed in a Stakeholder Dialogue should not change to fast. They have to match and should not contradict each other. For example a company must not promote its good working conditions or training activities for employees while the company's supplier exploits its workers. As a result, stakeholders might lose faith in that company, as it happened to Apple and its supplier Foxconn. In addition, Stakeholder Dialogue is an efficient instrument for

issue management. It helps a company to recognize important topics at an early stage, to react accordingly or to take them to public. Consequently, a consistent Stakeholder Dialogue works as a preventive measure to recognize an upcoming crisis for a company. (cp. Bentele, Rutsch 2001: 141 ff.)

### 3.4.3. Formal resiliency

Formal resiliency includes a uniform design which means that all communication tools need a consistent layout, particularly when addressing a single target group. In addition the channel should match the target group, otherwise the content won't reach the stakeholder and the company loses its credibility.

To achieve an authentic Stakeholder Dialogue, the formal layout should also adapt to the content like a sustainability report that is printed in green colors on recycled paper. Nevertheless the formal layout can vary from one stakeholder to another in design and channel. For example customer can be addressed with a personal and emotional designed customer magazine containing special offers while politicians and NGOs are invited to a factual and professional sustainability conference.

# Chapter five

Natalie Bongartz, Matthias Kurz, Stephanie Lang, Anja Pieper, Michael Wagenhaus, Henrik Zapp

# Social Media

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#### 1. Definition

In the past years, the Internet has changed from a static information platform to a dynamic channel for people all over the world. The rise of social networks gave the user the opportunity to introduce themselves to a huge audience. It would only be a matter of time until companies would realize their chance of taking part in this movement.

But first of all, let's have a look on how social media can be defined. It is a collective term for internet-based media, based on social interaction, user generated content and the technical possibilities of the so-called Web 2.0.1

Social Media platforms such as Twitter and Facebook give private users the opportunity to connect, interact and present themselves on the web.<sup>2</sup> All these factors can be of great use for the companies' marketing strategies, particularly focusing on communication and interaction.

But although social media offers a variety of opportunities and possibilities for companies, only few are operating actively in this area. They are too hesitant due to lack of knowledge about the best course of action for the company.<sup>3</sup>

When choosing a platform suitable for the company's goals, it is necessary to realize that not all platforms are equally appropriate. The use of social media as a marketing tool requires a careful analysis, planning, implementation and control. It centers on content that is valuable for the user or the customer and offers a benefit. This enables the company to act authentically on the internet and generate new customers. 5

To get an overview of the Social Media range in Germany, the socalled "Social Media Prism" by "ethority" can be used. Based on

<sup>1</sup> Cf. Gabler Verlag (no date)

<sup>2</sup> Cf. BITKOM (no date), S. 4

<sup>3</sup> Cf. Ibid., S. 3

<sup>4</sup> Cf. Ibid., S. 5

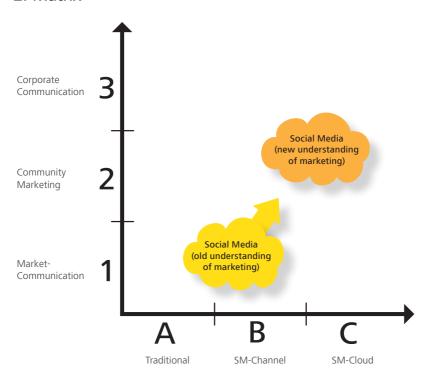
<sup>5</sup> Cf. Ibid., S. 13

<sup>6</sup> Cf. ethority (no date)

the categorization, as for example in social networks, in forums, on video or even gaming platforms, companies can pick the appropriate channel for their objectives and strategies.

As a conclusion, Social Media is a modern and multifunctional tool that can be enrichment for the company's marketing mix, but requires a basic understanding of its functionality.

#### 2. Matrix



The Internet and the rise of social media have led to a radically changed "new" understanding of marketing due to different factors. The following chapter will explain these factors and changes in more detail and lead to the determination of the social-media-cluster in our matrix-model.

In its early stages, companies and agencies have used social media as another channel for one-way communication. Due to lack of experience, campaigns and messages were often transferred into the digital world without any changes. Communication consisted merely of information and marketing activities that have been proven to be successful. Now they were used digitally without any change.

But social media differs strongly from the former understanding of marketing and as time went by, the industry realized that a successful use of social media requires a rethinking of marketing. Those who are active in social media must behave socially. This means: The consumer not only wants to be informed but also to communicate – A company must offer both to be successful. This includes relevant content as well as real customer interaction.

But what exactly has changed? Communication is no longer held in closed rooms. Networking, interactivity and openness are the cornerstones of authentic web communication. Instead of one-way communication, social media is now an open exchange of opinions in a community. Companies and its customers are facing each other on equal terms. The companies are no longer broadcaster but aggregators, with the goal to build long-lasting relationships and trust through dialog-oriented communication.

Furthermore, customer groups are no longer described by sociodemographic characteristics, but by shared values and communication behaviors. The marketing objectives are therefore no longer defined from top-to-bottom, but from bottom-up according to the input from communication with the customer. It turned out that interaction and participation are important components of successful social media strategies. As a result, customers gain tremendous influence on the brand itself.

Traditional companies are still meeting social media with criticism/ skepticism, because their brand is their "holy grail" which must be protected against short-term activities. This fear is understandable but often ill-founded. The active involvement of customers usually leads to real innovations and sustainable improvements. The user can provide ideas and the intelligence of the social "cloud" has proven to help companies to improve their business model and to survive in hard times.

# 3. Description of the matrix criteria

The diverse social media universe allows companies to pursue the most important communication goals that shall be discussed below.

# 3.1. Objectives of communication

#### Raising Awareness

First, raising awareness for one's brand is an important issue that can be tackled by communicating through social media channels. Social networks i.e. provide direct and instantaneous access to especially young target audiences that are becoming harder and harder to reach by above-the-line communication. Furthermore, the viral nature of social networks and its massive word of mouth potential addresses a large group of users in virtually no time.

# **Acquisition and Retention of Customers**

The acquisition of new customers and the retention of existing ones are definitely among the most significant communication goals that thrive companies to engage with social media. Once the awareness of users is created, a persistent and convincing communication with potential customers must be enabled to turn them into actual customers. The retention of those very customers demands a reliable yet authentic conversational approach for which the direct and informal character of social networks represents the ideal basis. It goes without saying that social media is a highly cost-effective and analyzable tool that rather supports and complements existing acquisition and retention measures (i.e. direct mailing, ads) than replacing them.

# Enhancing Brand, Product or Company Image

In recent years, social media has become an integral part in most of today's image campaigns. They suggest a close and open-minded relationship to a target audience and implement a modern, forefront position on the respective market whereas campaigns without any social media component are considered old-fashioned. However, the aim of enhancing brand, product or company image by running one or different social media channels is not without any risks. Many companies still regard social media as a classic one-sided push-channel that merely works as a one-to-one addon for the brand or company homepage where users are just expected to applaud the newest ads or company news. In reality however, customers and the society as a whole, have never been more informed than nowadays. Hence, companies must consider that a brand or product image not only can be boosted through the use of social networks but also in the same way can be severely damaged by the viral nature of social media in the case of scandals – online and offline.

## **Customer Dialogue**

If there is one goal that can be effectively achieved by social media, it is a true and direct dialogue between the company and its customers. On the assumption that the Web 2.0 era created "Homo Connectus", users that are not connected with networks but with human beings, social media offers a unique possibility for companies to directly engage with their customers and their fans. To successfully pursue the above-mentioned communication goal, the company must constantly initiate and stimulate an authentic and sincere interaction. This considers critical comments and customer's advice for improvements as a highly valuable voice of the former anonymous target audience that must be heard - for the sake of a successful brand management. In this context, the company equally has to foster the branded dialogue among customers and fans, promoting a unique community feeling and – in the long

run – profit from the social media cloud that is a source of endless input and creativity.

#### 3.2. Target Group

For successful marketing strategies, it is essential to know the target group. This is the aim of your messages and receives the information. Since social media centers on communication, it is important to know the activities of the target groups in advance. But not every target audience uses social media. For example a customer at the age of 75 or above isn't part of the main target group of a company using social media. A young target group however expects the presence of its favorite product on a social media platform. In addition, there are differences in the use of these channels. On one hand there are the so-called "digital immigrants" who rarely use the internet or social networks. On the other hand, there are the "digital natives" making an extensive use of new media and claiming a great engagement of a company. By using various social media tools, it is important to know how the target group makes use of them. A blog is nothing but an addition to the company's website to inform and entertain interested parties in a business such as environment. It can be used to post everyday business matters or reports from the industry. The main target group includes experts of the same business field or customers, who would like to learn more about the company and its operations.

Furthermore, "crowdsourcing" plays a more and more important role. A company's blog informs about future campaigns or product innovations. Users and customers have the possibility to discuss new developments or new product innovations and to post their opinion. The company receives information directly from the target audience and has the chance to improve and change their announced topics.

Microblogging services like Twitter focus on quick and concise in-

formation dissemination, such as notice of appointments, failures or other announcements. Its main objective is the proliferation of information and the viral notice through referrals. Here, the relevant target group consists of external stakeholders like the press, local authorities etc.

Facebook concentrates on the contact with the consumer. It is mainly used in the B2C sector but also increasingly in B2B. The interaction and communication with the user are in focus. This offers the opportunity for users to get in touch with the company and discuss relevant issues on the platform. In addition, further brand and customer loyalty will be strengthened by campaigns. By using social media, the company gains a huge amount of information about their customers and fans. This can be data about where the target group lives, what they like, why they are interested in staying in contact and what image of the company they have, as well as of products or services. As a result the company can work on creating and strengthening the customer loyalty. Consequently, a big issue is to listen to the target audience. In Social Media the customers often communicate with the companies and give some information about the strengths and weaknesses in the products, company communication or customer service.

#### 3.3. Communication effect

The use of social media in the business context can lead to short-term and long-term effects of communication. Whereas a short-term effect can always be achieved in a relatively short time, the assumption that social media always leads to a long-term effect of communication only applies if certain conditions are fulfilled. These factors include the kind of social media channel and the intensity with which the company maintains the costumer dialogue. Especially campaigns, games and promotions on social media platforms like Facebook primarily lead to an increasing awareness of the company or the brand. In the majority of cases such promotions induce a reaction of the customer. As a result of this reac-

tion the company gets in touch with prospects and customers. In the best case scenario an interaction and dialogue between customer and company is developing, which can even lead to the customer's involvement into decisions relating business processes in a broader sense.

Social Media offers ideal conditions to get in contact with the own target group around the world. Customers are highly involved because they get in touch with companies on a voluntary basis. These are ideal prerequisites to make a social media channel become a valuable interaction channel and to transform the traditional one-way-communication into two-way-communication. Considering practical examples, it is notable that the use of corporate blogs (e.g. Ritter Sport<sup>7</sup> or Starbucks<sup>8</sup>), in particular, makes it possible to establish a qualitative interaction channel and therefore to achieve long-term effects of communication. On this platform, customers can take part in decision-making processes e.g. by making detailed recommendations for product ideas. In many cases, corporate activities on social media platforms like Twitter or Facebook have the character of a campaign. Of course, this also leads to a costumer dialogue and interaction - but on a different level. However, their advantages mainly lay in their customized role as a problem solver, information and interaction channel and therefore it also achieves long-term effects of communication but on a more individual basis.

#### 3.4. Resiliency

The communication strategy should always give particular attention to the consistent type of communication, concerning form and substance.

<sup>7</sup> Cf. http://www.ritter-sport.de/blog/

<sup>8</sup> Cf. http://mystarbucksidea.force.com/

#### 3.4.1. Temporal resiliency

The use of social media in a business context implies an easy and rapid way to measure the communication outcome via click rates, likes, comments, page impressions and visits. In this regard the interaction channel offers great benefits for companies but for all that using Social Media always bears the danger of negative reactions and comments. An increasing number of negative comments can lead to the social media phenomenon "shit storm" which causes enormous harm to the brand image. Therefore it's very important to react quickly and to take a firm stand. In consequence, there is only a narrow time window for the company to respond and a temporal resiliency hardly exists. To optimize the communication process and to successfully look after the social media channels, it's important to develop a comprehensive communication strategy. Such a strategy enables the company to react quickly to user comments and suggestions and, thus, to establish a long and stable relationship to customers and prospects.

#### 3.4.2. Contentual and formal resiliency

In addition, a communication strategy should always include guidelines considering contentual and formal aspects. In practice, this means that the targeting of costumers on different social media platforms and the design of the means of communication have to be coordinated. One the one hand this implies to coordinate the content of the communication messages on all social media platforms and on the other hand to address the customer in a consistent way. For example, for some companies like Cartier it can be better to use the polite form of address instead of using the casual conversational tone, which dominates on social media platforms. This is the only way to create a consistent corporate image and to establish a stable dialogue with customers and prospects. Customer dialogue and interaction can be achieved if customer concerns are taken seriously. In the world of social media, this implies to take an interest in comments, annotations as well as

critical utterances. If these conditions are fulfilled, it will affect the company's credibility, reputation and corporate image in a very positive way.<sup>9</sup>

By using social media in the business context, it becomes evident that geographical limitations are removed. With their communication on a social media platform, companies can reach many people at the same time. In a first step this shall apply only to people who are directly interested in the company or the brand. Due to the great potential of social media relating word of mouth, in a second step much more people may get in touch with a company or a brand. Therefore, the effects of communication cannot only be achieved by considering individuals but instead by relating to a large number of internet users.

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<sup>9</sup> Cf. Wright 2006, page23.

## Chapter six

Julia Deeg, Birgit Guggi, Barbara Hertinger, Laura Kremer, Laura Weckbach

## Crowdsourcing

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#### 1. Definition

"Crowdsourcing had its genesis in the open source movement in software" (Howe, 2006, p. 8). As an example, the origin of the Linux operating system, which was created by an amount of technophiles, shows that the independent crowd was able to create a better product than a huge company like Microsoft.

Meanwhile enterprises like McDonalds, Tchibo and Ritter Sport integrated the opportunity of Crowdsourcing in their daily business management. Therefore they are using their communities from social network pages as well as their own websites and blogs to get new product ideas and opinions directly from the consumers (Ines Maione, 2012: p.n.).

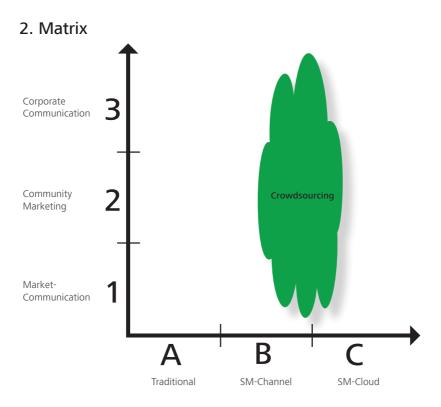
Letting the masses of Internet users do a job for their own company sounds tempting as well as very advantageous to organisations. Yet the process is not without risks.

The first person who wrote about "Crowdsourcing" was Jeff Howe. In his article "The Rise of Crowdsourcing" he coined the term combining "crowd" and "outsourcing" and defined this conceptualization as follows: "Crowdsourcing is the act of taking a job traditionally performed by a designated employee and outsourcing it to an undefined, generally large group of people in the form of an open call" (Howe, 2006).

But long before the term was born, companies and organisations had already made use of crowdsourcing: An early example is the NASA Clickworkers project in 2001. At this time NASA had taken images of the Martian surface and asked volunteers to help digitize craters of the surface (Fountain, Mergel & Schweik, 2009: p. 14). This way an enormous amount of work could be completed in little time.

Crowdsourcing has its origins in the field of Open Innovation. The outsourcing of work and creative processes to a large group of

Internet users becomes more and more popular. Crowdsourcing has lots of sub-categories such as: Crowdfunding – communal funding of projects, Crowdtesting – testing of software or products by a large group of people, Microworking and Microtasking – the users complete smaller jobs and tasks that are added in the end, Co-creation – communal creation of work, Collaborative Knowledge – the community accumulates and shares its wisdom; the most famous example for this is the free online encyclopedia 'Wikipedia' (Pelzer, 2011).



### 3. Description of the matrix criteria

Crowdsourcing takes place when a company assigns a particular task, which was before edited in-house from staff members, to an undefined net-community consisting of customers and other users. The transfer of the particular task happens in terms of a company's call for cooperation – in the majority of cases through the company's own Social Media-Channels. Therefore the development of the Internet and its technologies can be characterized as the literal requirement of the Crowdsourcing activities we know. (Treichl, 2007: p.n.)

According to the developed matrix, the term Crowdsourcing is classified between Social Media-Channel (B) and Social Media-Cloud (C) on the x-axis of the matrix. Reason for this is the fact that companies are not only providing a task through their own Social Media-Channels but also the community is solving the commissioned tasks aside those channels on external websites. On the part of the company, the own Social Media-Channel can be declared as starting point of every Crowdsourcing activity. In contrast traditional (A) parts of communication are not included because all activities of Crowdsourcing take place in the World Wide Web.

On the y-axis Crowdsourcing is classified between Market-Communication (1) as well as Community Marketing (2) and Corporate Communication (3). This particular placement on the matrix arises from the fact that Crowdsourcing is not just able to increase – like in the field of Market-Communication – the sales and number of customers of a company, but also requires a strategy to engage the community in a constant conversation like Community Marketing. Furthermore Crowdsourcing in its best-case scenario is also able to raise the image, reliance and publicity of a company just like the goal in the field of Corporate Communication.

### 3.1. Objectives of communication

Generally every Crowdsourcing activity consists of two groups of participants: the company and the users. This is why there have to be defined different objectives of communication, which will be explained in the following chapters.

#### 3.1.1. Company

As already mentioned, the objectives of communication from a market communicative (1) point of view are primarily consumer acquisition and consumer loyalty. In addition the increase of sales is a possible objective of communication too, because at the end the consumers themselves do not only take part in decision-making of product development but also provide the company first-hand-information about their wishes and needs.

According to the field of community marketing (2) one of the most important objectives of communication is to generate attention. This refers not only to the own community platforms but also to all other users of the World Wide Web. Furthermore Crowdsourcing aims to build identification with the company as well as the provided task on the part of the community. Therefore the main requirement is to generate interaction within the own Social Media-Channels repitition as in the whole Social Media-Cloud. Moreover the company aspires an overall maximum circulation of the particular task through mouth-to-mouth communication, which is given since the users are in constant contact with one another. The main objectives of Crowdsourcing based on Corporate Communication (3) are the creation and enhancement of the company's image on the one hand as well as the improvement of publicity and reputation on the other. To gain more acceptance within the community, the company should additionally bring an increased credibility into the focus of the Crowdsourcing's objectives of communication.

Indirectly there can also be mentioned the purpose of being noticed as innovative, modern and moreover transparent firm.

#### 3.1.2. Community

According to the community, there might be more personal objectives than the mere objective to communicate. For a better understanding and for the sake of completeness the following paragraph includes those individual aims:

The users within the community are using Crowdsourcing especially in their free time. In this connection the primary objectives are to have fun and express the own creativity (Papsdorf 2009: p. 33).

Besides, there is to mention that the realization of a Crowdsourcing activity is also to present oneself and to get acknowledgement and recognition from others like the community members or – in the best case scenario – the company itself. This also comes along with a gain in self-prestige. Other objectives are the feeling of being part in a community or firm and sharing one's knowledge. From time to time there can also be financial or other incentives listed as an objective, which depends on the particular company.

#### 3.2. Target Group

The requirement for a successful Crowdsourcing-project is the community indeed. Often the community is already formed and available – the company just has to revitalize it. If this is not given it is far more complicated to find a solution for a specific problem. An existing group of interested people is accordingly the best basic prerequisite for Crowdsourcing. (Medizin&Technik 2011: n.p.) After choosing the right community and platform a company has the task to build up a relationship with the participants of a community. It will be the first challenge to clear up the importance of the input to the community. Secondly, -of course- fair treatment and user motivation are inalienable criterias. (Brien 2012: n.p.) Participants of Crowdsourcing projects can be found everywhere in the Web 2.0: They are willing to share their knowledge, comment on different products and make assessments on them. Moreover they interact with the companies by contributing their

innovative ideas and own opinions. (Medizin&Technik 2011: n.p.) Currently, Crowdsourcing – on the side of the community – is practiced by a certain group of Internet users: They are mostly classical "digital natives" like students and graduates. Furthermore they are young (betweeen 18 and 24 years old), familar with the Internet writing own blogs and websites. They are deeply interested in the online-appearance of companies and their brand(s). That is why in the future the focus will be on the following generation, because "teens are more likely to help others build a blog or website then they are to create their own. Full 33 percent of online teens work on other people's websites, as compared to only 13 percent of adults." (Howe 2006: p. 272)

Generally the target group of Crowdsourcing participants can be defined as users with especially high requirements and specific needs on products (Papsdorf 2009: p. 13). They can also be characterised as solution-orientated, open-minded and interested in individual styles. "Crowdsourcing goes after people that have a specific interest and skill-set for involvement" (Maven Social 2012: n.p.). It is noticeable that the typical "Crowdsourcer" also uses other web-opportunities like online-banking, internet based research as well as online shops. (Papsdorf 2009: p. 13)

Besides, Crowdsourcing can also be a good instrument to share the knowlegde of the company's own employees. Therefore the intranet of the company can be a useful platform to compare notes with the others about innovative business structures.

#### 3.3. Communication effect

As already described above, Crowdsourcing activities are based on the participation of two groups, which would be the company on the one hand and the users within the community on the other. That is why the communication effects of Crowdsourcing also have two outcomes, which are going to be contemplated in the following chapter.

#### 3.3.1. Company

From the perspective of the company the main expected communication effect of Crowdsourcing is a long-term relationship with the community and/or (potential) customers based on a better company reputation and image through a more open communication with the target group (Abstoss, 2011: n.p.).

This again refers to a better customer proximity, for which the company needs to focus on a permanent and especially intensive care of their Social Media platforms. Keeping those platforms upto-date and communicating with the users on time requires an increased work input from the company employees. This big cost factor has to be taken into consideration when using Crowd-sourcing, because a non-observance of those platforms can cause not only a damage of image but — in the worst case scenario — even a real shitstorm in the World Wide Web (Lange, 2011: n.p.). Furthermore the company expects a strong participation in solving the problem of the given task as communication effect of Crowdsourcing. This can contain a further development as well as a redevelopment of a certain product based on first hand information given by the community (4managers.de, n.d: n.p.).

Actually Crowdsourcing not only provides innovative ideas but also enables a wide spread of the message and provided task by using mouth-to-mouth communication and viral effects.

#### 3.3.2. Community

Also in this part relating to the community there is a bigger focus on the individual effects of Crowdsourcing:

The main effect of Crowdsourcing within the community is to find an interesting and funny leisure activity.

When dealing with the particular task, the community is automatically getting to know the company and their field of work better. Possible outcomes are an increased identification, while the worst case can be distrust and denial. Reasons for this might be intransparency on the part of the organisation and its communication

and unfair dealing with the community e.g. by suspending ideas from particular members, by non-implementing the ideas or by simply exploiting the community. (Füller, 2012: n.p.)

In any way the new gained knowledge about the particular company is carried into their personal and social environment. Thereby not only the individual opinion, but also the message and given task of the company is spread by mouth-to-moth-communication. Furthermore, Crowdsourcing is causing a sense of community not only with the company but also within the community, which can lead to task forces and even friendships.

### 3.4. Resiliency

Concerning the concept of integrated marketing communications three forms of resiliency must be outlined: The temporal, the content-related and the formal one. Resiliency plays an important role in the integration of marketing measures and activities – over all in the online area. The thematic and temporal coordination but also the compliance with formal principles are facilitated through it. Like this, companies can produce consistency, presence, conciseness and continuity in their communications.

#### 3.4.1. Temporal resiliency

It is necessary to coordinate the Crowdsourcing activities with the classical PR-measures. Every Crowdsourcing activity has to fit in the whole marketing-concept and should not baffle the target group. Besides, the activity itself should have a fixed and matching time frame. If the time frame is set too wide the community could be bored or will lose its ambition to take part in solving the given task. There should also be a specific launching-date of the new created product and it should be clear when, where and through which media the result will be published. The transformation of the result to the real world has to be implemented soon, because otherwise on one hand the "winner" could be disappointed and

on the other hand the new created product should be available for the potential consumer as soon as possible.

It should be noted that the temporal communication flow can not be influenced by the company at all. Especially after the initiating of the Crowdsourcing project the communication flow is entirely controlled by the community.

A strong momentum between the participating users is necessary to drive the project forward, because – normally – the contractor stays out on the further course. But precisely because of this momentum the coordination with the PR-measures is even more complicated.

#### 3.4.2. Contentual resiliency

Crowdsourcing offers a huge variety of options – from measuring the Mars to creating a new bottle design. The content of the project must be adapted to the specific community. That means e.g. that the address for a scientific group must be different from the one for teenagers. Furthermore there has to be an incentive given – this can be the realisation of a real product or just the appreciation. The duty of a company is to tell the users clearly what their task is. Otherwise the result will deviate from the company's expectations. It must be kept in mind that the content of the project should be familiar with the whole company's philosophy and Corporate Identity, which requires consistency in the communication.

#### 3.4.3. Formal resiliency

An important formal condition to accomplish a successful Crowd-sourcing-project is to already have a basic web community e.g. on the company's Social Media pages. But this is not enough. The community or at least a part of it should be active users of the Web 2.0 to belong to the target group of Crowdsourcing (compare point 3.2).

Furthermore, Crowdsourcing activities must be formally embedded in the Corporate Identity of a company to present a unified

picture and ensure a consistent appearance. It is tempting to try out the success-promising tool of Crowdsourcing but it makes only sense if the concept suits the organisation's formal line and style.

### 4. Crowdsourcing: an issue for research

By Crowdsourcing companies are entering in a new opportunity offered by the World Wide Web, especially Social Media. They take the chance to interact with their respective community by Crowdsourcing to, in best case, result in a win-win situation. For companies to achieve this aim the underlaying conditions as well as — not the least — ethical aspects of Crowdsourcing should be the object of further studies.

# Chapter seven

Teresa-Marie Böhm, Carolin Anna Hirsch, Kim Laranjeira, Kristina Lobe, Steffen Müller, Hendrik Niedenthal, Beate Riechers **SoloMo** 

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#### 1. Definition

The term SoLoMo is quickly identified as an acronym for the words Social, Local and Mobile. While for each of these words exists a clear definition, the meaning of the combination becomes ambiguous. Therefore a closer examination of this portmanteau becomes crucial for identifying the possibilities that it brings. Using the ongoing popularity of social online communities, the applications support the needs and wants of the user to steadily interact with and recommend information to them. The technical requirements to achieve this are offered by the increased distribution of mobile devices like Smartphones and Tablet-PCs.<sup>2</sup> These handhelds allow the possibility of tracking the local position of a user. This local component offers two potential benefits. When using the application it gives other people information of where to get a company's offering, e.g. a product. On the other hand the knowledge about the local whereabouts gives companies a chance of providing information to potential customers who are at a certain position.3 In regard to the content, SoLoMo can be described as a movement that meets the needs of users and integrates their daily offline life into the online world by employing social applications on mobile devices with the knowledge of the current local position. From a marketing perspective, this enables a paradigm shift. Instead of the push-information approach of classical advertising content like TV-Spots or print ads, the information is pulled by the user as a result of his location, and is spread on social networks.4

In the end the gained knowledge offers the possibility for a thoroughly definition of the initially unclear term: SoLoMo is the acronym for "Social Local Mobile". Social represents the connectivity, local the assignation of the position and mobile the usage of mo-

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<sup>1</sup> Cf. Definition-Of.net 2012.

<sup>2</sup> Cf. Socha 2012.

<sup>3</sup> Cf. Techopedia 2012.

<sup>4</sup> Cf. Zideate 2012.

bile devices (Smartphones, Tablet-PCs). As a combination of the three inherent possibilities, information is independently gathered and spread by the users (pull-messages).

For a full understanding of the SoLoMo movement and its enhancements for marketing it is necessary to understand the technology behind it. Therefore some of the most influencing technologies for a successful integration are now explained:

#### App

Most SoLoMo activities are combined with an application (App). Here we want to focus on the mobile applications. This software offers specific tasks and is either pre-installed on the device or can be bought in a so-called app store. Apps can be used as a link between the point of sale, the online shop or other activities of a company. Since advertisement always follows the target group it has to adapt to the trend of the growing distribution of mobile devices. Today a lot of software is available in the app stores, so a key factor of success is to push the app ranking in order to be seen by the customers.<sup>6</sup> This can be achieved with support of classical and online communication activities, referring to the available app. Once installed it offers the chance of higher customer loyalty and contentment. Customers save time since the installed app enables a faster access to content. To support the success of an app, it's important to know if the company wants to attract new customers, or expand the connection to existing ones. Likewise a good usability is needed since the surroundings are changing quickly. This includes optimal navigation, big navigation elements, high display contrast and control of the transferred data volume.<sup>7</sup>

<sup>5</sup> Cf. Harkins 2012.

<sup>6</sup> Cf. Fernandes n.d.

<sup>7</sup> Cf. Braun 2011.

#### **GPS**

One of the essential technologies for enabling SoLoMo is the Global Positioning System (GPS). It is a navigation system developed in the 1970s and owned by the US-Department of Defense, used for tracking the whereabouts of people within a few yards. Therefore 24 satellites are used, sending data via high frequency radio waves. At least three satellites are needed for locating a two dimensional position consisting of longitude and latitude. With a fourth satellite a three dimensional recognition, including the altitude, is enabled. Supporting the "always on" function of smartphones, people can be located every time and everywhere, 24 hours a day. There are also no costs for people using the system.8 Since this technology can nowadays be found in nearly every cellphone or other mobile device, it can be used for marketing as well. Since the device already knows the position of a person, marketers can apply this to send information of relevant places in the near surrounding of the user. It allows filtering the content automatically and provides offers "on-the-fly". Since push-messages on their mobile device will annoy lots of people, it could be better to give them the opportunity to create content based on their current position and share it with others. This way, locations can be linked with personal interests which allows tailored offers and advertisements.9 Those are further explained in the following explanation of Location Based Services (LBS).

#### **LBS**

Closely related to the GPS, so-called Location Based Services (LBS) offer information to the cellphone user in connection to its current whereabouts. The cellphone is either tracked via GPS or with the closest radio cell, which can also roughly identify the position. The most common use is navigation. But more interesting are the

<sup>8</sup> Cf. Lowrance n.d.

<sup>9</sup> Cf. Keohane 2007.

increasing Tracing Services.<sup>10</sup> These offer the user the chance to "log in" at their location and can be used by any company with a local point of sale. The companies usually register their stores on existing platform services (e.g. Foursquare or Gowalla). Usually, logging in is rewarded with little gimmicks that do not cost the company much and that have no big effect on the monthly balance. But in return it increases customer loyalty and since it is mostly combined with social networks, it also attracts new visitors.<sup>11</sup>

#### **QR-Codes**

These Codes exist since 1994, when a Japanese company developed them for the logistics of the Toyota group. QR-Codes (= Quick Response) are part of the two-dimensional barcodes. They consist of a square matrix of black and white boxes in which the deposited information is stored in a binary code.<sup>12</sup> Due to this configuration they are able to store much more information than the previous barcodes.<sup>13</sup> When a picture of the QR-Code is taken, e.g. with a smartphone, it is converted into data. For this purpose a special app is needed, that usually is not pre-installed on the device, but which can be downloaded from an app store for free. Scanning the QR-Code makes typing redundant and avoids mistakes. From a marketing perspective it can be used to provide additional information for (potential) customers and to make it easier to establish contact with the company. QR-Codes can be provided on every form of advertisement, packaging or even on rather unusual places like walls or cars. As with the way to display the codes, also the inherent content offers nearly unlimited opportunities. It can redirect to a webpage, load videos or mp3-

<sup>10</sup> Cf. Elektronik Kompendium 2012a.

<sup>11</sup> Cf. Vassilian, 2010.

<sup>12</sup> Cf. Radke, 2012.

<sup>13</sup> Cf. grcodesinmarketing.net 2012.

data, pictures, etc.<sup>14</sup> This growing interactivity can also lead to a bigger engagement of customers, for example if coupons via QR-Codes are placed in a close radius around the offering shop.<sup>15</sup>

#### NFC

Near Field Communication (NFC) is a wireless bidirectional transmission technology for non-contact data exchange between devices only a few inches away from each other. Developed in 2002 by the former Philips subsidiary NXP and Sony it is considered to enable a new payment method using mobile devices. The contractual relationship between user and network provider is thereby supposed to ensure security.16 To use NFC, both users and the point of sale need certain structures. While the user needs a device with NFC chip, the other side needs special cashier systems, shelves or installations. From a marketing perspective, also outdoor advertisement has to use this new possibility in order to work.<sup>17</sup> In the end the key to success lies in creating a real value for customers and merchants. This is not achieved with the new payment method, but rather with the bonus features. For customers it is the discounts, loyalty reward programs and daily deals, while the merchants can gather customer specific data by tracking sales and customer usage. With this information they can alter the product lineup, change offers, etc.18

#### **Augmented Reality**

As the term Augmented Reality already expresses, this technology augments objects in the real world with computer-generated content by superimposing graphics, audio or attracting other

<sup>14</sup> Cf. Radke 2012.

<sup>15</sup> Cf. Henzler 2012.

<sup>16</sup> Cf. Elektronik Kompendium 2012b.

<sup>17</sup> Cf. Rose 2012.

<sup>18</sup> Cf. Kim 2011.

senses.<sup>19</sup> If the devices are equipped with the right software, they become the interface mingling the real information with the additional and display the whole to the user. The market for mobile augmented reality-apps is extending and with this portability, the usage possibilities become nearly unlimited.<sup>20</sup> Addressing various senses simultaneously increases customer activation, experience and credence goods. These synergy effects are hard to track on a monetary basis. Examples for the usage can be found in social gaming (games in reality with additional virtual content, integrated in social communities), virtual demos (virtual demonstrations of a product), experimental learning (personalized information of products are enriched with augmented reality), blended branding (any surface can be scanned and delivers specific advertisement messages) or augmented events (events become more involving with AR-apps).<sup>21</sup>

With all the technologies explained, the last thing to be mentioned in order to understand SoLoMo as a whole is the possibility of combining these technologies. An example would be the usage of LBS together with NFC: The customer checks in at the point of sale and gets a discount he can use by paying with his mobile phone.

#### 2. Matrix

In order to classify SoLoMo in a thematic focus, there is a matrix with two axes. The vertical axis describes both marketing and communication actions. The horizontal axis characterizes the perspective how these actions are used. The vertical axis contains Corporate Communication, Community Marketing and Market-Communication. With this communications are mentioned. The

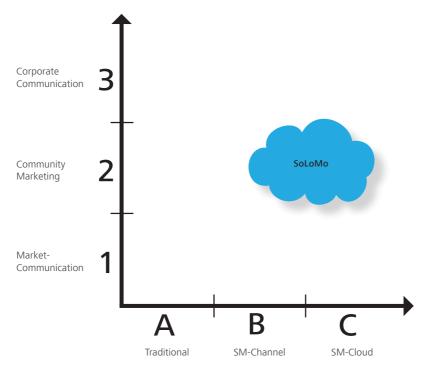
<sup>19</sup> Cf. Bonsor n.d.

<sup>20</sup> Cf. Rudolph 2011.

<sup>21</sup> Cf. Kopatsch 2011.

horizontal axis contains different forms of traditional and modern media. There are Traditional, SM (Social Media)-Cloud and SM-Channel defined.

How can SoLoMo now become classified in the matrix? There are a lot of different starting points in order to classify SoLoMo in the matrix. We created our SoLoMo-cluster on the one hand between



SM-Cloud and SM-Channel and on the other hand in the area of Community Marketing.

SoLoMo deliberately links the online-world with the offline-world.<sup>22</sup> For this reason SoLoMo is a new tool that can be used

<sup>22</sup> Cf. Ringel 2011.

as an innovative marketing instrument. Therefore SoLoMo covers the area Community Marketing. That is because SoLoMo does not use the push-information approach of classical advertising content like TV-Spots or print ads. The information is rather pulled by the user as a result of his location. Consequently SoLoMo is a new marketing strategy that can be used by companies purposefully. Recent developments demonstrate that SoLoMo marketing measures have a huge potential in a new field of interaction with the customer. Moreover these interactions can be created more individual than with any other marketing tool ever before.

Summing up SoLoMo covers especially the area Community Marketing on the vertical axis. On the horizontal axis we positioned SoLoMo between SM-Channel and SM-Cloud. SoLoMo is not a traditional channel because it is not using the traditional media. Therefore to position it in the Traditional area would not appropriate. It can be recognized by the name "Social Local Mobile" that social is accentuated. The social aspect is very important and the communities are a basic pillar of SoLoMo. Thus SoLoMo is using the popularity of social online communities.<sup>23</sup> That is the reason why SoLoMo has to be classified between the two areas SM-Channel and SM-Cloud. In conclusion SoLoMo covers especially the areas SM-Channel and SM-Cloud on the horizontal axis because it is spreading on social networks.

### 3. Description of the matrix criteria

In order to define the matrix criteria more precisely one must examine four aspects of marketing communication. First, we will take a look on the objectives of communication of SoLoMo marketing. It is important to describe these in order to determine whether they fit to the corporate objectives as well as to their requirements and capabilities. Also the target group should be

<sup>23</sup> Cf. Landesanstalt für Medien Nordrhein-Westfalen 2012, pp. 8-13.

defined. It makes no sense to use certain communication tools like SoLoMo when they do not reach the stated target group. Of course a complete analysis of a communication tool includes also the communication effects. What effects does the marketing tool have on the target group and corporation, in long and short-term? Finally, the resiliency, temporal as well as contentual and formal, should be defined.

### 3.1. Objectives of communication

In today's competitive environment, SoLoMo presents a gamechanging opportunity for all customer-facing businesses like retail, gastronomy or tourism as a new tool to drive a more personalized and impactful marketing. Through the use of SoLoMo, entrepreneurships can engage, interact and socialize with their customers every time and everywhere. SoLoMo as a new marketing and communication instrument serves as a critical foundation for five main objectives. Every company wants to get new customers through their doors. SoLoMo offers a new possibility of customer acquisition: to retain walk-in customers. Furthermore companies can easily increase their customer retention with price comparisons, company information, recommendations, word of mouth and a direct communication with their customers. Keeping customers you already have, rather than to acquire new ones, is a lot easier and cheaper. Particularly smartphones are a highly personal and always-on medium that makes it the perfect channel for creating an ongoing relationship with customers. Through check-in functions more benefits can be given to the client which create an added value for the use of SoLoMo applications.

The benefits can occur as couponing, discounts or social community games via smartphones, which also helps to strengthen the image of a modern, communicative company. Through applications short and important information about products or the company itself are easily shared with the customer. In the center of all

SoLoMo activities finally lies sale as the last objective of SoLoMo.<sup>24</sup> There is a huge potential for in store impulse buying<sup>25</sup> by the use of SoLoMo tactics, especially through the dissemination of mobile devices.

#### 3.2. Target Group

The target group for SoLoMo marketing activities can be described through their attraction to the medium Internet and mobile devices. Hence, the target group is situated in a market with huge (growth) potentials. In the year 2011 worldwide 311 Million mobile devices with an access to the Internet have been sold. Since 2008 the number of sales increased threefold.<sup>26</sup> In Germany the number of sales of smartphones amounts to 11.8 Million devices—an increase by 32 percent compared to the previous year 2010.<sup>27</sup> Likewise to the growth in the number of sales of mobile devices with an access to the Internet, the number of users of mobile internet increased steadily. Since 2005 the number of users in Germany multiplied by ten and came last year to 28.1 Million users. Forecasts put the number of users in the year 2014 at 40.8 Million users.<sup>28</sup>

Characteristic for German smartphone owners is that they are younger–53 percent are younger than 35 years—than the general public of mobile users. Barely half of the smartphone owners have an annual household income over 50.000 Euro. The monthly amount on hand is, compared to the general public of mobile users, higher. As another result of the study "Smartphone Insights Report 2011" smartphone owners tend to be male.<sup>29</sup>

<sup>24</sup> Cf. marketing2null.de 2007.

<sup>25</sup> Cf. Treiss, 2012.

<sup>26</sup> Cf. Brözel 2011, p. 3.

<sup>27</sup> Cf. Bitkom 2012.

<sup>28</sup> Cf. Brözel 2011, p. 4.

<sup>29</sup> Cf. Trost 2011.

#### 3.3. Communication effect

As outlined above, there are five main objectives pursued by companies that are using SoLoMo in their marketing activities: costumer acquisition, customer retention, image, information and sales. By using SoLoMo companies now can achieve several communication effects that contribute to reaching these objectives. One main effect of SoLoMo is the strengthening of customer ties through the creation of a network between the company and its customers. Considering this, it is important that SoLoMo activities are not only a means to an end; they should rather always have a value in itself for the customer, e.g. entertainment, so that they can stimulate the consumers to engage with a company and its products. At this point it must be mentioned that SoLoMo not only leads to interactions between the customers and the company, but also to interactions between the customers themselves, in the best case resulting in a vivid brand community. The creation of such a community can result, as mentioned above, in the strengthening of the company's image as modern, friendly and innovative

Another communication effect is the mere reach of SoLoMo activities, which can be employed to inform the customers about new products, services, offers and so on. This is especially of significance if you keep in mind the increasing ownership and usage of mobile devices with Internet access. Furthermore, since the information in this case is not only sent out to a rather "anonymous" audience—as it is the case with for example traditional media advertising—but often to a loyal community of customers, which has already interacted with the company, it is likely that the messages sent out will also have a higher impact. In other words: with SoLoMo you might reach consumers with a higher involvement and also a higher likelihood of purchase.

What is also very interesting about SoLoMo is that it can lead directly to higher store traffic. Reasons for this may be on the

one hand the aforementioned community and brand building and also the information sent out, but on the other hand there is also a very interesting effect uniquely linked to SoLoMo: the "social fame". Several SoLoMo activities of different companies have already been based on this concept. For example, the German restaurant chain Vapiano awarded the customer who visited a specific restaurant most frequently with a free coffee on every visit. For this purpose Vapiano used the "Mayor"-feature of the social network Foursquare which checks which person has visited a specific place most frequently in the past 60 days and awards this person with the title "Mayor". 30 While the concept of awarding loyal customers with little gifts or special offers is anything but a new idea, the interesting thing here is that, through the usage of a social network, now everyone can see who the "mayor" of the restaurant is. So this person not only gets a monetary reward (the free coffee on every visit) but also an emotional one: the "social fame". This of course reinforces the loyalty not only of the "mayor", who surely does not want to lose his social fame, but also of other customers who might want to become the "mayor" of their favorite restaurant themselves and thus start visiting it more frequently. In addition, this might also lead to the acquisition of completely new customers who come to know about a certain product or company through their friends in social networks.

### 3.4. Resiliency

SoLoMo marketing measures are used in different ways with no boundaries to the creativity of the companies. As it is a relatively new measure in the marketing mix, it cannot be set as a short-term or long-term procedure yet. With the increasing numbers of smartphones with access to the Internet, it is obvious now, that SoLoMo is more than a current trend: it is an answer to meet the needs of the users.

<sup>30</sup> Cf. Vapiano SE 2010 and Blog mit Speck 2010

### 3.4.1. Temporal resiliency

At the moment SoLoMo is used both as a short-term and as a long-term marketing measure by companies with different and individual objectives. Short-term activities as for example the Jay-Z & Microsoft cooperation<sup>31</sup> lead to traffic and a fast interaction with users. Long-term activities such as check-ins on foursquare<sup>32</sup> strengthen the bond between users and companies. Acceptance and coverage within the community differ between individual interests and the incentive. The biggest advantage is the live-monitoring through Social Media. Every click, download and interaction is monitored and can be called at any time.

#### 3.4.2. Contentual and formal resiliency

The content and format of SoLoMo measures are up to the objectives and creativity of every company and as well depend on the company and their products. The motivation for the users to interact through SoLoMo measures can be either materialistic such as couponing or discount for check-ins or non-materialistic like the appreciation of the community: the so-called social fame. Hence, in terms of content and format SoLoMo should not be seen as a rigid but rather as a very flexible marketing tool.

<sup>31</sup> Cf. Microsoft n.d.

<sup>32</sup> Cf. Blog mit Speck 2010.

# Chapter eight

JÜRGEN GOMERINGER, VERENA HUTTER, PATRICK MEINELT, KATHARINA MERK, MARCUS WÖHLER

## **Mobile Marketing**

#### Content

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#### 1. Definition

"Mobile marketing is defined as "using interactive wireless media to provide customers with time and location sensitive, personalized information that promotes goods, services and ideas, thereby generating value for all stakeholders."<sup>1</sup>

Mobile marketing involves communicating with the consumer via mobile device, either to send a simple marketing message, to introduce them to a new audience participation-based campaign or to allow them to visit a mobile website.<sup>2</sup>

Some of the tools of mobile marketing are:

- Multimedia Messaging Services (MMS)
- Unstructured Supplementary Service Data (USSD)
- · Bluetooth, Wireless and Infrared
- Mobile Internet and Social Media
- Mobile Applications

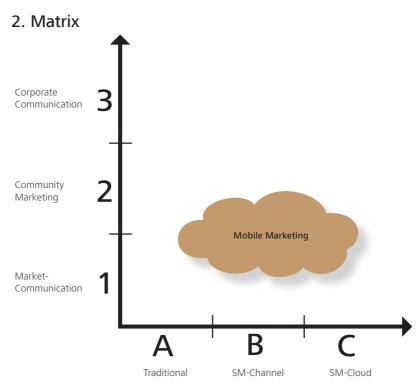
Mobile connectivity not only enables people to connect to the Internet via a mobile telephone, PDA or other gadget, but also consolidates the different communication channels in a simple, yet effective, medium.<sup>3</sup> Cheaper than traditional means for both the consumer and the dealer- and easy enough for almost any age group to understand and engage with - mobile marketing really is a streamlined version of traditional eMarketing.<sup>4</sup>

<sup>1</sup> Leppäniemi, Matti, "Mobile marketing communications in consumer markets", Faculty of Econonomics and Business Administration, Department of Marketing, University of Oulu, 2008, p.21

<sup>2</sup> cf. What is mobile marketing?, http://www.quirk.biz/resources/mobile101/281/What-is-Mobile-Marketing, dated 24. July 2012

<sup>3</sup> cf. ibid.

<sup>4</sup> cf.ibid.



Based on its definition the mobile marketing cluster can be placed within the coordinates A/B/C and 1/2. In this context it covers the fields of Community Marketing und Market-Communication and thereby can be used directly as an instrument for traditional marketing as well as for the active marketing within the SM-Channels. At the same time it also can be used for the passive forms of marketing within the SM-Cloud.

# 3. Description of the matrix criteria

Mobile marketing is placed in the field of Community Marketing because every member of the special interest group "Mobile Device Users" can become part of the community and thus be reached through mobile marketing activities. On the one hand

companies reach their target audiences indirectly on a broad base in the field of Community Marketing. Here the mobile marketing measurements are not directly fitted to special target groups but try to attract all potential consumers within the relevant markets. On the other hand companies directly try to influence the relevant target groups within the field of Market Communication. Here, mobile marketing measurements are rather short term and sales oriented in order to directly lead to buying intentions within the target groups.

Nowadays, people more often are online through their mobile devices. Since mobile marketing is based on (mobile) Internet technology it also can be seen as an extension of the classical online marketing. Online marketing is defined as a traditional form of marketing. As a consequence mobile marketing can also particularly be defined as traditional form of marketing.

Companies active use SM-Channels for their mobile activities. Here they include cross medial links into their marketing measurements and directly talk to their core audiences. At the same time the mobile marketing cluster covers the SM-Cloud. If customers like innovative mobile activities of a company, they will talk about it within the social networks. In this case companies are not directly operating the SM Channels any more.

### 3.1. Objectives of communication

With increasingly more consumers on the go, mobile marketing offers companies the opportunity to communicate inexpensively with their customer. There's no other platform that can allow you to touch and engage with a product or brand like mobile can, so intrigue users to interact with your advertising campaign.

When considering your mobile strategy, there are a number of things that you need to take into account. One of the most important things is to define the objectives of the mobile marketing campaign. The objectives can be divided into marketing and com-

munication objectives.

#### **Marketing Objectives**

The primary long term objective of almost every marketing action is the increase of sales. Especially relevant on this goal is the fact that the most popular shopping activity is locating the nearest retailer. When consumers find local information, 88% take action within a day; of this number, 61% call a retailer and 59% visit a store.<sup>5</sup>

So the first step is to create a mobile optimized website for the smart phones. This will be the foundation of the mobile marketing strategy.

Another marketing objective of mobile marketing is the acquisition of new customers. Today nearly everyone in the world is using mobile phones for communication. In today's competitive environment, mobile marketing is a great opportunity to drive more personalized. Companies are going mobile and customers are using their handheld devices to search information and purchase products and services on the go. Consumers can receive the communication via text, email or voice- on one device, taking it everywhere they go.<sup>6</sup> The aim is to build a customer database and generate interactive and positive communications with them.

# **Communication Objectives**

The ultimate communication objective for a mobile marketing campaign is to increase the awareness of brand, product or service. Brand Awareness refers to how aware customers and poten-

<sup>5</sup> cf. Google, Mobile Insights: Retailers, are you reaching one of your biggest opportunities – mobile users?, http://googlemobileads.blogspot.de/2011/08/mobile-insights-retailers-are-you. html, dated 16.August 2011.

<sup>6</sup> cf. SoundBite Communications, Customer Acquisition, http://www.soundbite.com/solutions/mobile-marketing/customer-acquisition, dated 12.July 2012.

tial customers are of your business and its products. For example, the IPhone had an awareness of 90 percent one week after its introduction. Brand Awareness means on the one hand that the brand or product is well known and easily recognizable. On the other hand brand awareness is crucial to differentiating your product from other similar products and competitors.<sup>7</sup>

In the long term, it's a goal in mobile marketing to improve the customer loyalty. Customer Loyalty means that it exist a long term relationship between the brand or product and the customer.8

#### 3.2. Target Group

Mobile marketing is one of the easiest ways to tap into growing markets and reach a much larger audience. The number of internet users around the world is increasing rapidly.<sup>9</sup>

The primary advantage of mobile marketing is that it allows advertisers to communicate with all customers with a mobile device. In Germany, over 52 million cell phones are currently activated – compared to "only" about 45 million television sets. Because the market has grown so large, simply identifying "cell-phone users" as a target group is no longer specific enough, even when cell-phone use is higher than average among teenagers and young adults; already more than 67% of 14 to 35 year-olds have purchased products or services using their mobile device. In conclusion, the most important requirement for successful implementation of mobile marketing is a clear, observable benefit to the end user. This is most often accomplished by the benefit of additional

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<sup>7</sup> cf. Cornell Maple Program, Brand Awareness, (http://www.nnyagdev.org/maplefactsheets/CMB%20105%20Brand%20Awareness. pdf, dated 2007.

<sup>8</sup> cf. Management Study Guide, Customer Loyalty, http://www.managementstudyguide.com/customer-loyalty.htm, dated 15.July 2012.

<sup>9</sup> cf. Arno, Using mobile Marketing to reach a global audience, http://econsultancy.com/uk/blog/8986-using-mobile-marketing-to-reach-a-global-audience, dated 16. February 2012.

information, a high-level of entertainment, direct or indirect incentives, an emotional connection or the ability for interaction (i.e. transactions).<sup>10</sup>

#### 3.3. Communication effect

Normally, mobile marketing is well received by consumers, as it provides them with entertaining, informative, and attractive content that can be accessed directly from their mobile device. The requirement, however, is that the content or services advertised offer additional value to the customer's life or mobile experience.<sup>11</sup>

Using mobile marketing, it becomes possible to produce personally tailored advertisements that can directly meet the needs of consumers. <sup>12</sup>

Through mobile marketing, the provider can more effectively interact with the consumer than in other forms of marketing. This is possible as a result of the numerous interfaces found on mobile devices that lend themselves particularly well as marketing platforms (i.e. texting [SMS], multi-media messaging [MMS], Internet). With advances in both the hardware and software of mobile devices, mobile marketing has become increasingly attractive to both advertisers and consumers. With today's new generation of smart phones, advertising can take more sophisticated forms than simple text-based messages (SMS) and is rapidly expanding to better utilize multimedia and Internet platforms.<sup>13</sup>

Individually targeted "one-to-one-marketing" is a further advancement that allows advertisers to tailor advertisements to spe-

<sup>10</sup> cf. Target Audience, http://werbung.baden.de/doku.php?id=allgemein:wen\_erreiche\_ich\_mit\_mobile-marketing, dated 9. July 2009.

<sup>11</sup> cf. CBM Online Marketing Breuer,http://www.online-marketing-breuer.de/internet-marketing/mobilemarketing-neue-moeglichkeiten-neue-wege.html, dated 11. July 2012.

<sup>12</sup> cf. ibid.

<sup>13</sup> cf. ibid.

cific customers. This limits the consumer's exposure to irrelevant advertisements, and also enables advertisers to most effectively utilize available advertising space. Furthermore, the end user benefits from the sentiment that the advertised products are personalized to their specific interests. Through this experience, advertisers can use mobile marketing to encourage a higher level of customer involvement and build solid, personalized relationships with their customers.<sup>14</sup>

### 3.4. Resiliency

Depending on the purpose of fielding of mobile marketing instruments and measurements, those reveal a resiliency level, which can be seen as one of the most flexible in times of modern marketing. The trend towards digitalized social networks, where humans and businesses interaction goes far beyond the capabilities of what has been possible up to now, offers a variety of opportunities but also not to be neglected threats that companies nowadays have to face. Marketing especially in case of mobile marketing has become a time- and location-independent, widespread and even more individual instrument for companies and their communications. Referring to the previous paragraphs mobile marketing resiliencies will be outlined following by their temporal, contentual and formal approach.

### 3.4.1. Temporal resiliency

Content of mobile marketing measurements can be, consumables, but commodity either. Depending on the purpose of the content provided time elasticity can thus vary. High newsworthy information have a high time elasticity but lose its worth after the recipients consumption very fast. Access to such information does not have a high grade of added value for customers. Situational,

<sup>14</sup> cf. ibid.

maybe location based, or even entertaining content on the other hand provides a distinct surplus value for customers, even on repeated retrieval. The large number of instruments and measurements supplied by mobile marketing causes a high contentual and thereby even time elastic flexibility of application and realization. The diverse behavior regarding media consumption, which has been reinforced by technological and social developments, requires time elastic content provided by companies and their marketers. Associated with the high grade of contentual elasticity of mobile marketing, also temporal resiliency can be seen as high.

### 3.4.2. Contentual resiliency

Mobile marketing is highly influenced by technical innovations and the change of consumer's behavior regarding content-reception, which comes along with new technologies and devices that find their way into the customer's life. Mobile devices such as Smartphones or Tablets, which allow accompanied by the development and availability of modern cellular networks, consumers to access the web at any place or time they would like to, have also substantial influence concerning the content accessed by the recipients. For companies and marketers this means, that they have to develop and provide content fitting the requirements arising, either technically as well as contentual and thereby target group specified. The positive aspect of mobile marketing is, that by the number of new and upcoming technologies, there are now multiple new possibilities and measurements for corporate communication, advertising, sales activities and all those marketing disciplines focused on target group specified, even location based customer communication and dialogue. Moreover mobile marketing enables a wide range of new opportunities for business and consumer interaction, which create new interfaces for sustainable customer relations and the management of those.

Content related to mobile marketing measurements itself must be flexible and optimized for devices as well as customer specific and therefor situational conditions. Concerning marketing campaigns mobile marketing plays a significant role in cross medial communication. Situational content, which extends or complements traditional provided information, is one of the most powerful applications of mobile marketing. The variety of content thereby is manifold: text, image and sound, also videos are possible — optimally combined in order to attain a multi-sensory perception. Contentual resiliency of mobile marketing measurements as a result can be described as very high in comparison to classical marketing divisions.

#### 3.4.3 Formal resiliency

Formally mobile marketing can be seen as an extension of modern (Internet) marketing. Fast developing technologies regarding mobile Internet access, media presentation and social interaction enable consumers to merge their digital with their real life progressively. Whereas the Internet has been integrated into marketing practice as a media for push and pull communication both, and the development of the social web has reinforced the capabilities and influence of the digital network, mobile marketing does add even more relevance to this media. Formal resiliency of mobile marketing thus fits the resilience of Internet marketing. Its situational application and even multiple optional measurements provide formally a distinctive basis for its high-grade resilience.

### List of abbreviations

App Application

AR Augmented Reality

cf. confer

CRM Customer Relationship Management

GPS Global Positioning System KMV Key Mediating Variables

ibid. ibidem i.e. id est

LBS Location Based Services
MCM Multi Channel Management
MMS Multimedia Messaging Services
NEC Near Field Communication

n.d. no date

QR-Code Quick Response Code

p. page pp. pages

PC Personal Computer

PDA Personal Digital Assistant

SE Societas Europaea
SM Social Media

SM-Channel Social Media Channel SM-Cloud Social Media Cloud SoLoMo Social Local Mobile

TV Television

US United States of America

USSD Unstructured Supplementary Service Data

w.d. without description

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