

## Abbreviations and Terminology

<b>SNT</b>	Social Networking Tools – Tools that facilitate social networking, in this article we cover two different tools, Facebook and Twitter
<b>SNS</b>	Social Networking Sites – Sites under the SNT paradigm, only the sites
<b>CA</b>	Competitive Advantage – Above average performance compared to competitors
<b>Web 2.0</b>	Platform for communication on the internet. SNT's exist in this platform
<b>IT</b>	Information Technology – A collection or subset of technologies used to collect/share/organize information.

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# 1 Introduction

*This chapter provides the reader with a background of how organizations are influenced by social networking sites (SNS). Furthermore the problem description and the purpose are discussed in great manner. This chapter ends with research questions.*

## 1.1 Background

Internet has changed.

The way people, as well as, organizations use the Internet have changed.

In this changing Internet environment, the business environment has new ways of competing, of which SNS are a big part of. SNS is not only a primarily way for people to interact and share thoughts or information about themselves, but it also serve as a platform for competition between organizations on several levels.

Nowadays, almost all sites on the Internet allows us to leave comments directly on the web page and also let us share comments and information with our friends through SNS. The Internet has become more social; organizations' news sites and such want us to comment, reblog, retweet and interact with them and with each other.

It is almost certain to say that every large organization today has a Facebook page and a Twitter account. Why is that? What is their motivation of having such pages? Is it because everybody else has it, or do they have a specific plan and strategy for engaging themselves into it. What about those organizations that are successful? Those that have a substantial amount of 'likes' and 'followers' on their pages; how do they differ from their competitors?

Both Facebook and Twitter have become powerful tools to mediate information, and for example Twitter has over and over proven to be the fastest platform for transmitting crucial information (Southeastern Louisiana University, 2010; Inderscience Publishers, 2011). For example in the recent Japan earthquake, Twitter - with an incredible 1 200 tweets per minute only an hour after the quake - was the most used platform of transmitting information when the phone system was knocked out (Taylor, 2011).

On organizational levels, these platforms have exploded to such an extent that several organizations now devote entire teams of people to take care only of the organization image for these sites. Hence these teams develop strategies and ways to utilize the different tools these sites offer.

It was because of this new trend within organizations that the topic of this thesis started – is there a 'best way' of using these sites for organizations?

Exploring the literature we found that competitive advantage can be claimed through two different focuses, either through differentiation or cost advantage (Porter, 1985).

The question is then; can competitive advantage be gained from correct usage of SNS?

## 1.2 Problem Description

From our literature review we found extense theoretical knowledge of how and why web 2.0 exist. However, an implementation strategy of these into an organization and the effects of proper usage of the tools of web 2.0 do not exist or is generally hard to extract.

There must be a great value that can be gained from using social networking tools (SNT) for organizations. If not, why are several larger organizations in the US dedicating groups of employees only to work with these tools? We want to link the value that can be gained from using SNT's to the framework of competitive advantage.

The problem exist as organizations are acquiring this new trend very fast and there is not a specific strategy to follow in order to gain competitive advantage. Organizations can gain competitive advantage through differentiation and cost leadership according to Porter (1985). But how can organizations be different from others when they have the same tools available on the web?

## 1.3 Purpose

The main purpose of this study is to determine the specific guidelines for competitive advantage which can be developed for best practices in web 2.0 technologies. The scope of the project forced us to focus on two platforms in the web 2.0 paradigm: Facebook and Twitter.

Specifically, this research seeks to determine which are the specific guidelines for this, and if an organization's strategy to achieve competitive advantage can be gained by applying strategic methods. To be able to generalize our potential strategy framework, we seek to gain knowledge from different categories of organizations. Again, generalization potential can only be gained if strategy patterns can be found in completely different cases; hence this research includes three different organizations in two different areas of business, which are active on both Facebook and Twitter:

- Two profit-seeking organizations
  - Moderskeppet
  - Bolt
- One educational institute
  - Jönköping university

## 1.4 Research Question

From the discussion above this research aim to determine the general guidelines to achieve competitive advantage using SNS. In the following paragraph we describe our main research question containing two sub-question to seek clarification:

- How are social networking tools used by organizations to gain competitive advantage?
  - a. What is most important to consider when using SNS?
  - b. How should organizations act to sustain their competitive advantage?

Answering the research questions for the three cases will lead to data from which patterns can be drawn. Furthermore, this research questions will determine how organizations use social medias to gain competitive advantage and if the three organizations being interviewed, have similarities or differences which can be later analyzed as final result.

## 1.5 Delimitations

Due to time and budget limitations, we could not make the research that was intended from the beginning. There are many organizations that we think have a popularity in Facebook and Twitter, but most of them were established in The United States and it was hard for us to make a face-to-face interview. Thus, this research is limited to organizations that were located in Jönköping and popular on both Facebook and Twitter. We were also looking for an organization that was non-profit organization popular in these social medias but again, it was difficult for us to find the right one for our purpose.

## 2 Methodology

*This chapter discusses the philosophies, approaches, strategies, choices, time horizons, techniques and procedures. Here we are also arguing for and against the choices we made. This chapter ends with discussions on validity and reliability.*

### 2.1 Philosophy

According to Saunders, Lewis & Thornhill (2007), the pragmatist's view is when the research question is the most important factor when deciding on an approach; some approaches may be better than others when answering particular questions. So instead of debating about what philosophy to adopt, whether to be concerned about facts or feelings and attitudes of the research objects, the most important issue was the research question.

The starting point of this research was the research question. When the research question were established it was possible to determine approaches, methods, strategy and our philosophy. As Saunders et al. argues, "The research philosophy you adopt contains important assumptions about the way in which you view the world". Furthermore, the research philosophy we adopt will affect the whole research; the methods we choose and the strategy. The pragmatist's view encourages working with mixed methods (quantitative and qualitative) within one study. (Saunders et al., 2007, p. 101)

Finally as Tashakkori and Teddlie (1998) argues that pragmatism is attractive because its avoidance of pointless debates about reality and truth. Their view is to study what interests you and what methods are appropriate for the study and finally, use the results in a useful and meaningful way (Saunders et al., 2007).

*In account of this; a pragmatist's view will be adopted.*

### 2.2 Research approach

When developing new theories one can choose two different approaches consisting of deductive and/or inductive approach. The difference between these approaches is that while induction is based on empirical evidence, deduction is based on logic (Ghauri & Grønhaug, 2010).

In the deductive research, conclusions are drawn through logic reasoning. The hypothesis is deduced from existing knowledge i.e. literature review (Ghauri & Grønhaug, 2010). After deducing the hypothesis, it is analyzed empirically and thus can be accepted or rejected.

Inductive research, on the other hand, develops a theory based on the results from the analysis of the data that has been obtained (Saunders et al., 2007).

This approach moves from a particular situation to create general ideas or theories (Collis & Hussey, 2003).

Deduction involves the gathering of facts in order to confirm or disprove hypothesized relationships among variables that have been deduced from existing knowledge (Ghauri & Grønhaug, 2010). Induction describes the theory as the outcome of the research Bryman & Bell (2003), which is drawn from empirical observations.

The difference between these two approaches is that in induction you acquire facts through

observations that will lead to theories, while deduction you either accept or reject these theories or hypotheses. Deductive research is often associated with the quantitative type of research while inductive research is often associated with the qualitative type of research.

When deciding on what research approach to implement, we came to the conclusion that the best idea was to use both inductive and deductive approach. Instead of contradicting both approaches we are going to use the deductive approach first to gather theoretical information relating to our concern. Later on, we will adopt the inductive approach to collect empirical data by investigating the three cases that we will in this study.

### **2.3 Exploratory research**

The purpose of our research, as explained before, is to determine whether guidelines for competitive advantage can be developed for best practices in the use of web 2.0 technologies such as Twitter and Facebook. More specifically, the goal is to seek insights to this fairly new phenomenon (Facebook and Twitter), to see whether the organizations investigated are doing something different on these SNS's compared to other organizations and thus, if guidelines can be developed.

According to Saunders et al. (2007) an exploratory research is valuable when you try to find out what is happening and to seek new insights to a phenomenon. Saunders et al. (2007), also explain that there are three principal ways of conducting exploratory research; search the literature, interviewing 'expert' and conduct focus group interviews.

*We chose to do exploratory research to find new insights.*

*The methods chosen will be explained later on in section 2.6.*



## 2.4 Qualitative research

When conducting research one should take two approaches in consideration; either a qualitative or quantitative approach. In quantitative research, findings are obtained by statistical methods or other procedures of quantification (Ghauri & Grønhaug, 2010).

Qualitative research refers to all non-numeric data or data that have not been quantified and can be product of all research strategies (Saunders et al., 2007).

Strauss & Corbin (1990), also states that qualitative research is suitable for studying organizations, groups and individuals and includes both deductive and inductive research. Quantitative research is more appropriate for identifying and confirming suggested relationships between theoretical factors (Hair, Black & Babin 2006).

It is sometimes difficult to choose between these two approaches. According to Jankowicz (1991) methods and techniques that are most suitable for research depends on the research problem and its purpose. Thus, choosing the right approach will be determined by the research question.

Qualitative research aims to provide an in-depth understanding of the area of interest, based on the researcher's own interpretation of detailed and information rich data (Ritchie & Lewis, 2003). Thus, a rich understanding will be gained by using a qualitative research strategy using multiple case studies.

*In order to fulfill our purpose, a qualitative approach was conducted with the choice of searching the literature and semi-structured interviews to find how organizations gain competitive advantage using SNS.*

## 2.5 Case study strategy

According to Robson (2002), a case study can be defined as a strategy for doing research, which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.

Morris and Wood (1991) also mention that a case study strategy will be particular of interest for you if you wish to gain a rich understanding of the context of the research and the processes that enacted.

A case study strategy is preferred to generate answers to the questions 'when?' 'how?' and 'why?' (Yin, 1994). To have richer conclusion; a case study strategy can also incorporate multiple cases. Yin (2003) also highlights the importance of context, adding that, within a case study, the boundaries between the phenomenon being studied and the context within which it is being studied are not clearly evident. Therefore, using multiple cases, one can determine whether the findings of the first case can occur in other cases. Yin (2003) also determines that multiple case studies may be preferable to a single case study if you wish to generalize.

In order to justify our theory, we have decided to investigate three different organizations that will be relevant to our concern. That is, three cases related to how organizations gain competitive advantage using Twitter and Facebook as their strategy to gain competitive advantage.



The first two cases are referred to profit organizations called Moderskeppet and Bolt and the third case is referred to an educational entity, which in this case was Jönköping University.

The idea to investigate three different cases was to compare how these organizations use these tools (Facebook and Twitter) in different ways to gain competitive advantages. It is important to collect as much information as possible in each case since we want to compare how these organizations are using these tools as their strategy to gain competitive advantage.

The use of triangulation, which is the use of different data collection techniques within one study in order to ensure that the data is telling you what you think is telling you (Saunders et al., 2007), will be a subject of matter in this case.

A case study presumes that data is collected from multiple sources, e.g. such primary sources as verbal reports, personal interviews, observations, surveys as well as secondary data sources such as financial reports, researches already performed by organizations themselves etc. (Yin, 2003).

*In our case we will collect the data by doing three face to face semi-structured interviews to each case and further on collect secondary data from academic journals that will help us to draw comparisons.*

## **2.6 Method of choice**

Due to the purpose of our research; qualitative data had to be collected and analyzed, both primary and secondary data. The main aim was to figure out ‘what’ and ‘how’ organizations use the SNT’s. A quantitative research that uses numeric numbers was not required because it would not have helped us to answer our research question.

The primary data was obtained by semi-structured face-to-face interviews (see section 2.6.1) and secondary data (see section 2.6.3) using secondary literature sources already existed for other purposes to help us interpret and analyze the primary data. Hence, we used two qualitative methods in our research.

*In account of this; a multi-method qualitative study was applied in our research.*

## **2.7 Sampling**

Sampling is conducted when it is impossible to collect data from an entire population (Saunders et al., 2007). In our case it is all the organizations that are using SNS. It would have been impossible to collect data from all those organizations. So sampling was needed and conducted.

Since the research did not need to have statistical inferences about the characteristics of the population and there was no need to generalize on statistical grounds; *the sampling technique was non-probability sampling.*

According to Saunders et al. (2007), non-probability sampling is frequently applied when conducting a case study and furthermore, due to the purpose of our research question; a probability sampling would have been inappropriate.

The requirement for selecting cases was that they were active on SNS's and that they have had some success on the sites, such as many followers (Twitter) or 'likes' (Facebook). Our study was as well constrained due to time, budget and location so the main objective was to find local organizations that have had success on SNS's.

Ultimately; our judgment was the final decision when selecting cases, *so a purposive (judgmental) sampling technique was applied.*

According to Saunders et al. (2007) purposive (judgmental) sampling is used when your own judgment is used to select cases that enable you to answer your research question(s) and objectives.

Due to that the three organizations selected all needed to be active and had some success on the SNS; *a homogeneous sampling strategy* was performed. According to Saunders et al. (2007) a homogeneous sampling focuses on a group cases where all the members are similar and this enables you study the cases in great depth.

## **2.8 Data Collection**

When collecting data one should take three different sources consisting of primary and secondary and tertiary data in consideration.

Primary data is original data that has been collected by conducting interviews, surveys or observations (Collis & Hussey, 2003).

Secondary data, on the other hand, involves gathering data collected for other purposes. This means that the information collected has been previously gathered and can help to get a broader understanding of the subject. Researchers argue that primary sources of data together with secondary sources will generate a more valid and supplementary investigation (Ritchie & Lewis, 2003).

### **2.8.1 Primary Data Collection**

As stated above, within primary data collection, data is collected for the particular project in hand. The main advantage of primary data is that they are collected for the particular project in hand (Ghauri & Grønhaug, 2010).

There are several options when collecting primary data. This includes observations, experiments, surveys (questionnaires) and interviews.

Observations are likely to study human behavior but the main disadvantage is that it takes long time to collect all the data (Saunders et al., 2007).

The purpose of an experiment is to study causal links, whether a change in one independent variable produces a change in another dependent variable (Saunders et al., 2007)

The third approach is the data collection using surveys; which collects data using questionnaires. However this strategy is unlikely to be as wide-ranging as those collected by other research strategies (Saunders et al., 2007). Thus, the use of interviews is one of the most common methods to use when gathering data.

*We have decided to conduct face-to-face semi structured interviews to collect our data, which will be explained in the following section.*

### **2.8.1.1 Interview**

There are three different ways of conducting an interviews; unstructured, semi structured, and structured.

An unstructured interview is developed as an informal conversation between the interviewer and the respondent to explore a general area in the subject of interest in depth.

Semi-structured interviews are based on a list of themes and questions but these can vary from interview to interview.

The structured interview is used with an emphasis of identical set of questions is existing (Saunders et al., 2007).

*In our case we have decided to conduct face-to-face semi-structured interviews to collect our data.*

This is due to the fact that, (although we would will like to make the same list of questions to all three organizations) there can be a certain freedom for the respondent to answer the questions and hence compare any similarities or differences. Also, semi-structured interview are more suitable for a qualitative analysis as they can record the responses in order to understand ‘how’ and ‘why’ questions (Ghauri & Grønhaug, 2010). In addition, the semi-structured interviews provide the participant the opportunity to make any clarifications when some information is not clear. *The questions used can be found in appendix 2.*

Before the interview took place, a pre-study of the organizations was developed to gather background information. This information could be found on their web site, and also on their Facebook and Twitter. This was an important step in the research as it helped to develop questions that would generate new insights in the research. Furthermore, a pilot-test was developed and consulted with the tutor to validate if the questions were accurate and none of questions were repeated.

All three interviews were conducted in Swedish and one of us acted as the interviewer while the other one took notes. One of the research members could not understand the language clearly but was present during the interview. Because the interviews were conducted in Swedish all the gathered material had to be transcribed into English. Due to this fact, this process took time as some information could have been wrongly translated. Hence this process was done several times to avoid bias.

A tape recorder was used to record the data in all the interviews and was allowed by the interviewee. Having the tape recorder was of great help as we could focus in-depth on the interviews and not missing any detail of what the interviewee was clarifying and also catch the interviewee’s body language. Each interview lasted almost one hour.

### **2.8.2 Secondary Data Collection**

Secondary data is data that has already been collected for another purpose. We have used secondary data using secondary literature sources such as books, academic journals, magazines articles and newspapers (Saunders et al., 2007). Databases that were used were Google Scholar and JULIA to search for published materials. The data collected and compiled was mainly from the secondary data collected and then related to competitive ad-

vantage and social network that had received some summarizing. We agreed on beforehand which search words we would use before searching for the secondary data.

A great deal of this data was a part of the critical review, that helped us to refine our research question substantially and supported us to avoid repeating work that already have been done.

Furthermore, Saunders et al. (2007) argues that an advantage with using secondary data is that it is possible to use the primary data collected and to compare it with secondary data and in result of this, triangulate the findings.

## 2.9 Time horizon

According to Saunders et al. (2007), a cross-sectional study is when you study a particular phenomenon at a particular time while longitudinal study is like a diary; when you try to study change and development over a given period of time.

The purpose is trying to describe how these three organizations use the social tools at this particular time, not how they used it before and study the change and development.

*In account of this; a cross-sectional study was undertaken.*

## 2.10 Data analysis

As clarified before, both a deductive and an inductive approach were undertaken in our research; the inductive approach was adopted when our data was collected and furthermore when our data was analyzed.

When analyzing the data that was collected from our three interviews, an inductive approach was applied and more specific; the *Data Display And Analysis* approach by Miles and Huberman was undertaken. According to (Saunders et al., 2007), this qualitative data analysis method is suited for an inductive approach but also appropriate in deductive studies.

Data display and analysis approach involves three processes (Saunders et al., 2007);

- *Data reduction*: This step involves summarizing and simplifying the data that was collected.
- *Data display*: The second step involves organizing and assembling your reduced data into visual or diagrammatic displays.
- *Drawing and verifying conclusions*: From the two previous steps it is now easier to draw conclusions about what the raw data was really about and an analysis can be made.

This approach for analyzing our data felt naturally for us in our research, so it was not anything that was discussed before hand. Due to the large amount of data produced through the three interviews; the data reduction step was necessary to get an overview of our data. From the interviews, after they have been transcribed; we specifically read the text and tried to link it to three main subjects; competitive advantage, strategy to gain competitive advantage and social media and how to act socially on the web.

Due to the theoretical framework and the frame of reference; these was the key subjects in our research to be able for us to answer our research question. The data collected was reduced according to these three subjects and the most important was highlighted.

The next step was to organize that data and assemble the ones that related to each other. The data that was labeled 'competitive advantage' was assembled together and the other data was labeled according to the key words. This was done with the help of matrices that facilitated us to get an overview of the data and helped us to further analyze the data.

*The last step is the analysis part and the conclusion part that will be discussed later on.*

## 2.11 Reliability and Validity

According to Stone (2004), reliability is the ability of a test or other selection technique to produce similar results or scores for an individual on separate occasions.

Validity, on the other hand, is concerned whether a certain question measures or describes what it was intended to measure or describe (Bell, 2000).

When conducting an interview, there can be several biases that can affect the validity and reliability of the findings. Firstly, the interview can produce bias when the communication between the interviewer and the interviewee leads to false conclusions. Interviewer bias may appear when the comments or non-verbal behavior of the interviewer affects the answers provided by the interviewee. It may also produce bias when the interviewee provides limited information (Saunders et al., 2007).

In collecting the empirical data, semi-structured interviews were conducted, which created a more open discussion giving us cooperation with the respondent (Bernard, 2002). Since all the group members were present during the interview and a tape recorder was used; bias was avoided. Relying on secondary data, such sources as written documents and information on both organizations' websites that can be taken into consideration as reliable.

As this research is based on three different cases, one should be aware of possible generalization. According to Yin (1994) qualitative research using semi-structured interviews will not be able to be used to make generalizations on the entire population (Yin, 1994). Hence, both cases can be compared but one should be aware of making generalizations.

We lastly need to take in consideration that there may be what Saunders et al. (2007) calls subject of participant bias. As for our first case, this is most definitely not a factor, Moderskeppet is a very small company and our contact person is more or less his own boss. But as for Bolt, this could be a factor that might influence the data which will later be analysed.

### 3 Theoretical Framework

*This chapter will provide the reader with an in-depth look into the concepts used within the analysis part of the report. This is where we explain and elaborate on the concepts that are important in our research, using multiple references to validate the concepts we chose. This chapter ends with Competitive Advantage and Information Technology.*

#### 3.1 Competitive Advantage

In order to determine what competitive advantage is for an organization, it is crucial to determine the position the organization has within an industry (Porter, 1985). It is crucial because:

“A firm that can position it well may earn high rates of return even though the industry structure is unfavorable...” (Porter, 1985, p. 3)

He goes on arguing for the existence of two basic types of competitive advantages that an organization can have, differentiation or low cost.

The search for competitive advantage is as mentioned crucial to the success organizations have within a particular industry. Without a clear picture on what level organizations compete, and how investments located throughout the organization impact the competitive location of an organization, it is impossible to determine why and how results are achieved or not.

In his article in Harvard Business Review, Porter explains that “In search for competitive advantage, companies often differ in competitive scope – or the breadth of their activities.” (Porter, M. Miller, V 1985 p.151) When looking at different organizations; it is crucial to identify in what scope the organization operates, and to what extent actions that are considered to be of competitive value will affect the organizations position.

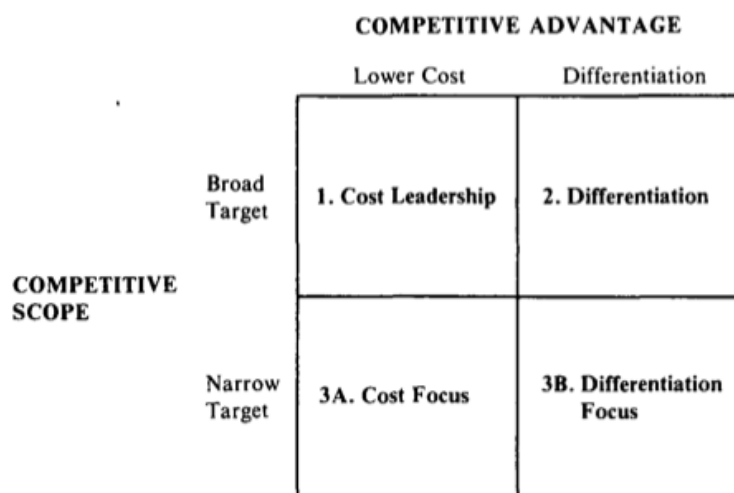


Figure 1.2 - Picture from: Competitive Advantage, Porter 1985, p, 12



Essential to the understanding of competitive advantage is the concept of the value chain. The value chain defines intra-organizational activities, and is a basic tool for diagnosing competitive advantage (Porter, 1985). According to Porter (1985), one important aspect when considering the value chain is that the boundaries within an organization is not bound by the activities, i.e. the activities in the value chain exist within several levels and departments of the organization. With this in mind, it is easier to evaluate the competitive gain from investments/change when you know that investments/change affects one activity rather than just a department.

### 3.1.1 Differentiation:

According to Porter, differentiation is about a firm's ability to be unique at something that is valuable to its customers. In his work on Competitive Advantage, Porter argues for a number of drivers for differentiation, as follows (Porter, 1985):

**Timing** – concerns the 'when', and Porter argues that this is one of the crucial drivers for competitive advantage. If a firm is able to push a product at the right time, perhaps before its competitors, this is a step towards creating competitive advantage. He goes on arguing that "... moving late may allow a firm to employ the most modern technology thereby differentiate." (Porter, 1985, p.126)

**Location** – "Uniqueness may stem for location. For example, a retail bank may have the most convenient branch and automatic teller machine locations". (Porter, 1985, p.126) By using different locations organizations can reach customers in more and better ways than their competitors.

**Integration** – Porter argues that an organization's level of integration into value activities will create competitive advantage. This due to a closer relation between decision-making parts and systems.

**Linkages** – "Uniqueness often stems from linkages within the value chain or with suppliers and channels that a firm exploits. Linkages can lead to uniqueness if the way one activity is performed affects the performance of others." (Porter, 1985, p 126)

**Scale** – By broadening their scale, organizations can allow activities that are not possible on smaller scales.

All these drives can in some way contribute towards getting competitive advantage, and is crucial to consider when drawing relations with IT investments and projects. Porter also argues for the cost of differentiation, in that what would an organization actually give away to receive the competitive advantage. This is also crucial to consider, since the opportunity cost of one thing might be higher than the returned value. The cost of differentiation is reflected in what is known as cost drivers. Cost drivers and uniqueness is related, according to Porter (1985), in two ways;

- What makes an activity unique can impact cost drivers
- The cost drivers affect the cost of being unique

### 3.1.2 Cost Advantage

Cost advantage is one of the two advantages organizations can have, and it is closely related with differentiation. In order to gain a competitive advantage based on differentiation, organizations must consider what Porter (1985) calls cost proximity to the organizations competitors.

As well as with differentiation, cost advantage also has its drivers. They are as follows (Porter, 1985):

**Economies or diseconomies of scale** – concerns the ability, when put into a broader or narrower scale, to perform things differently and more effectively. It does not only concern the technology being used but also the way the firm operates.

**Learning** – can lower costs due to changes in layouts, product design changes and better tailoring the product to best fit the needs of those affected in the value chain.

**Linkages** – “creates the opportunity to lower the total cost of the linked activities” (Porter 1985, p. 75)

**Timing** – generates cost advantage through either facilitating moving from one phase or another. By generating information enough to have a clear insight into a business, a firm can gain advantage as an early mover into a new market position or with a new type of product.

## 3.2 Sustainable Competitive Advantage

“There is little doubt that, in a wide variety of circumstances, IT can add value to a firm. However, IT adding value to a firm by reducing costs and/or increasing revenues is not the same as IT being a source of sustained competitive advantage for a firm.” (Francisco J, Mata. William L, Fuerst. Jay B, Barney 1995, p 489).

Porter defines the concept of competitive sustainable advantage as “the fundamental basis of above average performance in the long run...” (Porter, 1985, p. 20), and it is crucial to differentiate between the two concepts. Whether an advantage is said to be sustainable or not has major impact on the actions and cost-evaluations being done.

Porter (1985) further explains that sustainability only can be gained when an organization possesses barriers to make imitation difficult. However, he also explains that to stay competitive, organizations need to make the target for imitation moving. Furthermore Mata et al. (1995) argues that external relationships need to be built in order to keep the competitive advantage sustainable.

## 3.3 Competitive Advantage and Information Technology

What is more interesting is the link that Porter, in his article in Harvard Business Review (Porter & Millian, 1985), draws between the usage of IT and competitive advantage. Here Porter argues for three ways that IT changes the principal rules for competition. The three rules are; (1) advances in IT are changing industry structure; (2) IT works as a lever for competitive advantage; and (3) the information revolution is spawning new businesses.

Luftman (2003) argues that IT can create competitive advantage through efficiency improvements and other forms of cost reductions, as well as by creating new communication channels, dominating existing channels or through differentiation of products or services. However, there are a number of barriers that, according to Luftman (2003), must be overcome to gain what is called a IT-enabled sustained competitive advantage, as seen in figure 1.3.

In order to make the IT-enabled competitive advantage a sustained advantage, Luftman argues for a number of barriers that slows down imitation and creating a lag.

**IT Project Barrier** – The first barrier of imitation is the IT Project Barrier and concerns the difficulty to successfully carry out the same IT project as the firm who is leading the race. Luftman (2003) argues that all IT projects rely on an essential enabling IT core, which has to be set up before taking on a project. There are several different levels on which an IT project barrier stops imitation:

- IT Complexity
- IT Uniqueness
- Visibility
- Implementation Process
- Implementation Process Complexity
- Degree of Process Change

**IT Resource and Capability Barrier** – concerns the amount of resources and capabilities that are needed to undertake a project, such as human resources and IT resources.

**Preemption Barrier** – concerns IT Resources (IT Infrastructure and Information Repositories) and IT Capabilities (IT Technical Skills, IT Management Skills and Relationship Asset).

**Complementary Resource Barrier** – suggest that other, often intangible resources are needed such as interorganizational relationships, structural resources and business processes

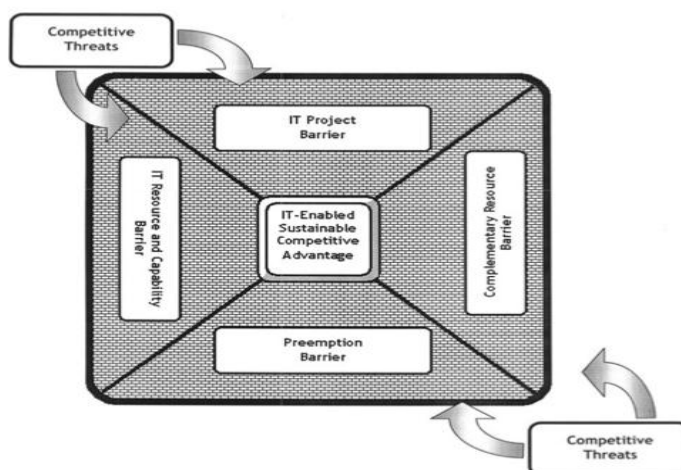


Figure 1.3 - Picture from Competing in the Information Age, Luftman et al. 2003, p. 111

## 4 Review of Literature and Conceptual Basis

*This chapter will provide readers a good understanding about Web 2., SNS and social networking that will enable readers to identify ideas about or research in matter. This chapter ends with the discussion of blogs.*

### 4.1 Web 2.0

In 2004 Web 2.0 was coined at a conference brainstorming session between O'Reilly and MediaLive (O'Reilly, 2007). Web 2.0 is a development of the old stagnant Web 1.0 that is more personalized, user-driven and collaborative, and because of that it is sometimes called the read/write web (Turner, 2007).

Web 2.0 is a platform that gets better the more people are using it, an excellent example of this is the applications BitTorrent and Wikipedia that only gets better if more people are using it.

The philosophy of web 2.0 is that it should be a platform where content and applications are not created and published only by individuals, it should instead be considered as a platform that is continuously modified by all users in a collaborative manner with easy-to-use tools that help users to create and develop content in a collaborative nature. (Kaplan & Haenlein, 2010; Sodi & Summey, 2009).

However, the philosophy of web 2.0 is not a new way of thinking. The Internet started out as a giant bulletin board system, which allowed users to exchange data, messages, software and news with each other. So the web 2.0 is an enabler for the current trend of collaborative thinking. So this new technology and services are re-transforming the Internet to what it was initially created for; a platform that facilitates the exchange of information between users (Kaplan & Haenlein, 2010).

### 4.2 Social networking sites

Social media are medias that allows users to interact more socially and that moves away from the one-to-many media towards a many-to-many media. Examples of social media include services such as; wikis, social networking sites, blogs, micro-blogs, video sharing, music sharing and virtual worlds to mention some of them (Poynter, 2010).

Furthermore according to Kaplan & Haenlein "Social media is a group of internet-based applications that build on the ideological and technological foundations of web 2.0" (Kaplan & Haenlein, 2010, p. 61).

First we have to make a distinction between Social networking and social networking sites (SNS).

However, It is easiest to start by defining a group of people and what a social network is. A group of people are people that can be defined by a certain feature (for example; women, Volvo-owners, Hockey players).

A social network is also a group of people, but that what are separating them from a group of people are the connections and relations between the people in the group. The relations between them are often more important than the individual themselves. And these social networks are developed organically from every person's tendency to seek new friends, form a family and working on different places of work (Christakis & Fowler, 2010).

Furthermore, according to Valente (2010), social networks are measured and defined as connections among people, political entities, organizations and other units. People creates and reshapes his/her social network, and this is done consciously or unconsciously to people that resemble ourselves, share our interests, our background and that share our dreams; this is called homosociality (Valente, 2010).

Social networking (not social network) is the *practice* of making contacts with other individuals with similar interests. Now, with the help of new technology and services, such as SNS; it is now possible to communicate with others anytime and anywhere (Gunawardena, Hermans, Sanchez, Richmond, Bohley & Tuttle, 2009).

According to Christakis & Fowler (2010), their research shows that all we say and do affects our friends, our friends friends and our friend's friends friend; this is called the three-step rule, after three steps, our influence decreases (Christakis & Fowler, 2010). With the new technology now available, such as Twitter and Facebook it is easier to get more contacts and because of this we are getting affected by more people, their opinions and recommendations.

Even before the SNS such as Twitter and Facebook we had access to a huge network of people; for example if you personally have 20 friends (co-workers, family and friends) and they in turn have 20 friends of their own (assume their contacts are not the same as yours). This means that from two steps you have access to 400 people and if those people in turn have 20 friends each; this means that you have an indirect network of people consisting of 8,000 people ( $20 \times 20 \times 20$ ) that are three steps from you. This is an important aspect to think about when an organization decides to participate on these social networks, such as Twitter and Facebook.

Facebook is a pure SNS; Boyd & Ellison defines SNS as “web-based services that allow individuals to:

1. Construct a public or semi-public profile within a bounded system.
2. Articulate a list of other users with whom they share a connection, and
3. View and traverse their list of connections and those made by others within the system” (Boyd & Ellison, 2008, p. 211).

Poynter (2010) adds two more characteristics to that help distinguish if it is a SNS;

- A. ‘Posting’ – a user should be able to post something (pictures, comments and such-like) to other users, and
- B. ‘An administrator role’ – the social networking site is owned by someone (a person, an organization or a group of people) and that someone has administrator power that normal users don’t have.

Similarly Gunawardena et al. (2009), classified SNS’s as an online spaces that can be customized by their users, creating personal profiles and those users can make connections with others. Facebook and Twitter are the SNS’s that we are going to focus on; these are by far the most popular SNS’s that had more than 500 users worldwide (Facebook, 2011).

#### **4.2.1 Blog**

A blog (weblog) is basically a website that allows a user to post messages, opinions, videos, pictures on their personal home page in a diary format in a chronological order and there

are also the possibility for other users to leave comments and opinions (Poynter, 2010; Kaplan & Haenlein, 2010; O'Reilly, 2007).

Twitter is normally classified as a microblog. Twitter allow users to post short messages (140 characters) to the prompt 'what's happening' and users can follow other users by following them (Poynter, 2010; Fox, 2007). It could be your favourite entrepreneur, your sister who lives in a foreign country or maybe your favourite clothing brand. Furthermore, Twitter allows us to interact with other people in a social way, so it is not a pure blog, it is a light SNS; does not have all the attributes of a SNS but the main principle is to network socially.

More people are using social media now days, and for so many different reasons, for example Barack Obama used different types of social media intensively compared to his opponent John McCain in the 2008 president election. Obama had 844,927 friends on MySpace compared to McCain's 219,404. Furthermore on Twitter, Obama had a total of 118,107 followers compared to McCain's 4942 followers (Lardinois, 2008).

And more recently you could follow Charlie Sheen during his personal meltdown (or stroke of genius?) on Twitter and YouTube (another web 2.0 media) where he gained over a million followers on just a couple of days.

*"While there are so many technologies at this time that isolate us from our fellow beings, social networking tools have shown their ability once again to unify us as human beings, and to bring out what is most altruistic and empathetic in our natures," Brad Shimmin, an analyst at Current analysis said about the earthquake in Japan and the consequences social media had (Huffpost impact, 2011).*

*SNT's could be considered a tool within the IT model for organizations. They are free to use and facilitates communication and data collection from customers. This is only valid for organizations doing B2C business.*

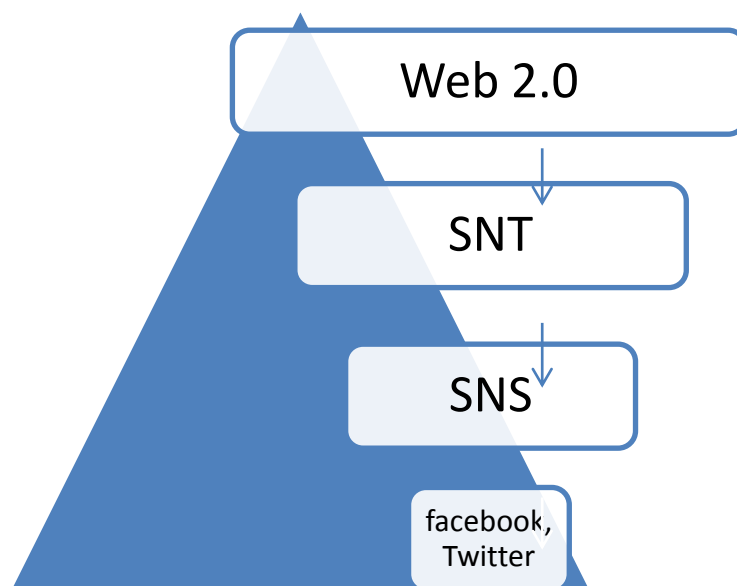


Figure 1.5; hierarchy of web 2.0, SNT, SNS and Facebook and twitter (created by the authors)

## 5 Case Findings

*In this part, findings from the interviews with Jönköping University, Moderskeppet and Bolt are presented. The quotes used are the ones we considered to be most important and strongly related to our research.*

### 5.1 Case I: Moderskeppet

Moderskeppet was created in 2003 and is the largest Swedish website for image processing with Adobe Photoshop. They are located in Jönköping and have seven employees. Moderskeppet offers video courses on DVD, distance courses that they do in collaboration with Jönköping University, WebTV and several blogs that share information about Photoshop. For example they offer a beginner course on their webpage that you can watch online or download on your computer/iPhone for free or buy it on a disc (Moderskeppet, 2011).

In 2008, Moderskeppet created their Facebook page where they share information, upload videos, create events and have a wall where users share their thoughts and opinions. Their Facebook page currently has 12,174 'likes'.

On Twitter they have 1,671 followers. On their Twitter they posts news, suggestions in the form of text and links to pictures and videos.

*Following is the interview with Chrille Petterson at Moderskeppet*

#### 5.1.1 The adoption of web 2.0 technologies and being social

In 2004 Moderskeppet started the process of adopting the early web 2.0 technologies. It was around that time that these technologies started to emerge with blogs as the first ones.

*"We started as a blog 2004 and as a corporation in 2007/2008..."*

Chrille explains that an organization on the web never sleeps, especially if the organization has customers all over the world. At Moderskeppet; the web 2.0 technologies are a big part of their job and also they make sure to always keep their information updated on all the tools they use:

*"...we spend approximately 20 hours a week, between 20-40 hours a week, depending on several of things."*

*"...These tools are also a part of our lives, still if I have time off, I still spend time on Facebook and Twitter, both privately and job related. But this is not a requirement. An organization on the web is alive around the clock, we may not answer a support mail in the evening, but we may be aware of it, because if something happens you must be able to fix it quickly. That's a thing I have learned, a organization breathes all the time, and especially if you are on an international market, this is even more important because even if you sit in Sweden, you still have a market in the U.S for example that that are in a different time zone."*

*"Furthermore, we always maintain our web based information that we have on Facebook, YouTube, blogs, twitter and web-TV to mention some of them..."*

As mentioned before, the philosophy of web 2.0 is that it should be considered as a platform that is continuously modified by all users in a collaborative manner. Moderskeppet explains what the most important factors are on the social networks. They also talked

about the organizations that had succeeded. Chrille elaborates on what he thinks made that possible:

*“They think before they do anything. Have a strategy of why you do certain things and keep that. The technical part is not important...”*

*“...You should create commitment and involvement. This involvement takes long time to build. There must be a committed person who does this. You also need to be consistent and not stop after 3 weeks.”*

*“There is a difference between TV/radio ads when you need to be seen much and loud; on Facebook and Twitter the key is to be heard at the right time with the right message.”*

The buying process is changing for people, a purchase is now a longer process compared to before, and Moderskeppet explains their view of it:

*“A purchase now is going on for a longer time now with Facebook and Twitter; you share to others that you are planning to buy it, and then buy it, may take a photo of it, and share to others what you think of it.”*

*“...Example with a concert, you tell others that you are planning to go, then other friends may tell you that they are going as well, and then at the concert you perhaps check-in there, and afterwards share to others what you thought of it, this is a new phenomenon.”*

In the real world, you cannot teach people to be social, some people have more friends than others and often there is some specific reason for it. A person often has to be interesting, polite, kind, happy and even honest to make sure that he/she is likeable. And this is the same for the relationships we have on the web; Moderskeppet knows this and has a certain image that they have created. Moderskeppet explains how they interact on the web and also, how professional they are on the social networks:

*“We don’t have document describing this in any way, just have a plan what we should have done, but not what and how we are going to say it. It’s more of a gut feeling and instinctive feel.”*

*“We have common understanding of this, like a corporate culture, Moderskeppet sounds in a certain way, breaths in a certain way. We have sometimes put out “non-serious” information, where we just do fun things, and it is sometimes those who generate most comments, for example when we were in London and shared this, people got excited and commented about the place to go for lunch for example.”*

*“If we are pure academic and present the new product in a strict way, people can’t really relate to it, and that it’s a fact.”*

*“When someone here has a birthday, we may post some pictures of it, we sometimes get greetings from 50+ people we don’t know, that’s a weird feeling, but it works. It creates commitment and engagement, Facebook has made this possible. Facebook have made it possible for us to push news, pictures and such to people’s news feed every day. And people want it; we can see if people choose to “unfollow” us, but the increase is greater.”*



Moderskeppet states the importance of being honest to their customers, and they are not afraid to tell their customers if there is something they do not like. Moderskeppet told us about the example they had with their 'supplier' Adobe:

*"Adobe is very concerned that we are satisfied because we market and sell their products. We receive provision when we conduct businesses. And sometimes we do activities with them, for example: we were at the photo-fair in Norway and we have a good relationship with them, however, they don't control us in any way. If some updates or anything isn't so good we can mediate this on the web. But we write both good and bad things about the products/services"*

Moderskeppet explains which one of the two tools they prefer, and why:

*"Twitter and Facebook are different, Facebook is built up only around love and positive energy, you can only 'like' things, of course you can comment bad things but still people don't do it, it is a positive environment..."*

*"Twitter is a balance of hate and love. So Facebook suits us better, we want the positive feeling"*

Moderskeppet has a special relationship to their customers; it even happens that people recognize them out in the real world:

*"...we are not such a big organization; we are more as a family. The people that work here are recognizable because of the way we market ourselves."*

*"...We have a special relationship with our customers, a good relationship. "*

### **5.1.2 The strategy and their Competitive advantage**

First and foremost we asked Moderskeppet to explain in their own words what Moderskeppet does:

*"Web based distance courses in Photoshop is our main focus. We produce, administrate and tutor 2 university courses at distance for HLK, with 2500 students every semester. We also have own products, such as, DVD's where we teach Photoshop and a third part is consulting where we educate some in marketing on the web..."*

Moderskeppet previously described that their strategy on the social medias is to create commitment and involvement, and how they tried to reach it. Furthermore Moderskeppet explains that their business strategy is simply explained as;

*"... Our idea is to give away things for free and make money out of it."*

*"The key of this is that the customers spend time and engagement to this and that the customer will receive a bad consciousness from this and because of the great deal of time and engagement; the customer will start paying money on the other courses we offer that goes more in depth to the world of Photoshop."*

This is done through offering customers a four hour service of the basics of Photoshop and after that, they offer a series of more in-depth services for a certain amount of money depending on what service the customer chooses.

Moderskeppet explains that they have no core competitors in their industry, however their two main competitors are B2B companies that educate employees in different ways, and the English language. This is what Moderskeppet has to say about the English language:

*“... Because what we do are available also on other places, such as Lynda.com. They do what we do but much better. They on the other hand are larger organization that cover more areas and have more funding.”*

They are basically alone in their industry doing what they do, the only competition they have is if Swedish people start learning English, then Lynda.com could take more of their customers.

Even though Moderskeppet acts in this industry alone they are acting strategically as if they were not. They have clear strategies for how they want people to perceive their organization and how they want people to talk about their organization.

*“We have thing a called the couple dinner model; imagine yourself at a couples dinner. There you may have 15 minutes to tell the others about something interesting about yourself; ‘I have been in NY, I play football’ etc. our striving is that you will say something like ‘I am going a university course in Jönköping in Photoshop that Moderskeppet is running’ If we can get this in to every couple’s dinner in Sweden; then we have succeeded.”*

Being basically alone in an industry, selling services for free, Moderskeppet tries to implement other successful strategies that other companies have done. Taking some influences from Lynda.com, and applying it to the Swedish market, has proven successful. Answering the question if Moderskeppet checks how Lynda.com acts on their social media services:

*“Yes, but not to do what they do, but rather to be inspired what they do that works and transport that to Moderskeppet. But we have a good knowledge what works and what doesn’t work. There is also a different in culture of the U.S market and the Swedish market that we have to take into consideration. We have good knowledge of how Lynda.com market themselves and we sometimes try to transfer that to the Swedish market.”*

If competitors would emerge, Moderskeppet says that they would have the skills and competences to be able to be prepared for it and they discussed that their product/service itself is their main advantage compared to the possible emerging competitors:

*“We have a mix of pedagogic and marketing educated people here. Two here are educated low-grade school teacher, one is a psychologist, I have more of a communication background, so our mix is very good.”*

*“If the competition would come out of nowhere; our advantage would be that we have so many loyal customers who market and sells us.”*

Why is Moderskeppet different from others?

*“...That is what is separating us from others. We have our customers who do marketing for us because they are so satisfied and because we maintain everything every day; Facebook, blog, Twitter, forum etc. Creating engagement, asks questions, answer on comments, share pictures, let users share pictures...”*

*“This is the key for every social network; if you can package what you have so other people can take it and tell others; then you have won; then you don’t have to spend so much time and energy to package it in a nice way because the product itself is marketing. There are still people who don’t realize this; you should do product development and market at the same time”*

Bestpfe.com

## 5.2 Case II: Jönköping University

Jönköping University is one of three Swedish private, non-profit institutes that have the right to award doctorates.

Jönköping university have four different departments, International Business, Education and Communication, Engineering and Health Science and each of these schools have a distinct profile. Furthermore, they are all characterized by internationalization, an entrepreneurial spirit and have collaboration with the surrounding society (Wall, 2011).

Jönköping University is a university that uses social media a great deal, and from their website, they encourage visitors to like them on Facebook, follow them on Twitter, look at video clips on YouTube and subscribe to RSS feeds.

They have 3,080 likes on Facebook and 307 followers on Twitter.

*Following is the interview with Kristofer Rask at Jönköping University*

### 5.2.1 The adoption of web 2.0 technologies and being social

Kristofer Rask explains that Jönköping University was not the first one that created a fan page for the university; furthermore he explains the reason behind the choice of one English and one Swedish fan page:

*“... Actually, a JTH student started the original Facebook group, so the school contacted her to collaborate with her instead of creating a new group”*

*“We have one account in English and one in Swedish on Facebook, because some info is directed to different students, some info can aim at the English students and vice versa. It is hard on Facebook to both write in Swedish and English in one message, as we do in the mails we are sending”*

Kristofer explains why they are using SNS, how they are using it and what their ‘competitors’ are doing:

*“There are a lot of people in one place, and these people are a part of our target audience plus there are no real costs that comes with it. Furthermore, no real labor costs; being on Facebook and Twitter is a part of my job now, I have it in the background and controls if something happens, such as comments, updates, likes and such and responds if it is necessary.”*

*“... Also on Twitter we are keeping a different tone, here we especially are pushing more for open lectures and such general information. Not only directed to the existing students”*

*“When we are posting comments and such, we are not really searching for recognition, comments or likes; we are more out to display information to our users. However we are commenting back if/when we get comments, questions and such. “*

*“... Some schools pushes and market a lot of research issues and others are going with a really easy-going approach; what is happening around the coffee table and such. Jönköping is pushing for existing students first and foremost, especially on Facebook, also about open lectures to the public. We don’t publish exclusive info on Facebook or Twitter, no discount offers or such things. We mostly publish general and important info, such as: don’t forget to sign up for exams is a message we have posted several of times.”*

However, Kristofer explains that Facebook and Twitter are not their most important channels for reach their possible and future customers:

*“The traditional marketing activities are in most focus, Facebook and Twitter are complementing the traditional ones. But what matters in the end is the information from the ‘real’ marketing activity, such as printed material. Jönköping University is relying that if the students in the university enjoys the school; that they will tell their friends face-to-face or maybe on the social medias, so we are relying much on word-of-mouth.”*

*“...One important thing is our personal meetings with high school students at fairs and when we visit the schools. We rate this very high; to get the personal contact and questions and almost get to know the students. All these however complement each other...”*

*“... A recent trend we have noticed is that we are getting more and more followers on Twitter; an old audience (25+) and not only students but also people that are working with marketing”*

Kristofer explained earlier that they are not looking for recognition or commitment from their users, of course are they commenting on questions, but they are more out to inform and display information. However, they have received some feedback from users and from Ulrika Rudqvist; a social media expert from Malmö:

*“... We have received some feedback from our users, generally good feedback, good information and such...”*

*“... and from Ulrika Rudqvist, she is a social media expert from Malmö. She especially commended our Twitter account and said that we were very active on the account and that we were social, polite and creative. And that we had that mix of being personal but sometimes also serious.”*

### **5.2.2 The strategy and their competitive advantage**

Kristofer answers who their main competitors are:

*“Mainly the schools around a 150 km radius, such as: Växjö, Linköping and Borås. So we mostly market ourselves around this 150 km radius. However the schools individually market themselves as well, for example JIBS market themself much around Stockholm.”*

Kristofer explains who their target customers are, what their business is about and the goal of the university:

*“Our customers and the people we are trying to reach are; young adults in general, people that already studying and people who don’t study yet our job is to market Jönköping university”*

*“ The main goal is to fill every place on the university, make people graduate and get a job afterwards; that is a good result for the university.”*

If you go in to the homepage of Jönköping University, they list four main reasons why you should select Jönköping as your university; they are exactly what Kristofer told us when we asked how they compete against other universities:

*“Internationalization, our connection to the business world and society, attractively on the labor market and sponsor companies”*

As mentioned before, their strategy on the SNS was not to create commitment and recognition, but more to display important information. They rely more on traditional media and personal contact when they try to attract new students. Due to this they do not look at other universities so much, what they do on the SNS’s:



*“... we have an idea what our competitors are doing, as a side note; Jönköping was somewhat early out with a Facebook account; so we don't look so much on others too see what they are doing and that we have to do the same”*

*“... We don't compare ourselves against other universities so to speak, for example; “we are better than Linköping.”*

As mentioned before, they have received some recognition from the users and from a social media expert, but other than that; what is Jönköping University's perceived value of using social media?

*“We get followers if we get appreciated when we are spreading our brand basically, we noticed from our open house last time that Spotify generated some penetrating power. Otherwise we haven't done any evaluation whether people have seen and heard us on Spotify, Facebook or Twitter. Furthermore, when we posts links on Facebook and Twitter, we can see how many clicks that link generates and if someone other re-post our link we have seen that it generates more clicks.”*

### 5.3 Case III: Bolt

According to Bolt, (2011) they are a responsive communication firm that has had great success within international, B2B and web marketing. Bolt was created 1994 and has several small and large organizations as their customer, such as; Daloc, Jönköping community, Mercedes-Benz, independent regional insurance companies and Bubs candy. It is the last-mentioned Bubs candy that we will concentrate our research on first and foremost.

Bolt believes that the best marketing combines substance and relevance with new thinking and esthetics that is incorporated in different types of medias.

Bubs candy is behind the candy kind ‘Hallon-Lakritsskallen’ (Raspberry-Licorice Skull). Bolt has actively worked together with Bubs candy on their brand; together they have created campaigns and activities dominantly on the web since 2006. They created their Facebook page in 2009 and 18 months later, they had approximately 230 000 ‘likes’ (Nov 2010).

Bubs candy won ‘marketer of the year’ in 2010 at the Jönköping gala. The prize was received by marketing-union, with the motivation; *through the use of social media, Bubs has increased the knowledge of their offers and created a more positive picture of the organization. Thanks to a smart, new thinking and target group suited marketing strategy; they have increased the amount of resellers and succeeded to create a direct channel to the end-consumer.*

Today the Raspberry-Licorice Skull has 326,929 ‘likes’ on Facebook and the organization Bolt has 339 followers on Twitter.

*Following is the interview with Madeleine Hollender at Bolt*

#### 5.3.1 The adoption of web 2.0 technologies and being social

Bolt created the Facebook page for the Raspberry-Licorice Skull in 2009 for Bubs candy. The choice of deciding to market it on Facebook was an easy choice according to Madeleine, partly because of;

- the cost, and
- the type of the product.

With their background research conducted; Bolt decided how to market Bubs on Facebook, it became obvious, it started with creating a brand that the consumer could relate to and then to try to create engagement and commitment from the consumer;

*“In Bubs case this was an easy choice, the product itself is optimal for Facebook because it is a simple product to embrace, it is candy!”*

*“... When we came in to the organization, they showed us all the products, and especially the Raspberry-Licorice Skull that was on second place in popularity in Sweden, so we decided to make the skull the front figure that people could relate to”*

*“... We came back with a strategy for them, and since they didn’t have that much resource to spend on marketing, we decided as said before to really push the Raspberry-Licorice Skull and let it make Bubs become famous, instead of pushing the brand Bubs, which the consumer isn’t related to in such a strong way”*

*“... No real costs was associated with creating a Facebook page”*

In that sense they were certain that Facebook was the right channel for Raspberry-Licorice Skull and for this certain product; Twitter was not appropriate. And instead of just creating a Twitter account without a real strategy, they focused more energy on the Facebook page and the webpage.

Bolt explained that they spend a great deal of time of doing research about the companies they have as customers, and Bubs was not an exception. Due to this background research; a customized strategy on Facebook could be developed to Bubs and the Raspberry-Licorice Skull.

They wanted to create commitment and engagement from the end consumer; this is done through several of ways and methods. For example they realized that Bubs was not a big organization, it was a family owned organization with 30 employees approximately. So Bolt wanted to keep that image and try to emphasize that they are a family-owned and down-to-earth family business. This turned out to be a major factor when creating engagement and commitment that could result in competitive advantage;

*“Bubs is not a famous organization, it would not be mentioned if you ask someone to mention the most known candy manufacturers. However, they had good products that are selling well and they are successful in the distribution line. We also realized that they were frequently working towards their distributors, not the end-consumer.”*

*“We decided to use Facebook as a channel to create the need from the other way (not only from the distribution way); to make the end-consumer demand the product from resellers which in return would put the demand on their wholesalers”*

*“...We emphasized on matching the product with their organization profile/image. They were a small organization that represented a ‘small’ product. This was not a large global corporation, but rather a small family-owned business; the whole strategy with this was that we wanted to attract people on a personal level.”*

*“... The main reason that we are as high on the Facebook ranking list (2<sup>nd</sup> in Sweden for companies) is the image we portray. It is not the image of a large corporation, but rather a smaller customer focused organization. Compared to other; this created a competitive advantage for us. The big candy manufacturer Malaco can’t have this close family relationship with its customers”*

This was strongly associated with the strategy of creating commitment and engagement from the consumer, to make them care about the product. As mentioned in the frame of reference; the idea of web 2.0 is that it should be a platform that is modified by all users in a collaborative manner; engagement, comments and such are encouraged in the web 2.0 platform.

Additionally, what Bubs think are the most important aspects of using social media;

*“Create relation, engagement and commitment from customers”*

*“... We are really trying to engage our fan-base, and reward them with competitions and such...”*

*“... We are also using more of the tools on Facebook to engage our fan-base. We want to give our fans something as a ‘thanks’; hence the game (they have created a raspberry-licorice game on their page). This creates the fun environment that we want to portray; it is fun to be on our Facebook site and be a part of the Raspberry-Licorice Skull experience!”*

- Creating the game



- Consciously pushing the well-known Raspberry-Licorice Skull image instead of the Bubs image, and
- Keeping the feeling of a small family-owned business

These were three of the methods for creating engagement and commitment from the consumer. Madeleine furthermore explains the importance of the language and the tone they have on Facebook;

*“The languages for the Raspberry-Licorice Skull is intentionally kept casual to align with the image of a small family-owned business...”*

*“...We have found a good balance for actually getting across the sell-mentality without it getting too intrusive”*

*“... By using statistical tools, we can tailor the way we use the site and the language we use to better suit the fan-base”*

*“ Simplicity is important, also we intentionally put up the site profile picture as the Raspberry-Licorice Skull, which in some way made you feel like this page just another one of your friends on Facebook and think ‘what is the Raspberry-Licorice Skull up to today?’”*

*“... Buy-buy-buy mentality is a part of the strategy, but not the main part. The main part is still to keep things personal and reflect the organization image with the product and SNS usage”*

*“We imagine Facebook like our customers living room. When you are there you don’t want to get fed up with information and decisions about buying a product or not...”*

*“... Facebook is more of a place where you hang out and watch stuff, new photos, discuss parties, videos and such. In this setting it has been proven that getting people to take decisions about purchasing products doesn’t really work. This becomes clear when you look at how many people actually clicks the advertisements on Facebook, it is not many”*

Bolt is well aware of the mistakes that you can do on the social media and gives some example that some of their competitors have done...

*“Many companies make the mistake of overloading their customers with information, but we can’t really do this because we only market a candy manufacturer”*

*“... We know what competitors are doing, but they [competitors] know certainly more what we are doing, we have noticed that they have tried to imitate us. Often it is very obvious and you can see right through what they are trying to do. When a big corporation is trying to look like a family owned, down-to-earth business, it becomes too transparent and we can see that it creates a sort of distrust among their fan-base.”*

*“... You also need to be consistent, not lose focus on your specific path you are going, which is also why it is not always appropriate to look at your competitors are doing; they may not have the same image.”*

*“... really important to keep it real, people see right through you if you are trying to be something you are not.”*

*“Some companies erase comments when there are negative ones about their product, and that creates anger and reactions from the users we have seen”*

Bolt values word of mouth very high, and this is strongly associated with Facebook, because when you like a page on Facebook, you basically shout this to your friends. And from the frame of reference you can read that you get much more influenced by what your friends (and friends' friends) likes compared to the commercial that goes on the TV and radio for example.

This is what Bolt says about the big success with almost 330,000 that 'likes' the Raspberry-Licorice Skull;

*"There are almost 330,000 likes on the fan page, which is gold worth to have so many ambassadors for the product. When you have liked this page, you have taken a statement that you like this product. And then your friends and read this and they immediate gets influenced by this"*

### 5.3.2 The strategy and their competitive advantage

As mentioned before, Bolt is a responsive communication firm that works within international, B2B and web marketing. Their business strategy was basically to always have a strategy and the extensive background research they perform;

*"Basically, our strategy is to always have a strategy, we don't do anything without having an idea behind it. It is the foundation of all communication we do"*

*"... For us this is always the way to start a project; to do background research. To find out what is the purpose, where do we want to go, how will we get there, whom we want to reach. To create a strategy is always done, no matter if the customer is small or large or if the project involves millions of SKR or just a couple of thousands"*

*"... This is a responsibility we have towards our customers; to do the background research necessary to figure out what the organization needs and how we will reach that goal"*

Bolt explains that this, always having a strategy, is one criteria that they are proud of and what they think differentiates them from other competitors sometimes. For example as mentioned previously, some companies have tried to copy their behavior on the social media, and often it is obvious and inappropriate for that specific organization. Some companies sometimes does not seem to have a background strategy at all;

*"This is somewhat of an image that we have. We are proud of ourselves that we always have a background strategy before doing anything."*

*"We have noticed in some cases that some companies don't do this; they seems to work without a clear strategy"*

According to Madeleine, their main competitors are communication firms that are in the same size and direction, both locally and in a wider perspective. However Bolt do not have the manpower do compete with the biggest communication firms in Sweden that have a manpower of approximately 60 employees. Bolt do not have the personnel resources to compete with them.

Bolt spends a great deal of time to create a partnership with their customers and this is also a factor that differentiates them from their competitors. They focus much on get to know their customers to able to come up with long term solutions, and that have been highly appreciated by their customers;

*“According to our customers they have appreciated our thorough background work that we perform before every project. Also that we are working in a proactive way instead of reactive. We are suggesting sometimes things that the customers don’t ask for specifically. We have heard several times that customers have appreciated us for that.”*

*“... We like to really get to know the customer, to see what and how they produce their products and such. We frequently ask our customers if we can come to them (their factories) to see how they work because that can help us in our communication later.”*

*“The customer wants a partner that they can rely and trust on”*

*“We are trying to create a partnership with our customers, we have several methods for this, for example when we have worked with a customer for a long time, and you can’t help to think on their behalf, like; “hmm that would be a great idea for Daloc...” So we are suggesting things to them without them asking it.”*

*“... To be a strategic partner with our customer is one of the most important that we want and cherish”*

*“... Our main strength is that we take time to deepen, to get much background information and come up with ideas that are long term and to make sure that the customer gets more than they ask for.”*

According to our theoretical framework, there are several issues that are important for a firm to create a competitive advantage, such as cost focus and differentiation.

As mentioned before;

- Bolt’s strive to always have a strategy
- to create a partnership with their customers
- to come up with long term solutions
- create engagement (and commitment)
- that they work in a proactive way

These are just some issues that they think differentiates them to others.

Bolt do not focus on creating an advantage of being the lowest supplier in their environment, however cost focus was one of the factors that Bolt decided to launch Bubs on Facebook in the first place:

*“We are not cheaper than our customers in that sense, and this is nothing we are focusing on. In our environment where we compete (small and medium companies), the price is not an issue in that sense that they are selecting us because we are cheaper compared to our competitors. Furthermore, we and our competitors are basically at the same price level.”*

Additionally, the place (channel) is important when deciding to market a product. Bolt has consciously chosen not to market them on Twitter with their customer Bubs Raspberry-Licorice Skull. Due to their extensive background research, they did not see any need for it, and instead of creating it without a strategy behind it and just because many other have it; they decided not to create a Twitter account.

Furthermore, the timing (when) is important when marketing a product on the social media. Bolt is aware of this:

*“You need to be aware of your surroundings, what is happening in the society and such and customize the message accordingly”*

*“One of our core values is partnership, openness and curiosity of the surrounding around us and how we can use this in communication”*

*“Due to our background research, we then can decide if it is appropriate to create a whole commercial page in Jönköpings Posten or not. We have to be aware of who our target group is, what channels they are on and then act accordingly.”*

*“It is really hard to make decisions about when and where to communicate, it has a lot to do with intuition, we are still learning this. One of the most important part is timing on Facebook; when to publish something and when to not publish something. Some Facebook pages don’t have an idea what timing is... e.g. publish content every Thursday at 2pm. This gets too transparent, and the customers will recognize this. You need to keep track of your environment”.*

*“We can have three-four posts in a row that doesn’t make any real sense but the timing is just right”*

*“You also can’t act on regular office hours, you have to post messages at different hours, or else people will notice it and get annoyed”*

Finally Madeleine explains how their collaboration has affected Bubs economically and their status in their competitive environment:

*“Bubs have increased their amount who distributes their candy substantially since the start of their Facebook page. However it is hard to link Facebook to a specific purchase, partly because their candy goes through distributors.”*

*“Bubs sales personnel have a completely different starting position today when they are presenting their product. Now when they sometimes present themselves they get the reaction; “Oh yes, it is you! The Raspberry-Licorice Skull organization! Welcome!”*

*“... Today distributors already know who they are and what products they have, so it is a big win for them”*

*“They also recently won the prize ‘the supplier of the year’ award in Sweden, with the motivation; innovative and new thinking for example”.*

## 6 Analysis

*This chapter describes the findings of our research and relates them to the theoretical framework.*

### 6.1 Competitive Advantage and Information Technology

The relationship between competitive advantage and IT is crucial for our research, and here we base our analysis on the article written by Porter and Millian (1985).

In regards to the research, one of the most important part of competitive advantage through IT is the creation and exploitation of communication channels. As Porter and Millian (1985) puts it, advances in IT are changing industry structure, but also spawns new businesses.

According to the case findings, we have found some primary data backing up this connection. IT has indeed created new channels for communication, two of those are Facebook and Twitter. The usage of these channels is important to organizations trying to gain competitive advantage. All three of our cases support the fact that they see something important in terms of competitive advantage when it comes to Facebook and Twitter. Bolt has only focused on Facebook to reach out and get feedback which, on its own, has created the awareness and the demand for their product from customers to wholesalers.

Moderskeppet has also identified the benefits and necessity to be available on SNS's, as new ways to reach out to customers. Their Facebook page is not only for general information on a 'wall' but also contains videos and events, which in turn engages and creates a commitment from the users.

One of the benefits of creating a solid Facebook page is, as our case findings validates, the possibility of reaching out to potential customers without any capital investment. According to Madeleine Hollender at Bolt, one of the two main decisions leading up to why they chose to use Facebook as a channel was the limited amount of capital investments necessary. This was also mentioned in the Jönköping University case, but Kristofer Rask goes as far as saying there is not even hardly any real labor costs associated with using Facebook.

Along with this new channel, new tools spawn to simplify the usage, and to let firms better tailor the user experience based on their users.

### 6.2 Differentiation

According to the case findings we can see that the main reason for companies to strive for Competitive Advantage is by doing this differently. As mentioned before, Porter (1985) explains differentiation as the ability to be unique at something that is valuable to its customers.

Here we looked at the different drivers for differentiation, and linked the drivers to the case findings.

#### 6.2.1 Timing

The ability to push products or information to customers was from our research proven to be extremely important.

Bolt and Moderskeppet stated the importance of timing when it comes to posting and engaging with users.

Moderkeppet sees the importance with being alive on the web 24/7, constantly keeping track of the environment. They keep track of their SNS at all time, Moderskeppet mentioned to us that companies since today are active for their customers at all time, company representatives must also be active at all times. This is one of the benefits of using the instant feedback you get from a source such as Facebook. Companies can immediately respond and act on changes in the environment and push the content out to users for immediate updates and feedback.

Bolt claims to understand how other companies do when they try to interact with their users constantly. Madeleine Hollender identifies it as information overload, when users ignore the information if too much information is available. She also speaks about how other companies lacks track of their environment e.g. keep Facebook interactions on scheduled times only. Furthermore she states the importance of being able to keep track of your surroundings and adjust accordingly.

Madeleine from Bolt tells us that they can even post three to four posts that lack meaning, as long as the timing is right. This in return would create a commitment and engage users.

The same is also true for Jönköping University, they keep their interactions timed to important events such as dates to apply to programmes and events at campus. During times without any school related activity, interactions with Facebook and Twitter are kept to a minimum.

### **6.2.2 Location**

In line with the theoretical framework, the case findings support the theory of reaching different customers or reaching customers differently and more effective. There is a big difference between the usages of Twitter and Facebook, and as mentioned by Chrille from Moderskeppet, the overall mentality of users differs greatly as well.

*"Facebook is built around love and positive energy [...] Twitter is a balance of love and hate?"*

Depending on what business a firms operates in, there are benefits to be gained from both. The status of Facebook on the Swedish market is well embraced, and Bolt chose Facebook mostly due to the nature of their product. Bolt made a conscious decision about only focusing their attention to Facebook, this based on an extensive background research. From that background research they could see if it would be appropriate to advertise in the local newspaper, but quickly found out this was not the case. Facebook is somewhat limited though, in that you need followers to reach out to. But as long as you get followers, the amount of people receiving your information grows exponentially.

Bolt pictures Facebook as their users living room, where you socialize, discuss and interact with photos or video, a place where people tend to be unwilling to make purchase decisions (statistics where pulled from how many actually interacts with links on Facebook).

On Twitter on the other hand you have the possibility to reach out to customers not even remotely connected to your business. This suits more for organizations that operates on an international level.

In order for Jönköping University to stay competitive it was important for them to launch their Facebook page. This has much to do with creation of the personal relationship it brings to the users liking the pages. However, Jönköping University does not see SNS in general as their main channel for communication and creation of commitment with their

customers. They focus more on other communication channels such as personal meetings with high school students at fairs to build a relationship.

### **6.2.3 Linkages**

Linkages is a fundamental concept of SNS and all three of our cases acknowledge this link. It is through linkages that firms continue with the commitment and engagement process.

In terms of linkages, Bolt has created a strong link with the end-customers of Bubs through the Raspberry-Licorice Skull Facebook page. They have managed to make the customer utilize a pull method on the retailers, demanding the Raspberry-Licorice Skull from wholesalers. The linkage extend the immediate fan-base to friends of friends, creating a massive national link.

### **6.2.4 Scale**

One of the core concepts of SNS is the ability to reach a broader audience and keep them coming back. This also happens to be one of the core drivers for differentiation. Bolt identifies the possibility of scale, saying that "With the help of Facebook, Bubs have increased the amount of wholesalers who distributes the candy substantially."

## **6.3 Cost Advantage**

Porter (1985) identifies the second component of competitive advantage as cost advantage. He argues that in order to keep a competitive advantage from a differentiation point of view, an organization also need to keep a cost proximity to its competitors.

Neither Moderskeppet nor Bubs consider themselves to be in an environment where cost leadership would be beneficial. Moderskeppet operates practically alone in their business environment and Bubs is in such an environment where price is hardly a competitive factor.

However, Moderskeppet can, by getting feedback from its users tailor a product more to the users needs, delete content proven unnecessary and lowering cost.

The economies or diseconomies of scale driver does not apply nor does the timing driver. These are more, in our research, suited to the differentiation part of competitive advantage.

## **6.4 Sustainable Competitive Advantage**

As mentioned before, sustainable competitive advantage depends on two things: both how difficult the imitation process is, and how well relationships have been built up. Throughout our research we have found two topics that generated the most discussion on our interviews. These where commitment and engagement.

By utilizing techniques to engage and create commitments from users, organizations can create a solid fan-base that keep coming back for more information. As mentioned earlier this is done through correct usage of timing, location and linkages.

Bubs built up, with the help of Bolt, their fan page for the Raspberry-Licorice Skull, engaging users through games and proper usage of the aspects discussed previously.



## **6.5 Barriers of Imitation**

When it comes to our research in regards to the barriers of imitation mentioned in Luftman et al. (2003), we have found that three out of four barriers are virtually none existing.

The IT project barrier is more of a concern for larger IT implementation projects, with complex, unique and hard implementation processes.

The barrier to be taken in consideration is the complementary barrier. The complementary barrier concerns intangible resources disconnected from the IT project. Business processes, organizational culture and interorganizational relationships need to be taken into account. Here we find, from our research, that the organizations we investigated had a clear view of how to successfully adapt their organizational strategy to their SNS strategy.

In order to imitate organizations that successfully implement a SNS strategy, organizations need to imitate not only the SNS strategy of the organization but most likely much of the organization image and processes. If organizations that do not fit the profile of the organization they are trying to imitate on SNS, it gets transparent and according to Madeleine at Bolt, creates distrust among their fan-base.



## 6.6 Overview

Case	Result Factor	Similarities	Differentiation
<b>Moderskepet</b>	- To create commitment and involvement	- The importance of timing when it comes to posting and engaging with users  - To create commitment and involvement	- The use of Twitter and Facebook to posts news, suggestions in the form of text and links to pictures and videos.
<b>Jönköping University</b>	- To inform and display information	- They target large audiences with no real cost	- When posting comments and such, they are not looking for recognition or commitment comments or likes from their users
<b>Bolt</b>	- To create commitment and engagement from the end consumer	- The importance of timing when it comes to posting and engaging with users  - To create commitment and involvement	- Bolt has only focused on Facebook to reach out and get feedback which, on its own, has created the awareness and the demand for their product from customers to wholesalers  - Not use of Twitter as they did not see any need for it.

## 7 Conclusion

IT has proven to be a driver for competitive advantage. Furthermore, SNS has provided organizations with additional channels and tools for reaching out to their consumers and analyzing the information given.

It's not hard to imitate SNS activities by other organizations if a strategy is put behind it. But an appropriate strategy for SNS success with links to business strategy will be hard to imitate, since every organization has different business strategies. It is important to be able to identify the strategy of an organization when determining strategies or mindsets on how and why to operate within SNS, but it is also clear that companies perceive different value-gains from this SNS.

By correctly utilizing the tools that SNS provide; organizations can make way for a differentiation path that provides competitive advantage, build brand awareness, and provide statistical tools for evaluating customer behavior. One of the benefits of SNS is that they are virtually free to implement, both from a capital and human resource investment point of view.

Firstly the most critical part of a successful implementation of SNS is to align it with the company strategy and image.

Secondly the usage of the site needs to take in consideration four things:

- Appropriate timing for updates with the environment in mind.
- Based on company profile, choose the right SNS for your purposes.
- Establish the linkage between you and your customers.
- Engage your customers and make them committed by doing interesting things.

By correctly utilizing skills and creating the SNS mirrored to the organizational strategy, one should (if a successful business strategy is in use), also create a strong complacency barrier blocking imitation by competitors.

All of these combined will create a committed and engaged user-base, which will result in a sustainable competitive advantage.

Throughout our research we have found two specific guidelines from the study conducted. These were commitment and engagement. Organizations by involving commitment and engagement used within these social web networks, can create sustainable competitive advantage.

As stated before, organizations such as Bolt have only focused on Facebook to reach out and get feedback which has created the awareness and the demand for their product from customers to wholesalers. By doing this, Bolt can be more involved of what customers think about the product and see how the customers are reacting by getting immediate feedback. Hence, Bolt can rely on the feedbacks and demand to act fast to sustain competitive advantage.

Another example is Moderskeppet, which uses Facebook and Twitter to reach out more customers. Their Facebook page is not only for general information on a 'wall' but also

contains videos and events, which in turn engages and creates a commitment from the users.

Competitive advantage can be gained in different ways to maintain sustainability within organizations. However, is difficult to determine which specific guidelines can be used to gain competitive advantage when using social newtorks. After analyzing the results we could see that most of all organizations are trying to get involve with customers by committing, engaging and getting feedback to sustain competitive advantage. Organizations are more involved with the opinion of the customers and social network is the best way to do so.

## 8 Reflections

The purpose of this study was to determine if there is a general model on how to achieve competitive advantage using SNS. The findings were overwhelming; there were many different factors that played in to whether or not organizations achieve success when using SNS to create competitive advantage.

The critical review that was performed gave us a great deal of background information that made the continuation of the research easier. We started out with a substantial theoretical framework that later was narrowed down to fit our research. We conclude that the methods used was suitable, the semi-structured interviews that was performed was appropriate and gave us the results that was satisfactory. The analysis was an extensive part of the research with much raw data that was needed to analyze which took a substantial amount of time.

If we would have had the chance to do it all over we probably planned the research more effectively. Our Gantt chart was good in theory, but if it is not followed; it is of no use. In afterthought, the choice of including Jönköping University may not have been appropriate according to our purpose, because of the environment in which they operate in and that they are not seeking profit as other organizations are doing. However, Jönköping University may find this research valuable for them due to our findings about that creating engagement and commitment with their users have proven to be a valuable cornerstone in creating competitive advantage.

If we would perform a more extensive research in the future, we would have included organizations without an underlying strategy of how to operate on SNS; to make comparisons with companies that are successful on SNS.

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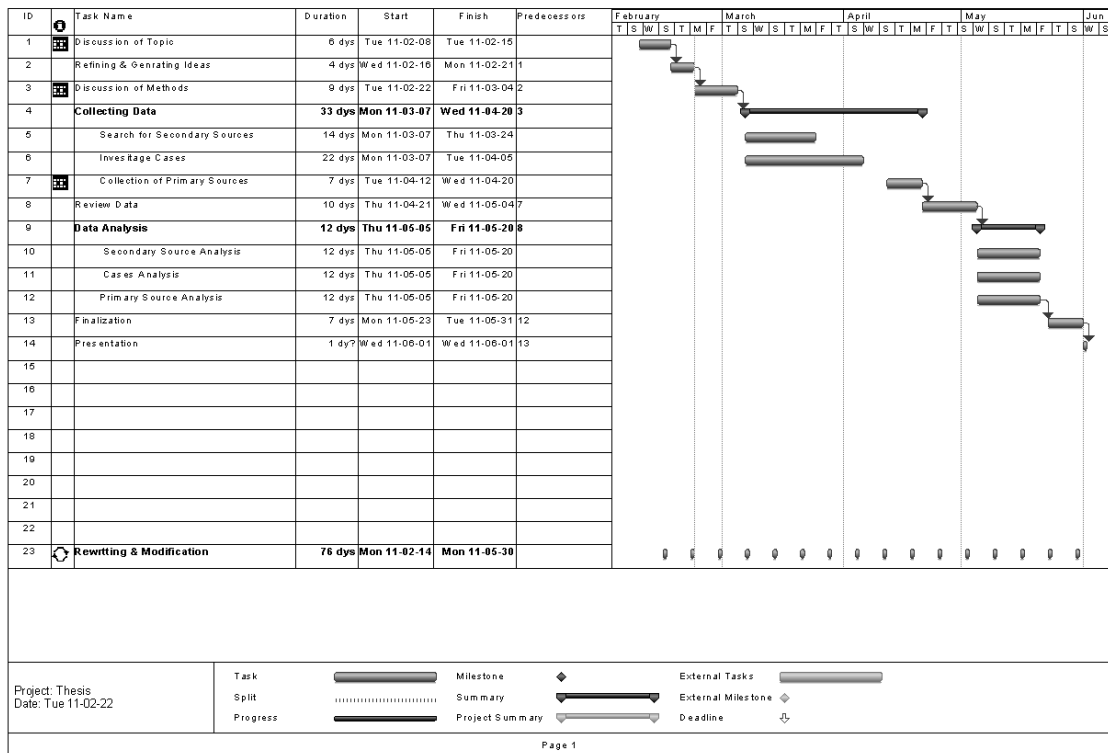
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# 10 Appendix

## 10.1 Gantt Chart





## 10.2 Interview questions

### Categories Themes Questions

#### *General Company*

What is your business?

How many employees do you have?

What is your business strategy?

#### *Resources*

How much time do you spend on interacting with customers?

#### *History*

How long have you been in business?

#### *Competition Situation*

Who are your competitors?

How do you compete?

#### *Competitive Advantage*

What are your advantages?

What can you do better?

What do you think is an advantage in a competitive environment?

#### *Networking Social Media*

Why are you using social media?

How often do you use social media?

What types of tools do you use?

What is your perceived value of using social networking sites?

Do you know what your competitors are doing? (social media)

Have you gotten any feedback from users/customers about your use of social media?



*Metrics*

How do you evaluate effectiveness?