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# **DIGITAL BUSINESS-TO-BUSINESS MARKETING COMMUNICATIONS IN EMERGING MARKETS**

**Developing Business Marketing in Russia**

Master's Thesis  
in Marketing

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## LIST OF ABBREVIATIONS

BRIC	Brasil, Russia, India, China
B2B	Business-to-Business
B2C	Business-to-Consumer
CRM	Customer Relationship Management
DMC	Digital Marketing Communications
DMU	Decision Making Unit
ICT	Information and Communication Technology
IMC	Integrated Marketing Communications
PPC	Pay Per Click
PR	Public Relations
SEO	Search Engine Optimization
SEM	Search Engine Marketing
SME	Small and Medium Sized Enterprises
SMM	Social Media Marketing
WiFi	Wireless Fidelity
WOM	Word-of-Mouth
WWW	World Wide Web

# 1 INTRODUCTION

## 1.1 The emerging digital world

Marketing has never been more interesting than now. The Internet and other new digital technologies are not only transforming the practice of marketing but also the way we think about it (Wymbs 2011). Today, consumers have "*more choices, more services, more media, more messages, and more digital conversations than ever*" (Weber 2007, 7). All companies need to better understand, how to do effective marketing communications by utilizing digital possibilities.

According to research company IDC, the size of overall B2B and B2C e-commerce will equate \$16 trillion in 2013. Complemented with digital products and services, the total size of the digital economy is estimated to exceed \$20 trillion. Given the magnitude of these numbers, accounting for roughly 13% of all sales in world economy, the digital economy is coming of age. (Oxford Economics 2011, 9.) In this study, talking about business marketing always refers to B2B marketing.

Oxford Economics (2011, 6-9) made a very large research on global key economic and technological megatrends that are reshaping the global marketplace. The research identified four key technologies that are going to have most impact on business in the next five years: mobility, cloud computing, business intelligence, and social media. The mobile offers a particularly potential marketing channel in emerging markets, and cloud computing improves accessibility and makes it easier to do business. Furthermore, business intelligence guides decision makers to operate according to real time analysis, and social media refers to a cultural phenomenon that connects consumers with the companies and to each other without restriction. According to Carter (2009) digital market value is derived from shared information content, on the contrary to traditional market value, which is determined by information control.

Changing media environment requires a thorough understanding of how communication with customers is now negotiated rather than passively received. In other words, the true audience engagement is now a two-way, interactive and negotiable phenomenon. (Dahlen & Lange & Smith 2010). From the B2B marketer point of view, digital channels facilitate the interactivity between seller, customers, and other stakeholders. The quick bidirectional nature of electronic communication supports information search and purchasing with relative ease. (Ellis 2011, 306.) The digital world emphasizes the need to consider this communication as dynamic, fragmented and constructed within a social context (Dahlen & Lange & Smith 2010, 444).

Digital mediums have become an essential part of today's marketing communications. The new digital media are Internet, mobile and interactive TV. The

biggest advantage of new digital mediums is their interactivity, personalization options, and targeting. (Karjaluoto 2010, 127.)

The change caused by technological improvements during the last years, has dramatically increased customers' market power. Young marketers, the first digitally literate generation, are experiencing these changes firsthand and will likely be the generation to integrate marketing theory and practice in this area. (Wymbs 2011, 93).

As we can notice, this rapidly emerging digital economy is challenging the existing marketing practices. Therefore, also marketing needs to adapt to new business needs and the technological environment, in order to remain relevant. Digital marketing education should be supported by universities to increase the business relevance of marketing in the digital age. (Wymbs 2011, 94, 102.)

## 1.2 Changing business marketing

Oxford Economics (2011) predicts that rapid economic growth, along with rising populations and income levels, are putting emerging markets at the center stage of corporate business strategies in upcoming years. Business, government, and consumer sectors in emerging markets offer huge opportunities for Western companies that are able and competent to adapt their needs. Competition is hard, and cash-rich companies from developing world will invest heavily in technology, often outpacing companies from developed markets. (Oxford Economics 2011.)

The definition of American Marketing Association (2007) states that “*Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.*” This definition describes marketing as an activity, rather than function, which concerns everyone in the organization in some way. It suits the purposes of the digital world, where almost everyone can be involved. The mentioned marketing definition also suits the purpose of business-to-business marketing as well as applies to digital marketing.

Vitale, Giglierano, and Pfoertsch (2011) point out some reasonable tools of digital marketing communications for business markets: *Website, Search engine marketing, e-mail, and online seminars*. These important tools and tactics are further discussed under digital marketing communication elements in chapter 2.2 However, It should be kept in mind that online marketing requires integration of Internet communication with other more traditional forms of marketing communication so that messages reinforce each other (Vitale et al. 2011, 395).

Change from mass-oriented marketing to more personalized and interactive marketing is becoming reality also in business markets. Network based services and

adaption of customer relationship management (CRM) systems have prepared companies to be able to implement more digital, interactive, relevant and targeted marketing communication. (Karjaluoto 2010, 20.)

In the current global business context, the likelihood of Brazilian, Russian, Indian, or Chinese operator being involved in business as a supplier or a buyer is large. However, most of knowledge of business marketing is grounded on studies conducted in traditional Western countries. Especially the relationship marketing perspective, where companies are working in large networks that create direct and indirect relationships and deliver value to each other, is being questioned. Measures such as trust and commitment may not explain business relationships in non-Western contexts. The main differences between BRIC countries (Brazil, Russia, India, China) and Western countries are in the effects of culture on relationship development and, in case of Russia, the effects of communism that still affect business practices. (Biggemann & Fum 2011, 6.)

Out of all marketing communication elements, the importance of personal relationships is particularly strong in emerging markets like China and Russia. These countries have little culture of free information, and historic quality problems with local suppliers. Also, because the concept of branding might still be emerging, buyers often have little other than their personal trust in the salespersons on which they judge the provenance of the product or service. (Harris et al. 2011.)

As emerging markets evolve from the periphery to the core of marketing practice, marketers and scholars need to contend with their unique characteristics and question the existing practices, objectives, and perspectives. These dimensions have been historically developed in the context of industrialized markets. (Sheth 2011, 166.) In this research Russia is considered to be an emerging market, which offers a marketplace with differing and unique characteristics apart from the western world. For the researcher, ignoring the current impressions and world view is one of the hardest challenge in this Thesis.

Most of the Finnish companies operating in Russia, are doing business with other companies and thus operating in the business-to-business field (FINRUSCC 2010). Also a major part of Finland's trade with Russia is carried out by small and medium-sized enterprises, SMEs, for which Russian SMEs are natural business partners. (Karhunen et al. 2010.)

At the moment, Russia has the biggest population of Internet users in Europe, over 50 million people, overtaking the region's leading economies Germany and France (ComScore 2011). Russia's number one social network, VKontakte, has over 100 million active users (Vkontakte.com 2012) and the number one search engine, Yandex, is listed in NASDAQ. These are positive signs of the development of country's Internet market. On the other hand, Internet penetration is low at remote regions that have little

to none Internet connections. Cities with a million populations, like the capital Moscow, have a penetration rate close to maximum. (Moscow Times 2011.)

In the developed markets, social media marketing is important, but in fact, high levels of trust in social networks suggest that they can play an even bigger role in the purchase cycle in emerging markets (eMarketer 2012). In fact, Social network penetration is the World's highest in Russia (86%) and Indonesia (86%) among adult (18+) population, beating United States (60%), India (72%), Mexico (59%) and China (56%) (eMarketer 2012).

In addition to the enormous amount of users, Russians are the most engaged social networking audience in the world. In 2010, Russians spent twice the amount of time within social networks than their global counterparts. With an average of 9,8 hours per visitor at social networking site during one month, Russia ranked before Israel (9,2), Turkey (7,6), and United States(7,3). This reflects the importance of online connectivity for the Russian population. Moreover, the most popular social networking sites are different than in the Western countries. (ComScore Global Study 2010). The challenge for companies is to be able to build long term relationships and value-driven conversations to leverage the power of the social marketplace (Lawrence 2011).

### **1.3 Purpose and structure of the research**

Taking into account the above mentioned themes, the emerging digital world and changing business marketing, this study seems original, interesting and meaningful. The core idea of this Master's Thesis is that five key characteristics – market heterogeneity, sociopolitical governance, chronic shortage of resources, unbranded competition, and inadequate infrastructure – of emerging markets are radically different from the traditional industrialized capitalist society (Seth 2011, 166) and they will require us to rethink the core assumptions of business-to-business marketing, such as business relationships, marketing communication elements, and digitalization.

In this Thesis, business marketing refers to business-to-business marketing and the focus is in the emerging markets' business environment. This means that no cross-border activities are being handled, and topics like localization or internationalization are not being discussed. However, the case companies in Russia are of course influenced by their foreign mother company or otherwise foreign roots of the employees.

The aim of this qualitative study is to understand and clarify how business marketing exploits digital marketing methods as a part of the chosen business marketing strategy under emerging markets' special conditions. This objective is divided into three research questions:

- 1) How the chosen marketing strategy reflects in the business marketing process?
- 2) How digital marketing communication contributes to business marketing?
- 3) How are the emerging markets' characteristics reflected in the business marketing process?

Chapter 1 introduces the relevance of the topic for marketing research, and specifies the research objectives for this Thesis. Chapter 2 gathers together the relevant academic theory, prior studies and other literature considering business marketing, digital marketing communication, and emerging markets. To clarify the structure of the theory part, it is further described in Figure 1. Chapter 3 is dedicated to methodological discussion. It presents the details about data collection and analysis, as well as limitations of the Thesis. Chapter 4 represents the actual findings of the research. Chapter 5 concludes the findings and relates them to an analytical framework, which is created based on the previous academic research and theory. Finally, Chapter 6 summarizes the research.

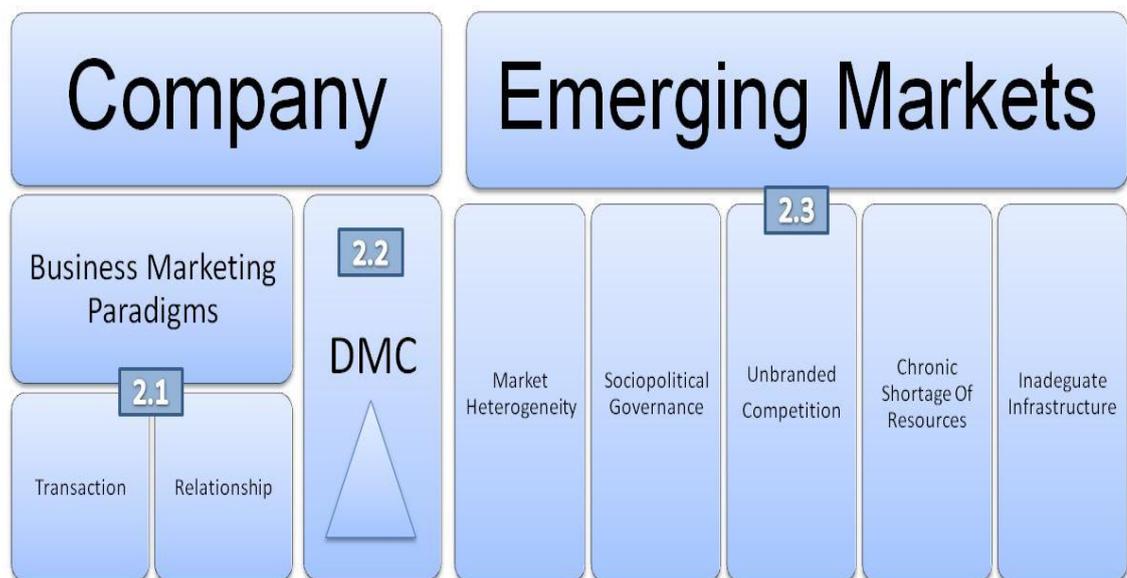


Figure 1 Structure of theory chapter 2

## **2 BUSINESS TO BUSINESS DIGITAL MARKETING IN EMERGING MARKETS**

In this chapter literature about business-to-business marketing, marketing communication elements, digital marketing and emerging markets are discussed. The first subchapter starts with a general overview of business-to-business marketing and related business marketing paradigms. The second subchapter introduces and defines digital marketing communications, DMC. In addition, strategic and tactical elements and objectives for digital marketing are discussed. The third subchapter is dedicated to emerging markets. The last subchapter concludes the theoretical framework and presents an analytical framework for this research.

### **2.1 Marketing Paradigms**

This chapter first discusses about the key elements of business marketing. In addition, the chapter presents and discusses the differences between two dominant paradigms in business marketing. Clarifying on marketing paradigms lays foundations for better understanding B2B context and the emerging markets. The themes drive the discussion and understanding towards digital issues and strategic thinking.

#### **2.1.1 Characteristics of B2B marketing**

The *decision-making unit* (DMU) of a buying organization is also known as the buying center. It consists "all those individuals and groups who participate in the purchasing decision making process, who share some common goals and the risk arising from the decisions." Any member of an organization playing in one of the seven roles is considered part of the buying center. The size of a DMU is not static. Roles are users, influencers, deciders, buyers, gatekeepers<sup>1</sup> and initiators. (Webster & Wind 1972, according to Fill & Fill 2005, 116.) Each member of DMU brought their psychological and cultural attributes to the decision making in addition to the business function's needs they represent (Harrison et al. 2011).

The recognition of decision making units sheds on the role of individuals in organizational buying and thus makes it reasonable for companies to interact with those individuals in social media. Ultimately individuals, not organizations, make purchasing

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<sup>1</sup> Webster, Frederick – Wind, Yoram (1972) *A General model for organizational buying behavior*. Journal of Marketing, vol. 36, pp. 12-19

decisions (Webster & Keller 2004). This also makes investing in brand building seem reasonable for industrial companies.

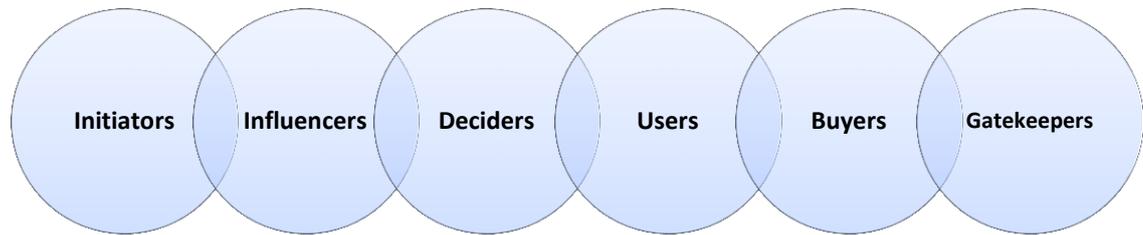


Figure 2 Decision making unit (Webster & Wind 1972, according to Fill & Fill 2005, 116)

In B2B markets, branding has received comparatively little attention due to a belief that industrial buyers are unaffected by the emotional values corresponding to brands (Leek & Christodoulides 2011, 830). On the contrary, it is also stated that various changes in business environment such as the increasing homogeneity of product quality and the decreasing role of personal relationship due to digital communications, have led to an increase in interest in B2B branding. In addition, rising prices and complexity of products and services drive also B2B companies to count on brands. (Baumgarth 2010, 654.)

Transactions may have a minor or strategic impact on a relationship with suppliers. Organizational buying and decision making varies in terms of frequency, nature of product or service, and value of purchase. The main types of buying situations are: new task, modified rebuy, and straight rebuy. The less familiar the buyer organization is with the product or service, the more information is required. Moreover, familiarity with the problem may lead to a straight rebuy, as the problem is identical to previous experience and alternative solution is not sought. (Robinson et al. 1967, according to Fill & Fill 2005, 119.)

Another essential organizational buying behavior characteristic is the *decision making process*, which consists of series of sequential activities throughout which organizations proceed when making purchasing decisions. An Organization goes through these stages according to the complexity of the situation. A fresh new buy is the most complex, and thus an organization must go through all the stages in the purchasing process. A modified rebuy is easier, and therefore only some of the stages are needed. Nevertheless, even straight rebuy requires product specification and performance review stages. (Robinson et al. 1967, according to Fill & Fill 2005, 119.) High-value and high-risk purchasing is the most distinct from consumer purchases with, for example, senior executives evaluating a large range of different criteria (Harrison et al. 2011).

B2B marketers should consider the nature of the channel conditions in which they operate and represent their company. Mohr and Nevin (1990) stress the need to relate channel conditions to communication strategies in Business-to-Business marketing communication. Model of communication for marketing channels is presented in figure 3. If marketers develop strategies that complement channel conditions, the levels of coordination, member satisfaction, and mutual commitment should increase, and therefore overall channel performance should improve. Failure to match strategies may lead to misdirected resources and conflicts. Two communication strategies are recognized by Mohr and Nevin (1990):

- *Autonomous communication strategy*, is more likely to occur in channels with transactional structures and unsupportive climates, and asymmetrical power.
- *Collaborative communication strategy* corresponds to relational channel structures and supportive climates with symmetrical power.

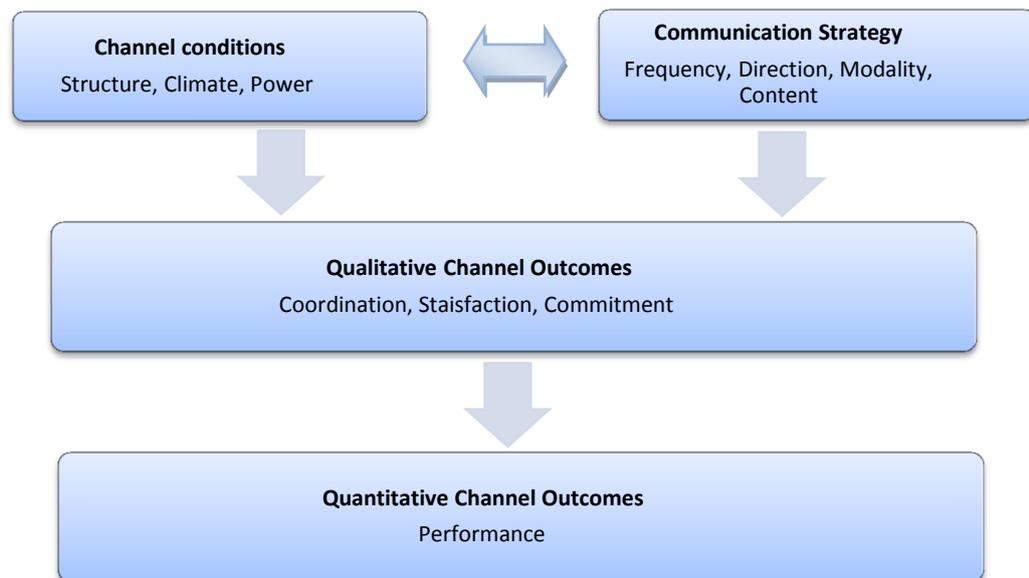


Figure 3 Model of communication for marketing channels (Mohr & Nevin 1990, 38)

Channel structure, channel climate, and channel power symmetry, represent aspects of channel conditions. Channel structure refers to whether communication and exchange is more relational or transactional. Channels with relational structures tend to rely on informal modes, whereas those with market structures tend to be more formal but less interdependent on each other. Channel climate describes the level of trust and support between members. Moreover, Channel power is either symmetric or asymmetric, which refers to balanced or imbalanced decision making. (Mohr & Nevin 1990, 40-44.)

Communication frequency, communication direction, communication modality, and communication content, represent aspects of a communication strategy. Frequency

refers to the amount of contacts that ensure required coordination of activities. Direction refers to monologic or dialogic communication as a result of power balance in a relationship. Moreover, modality refers to wheatear the communication is formal and planned, or informal and spontaneous. Content stands for the transmitted message, for instance, general issues or specific requests. (Mohr & Nevin 1990, 38-40.)

The channel outcomes include coordination, satisfaction, commitment, and performance. Coordination can be viewed as synchronization of activities by organizations. Satisfaction refers to evaluation of relationship characteristics, and commitment is about the desire to maintain a relationship. In addition, performance is a multidimensional outcome measure that can be assessed by considering effectiveness, equity, productivity and profitability. (Mohr & Nevin 1990, 45.)

Another key issue in B2B marketing is that it is often marketing of services and wide offerings. In service business, there is no real separation of production, delivery, and consumption. The interaction between buyer and seller is part of a marketer's task and happens in a unique way with each client. When considering industrial services, the performance of repairs, servicing, maintenance, delivery, installation, and trading requires close connections with clients and other partners. (Varey 2002, 19.) It seems certain that digital marketing, on its own, is not able to respond or assist with all of these B2B service elements. However, the objectives and strategies of business-to-business marketing are closely connected to prevalent marketing comprehension – according to more transactional or relational paradigm.

### **2.1.2 Transaction paradigm**

One of the most respected pair of marketing professionals, Kotler and Keller (2009), define marketing communication as "*the means by which firms attempt to inform, persuade, and remind consumers – directly or indirectly – about products and brands that they sell*". In their thinking, marketing communication is inseparable from the famous *marketing mix*, first presented in an article "The Concept of the Marketing Mix" by Neil Borden (1953). This framework has become globally recognized and used among marketers. It is commonly used as a basis of product-oriented marketing thinking, push-marketing for masses, and for rationally behaving consumers (Egan 2007, 9-12).

The actual components of the Marketing mix – The Four Ps: Product, Price, Place, and Promotion (McCarthy 1975, 76) – eventually represent the sellers' view of the marketing tools available for influencing buyers (Kotler & Keller 2009, 63). In other words, the marketing mix is the tactical execution of a marketing strategy and refers to

integrated implementation of the Four P's to achieve sales and profits (Jackson & Saw 2009, 340).

Promotion represents the communication with buyers and can be seen as an equal term for marketing communication. Marketing communication is sure to be the most visible part of the marketing mix. In addition, advertising is the most famous part of marketing communication and sometimes they are even considered as synonyms. (Egan 2007, 8.) Moreover, it is difficult to make a distinction between promotion and marketing communications, which are in some industries, like in the fashion industry, commonly described as marketing (Jackson & Shaw 2009, 160).

The actual tools of the communication mix are advertising, public relations, sales promotions, personal selling, direct marketing communications, and in addition, sponsorship, point-of-purchase communications, exhibition and trade fairs, and e-communications. (De Pelsmacker 2007, 3.) However, the selection of tools or elements varies a lot in academic literature, and between business industries.

The Internet can be used for transactional or communicational purposes referring to place and promotion of the Marketing mix. The web is used to facilitate product sales and channel functions but also to communicate with customers and channel members. The object of all communication is to help the members of a buying center to move through the buying decision process and, strategically position the company in the minds of customers and channel members. (Vitale et al. 2011, 369,390.) This view can be understood as a very transaction oriented view to digital business marketing.

For communicating with business customers, the biggest advantage the Internet offers is low cost and quick interactivity. Communication can also be very closely attuned to customers buying decision process. Marketers need to understand buyers, the buying centers, and how decisions are made in organizations. For example a company should try to tailor its website to serve different buying center roles and their needs (Vitale et al. 2011, 390).

B2B marketing tends to use direct methods of communication over mass media. This emphasizes the relative importance of one-on-one relationships, the low number of customers, and large size of individual orders in organizational markets. Nevertheless, in several situations also mass media channels are relevant for industrial purposes: brand development requires certain awareness, and building wide public perception of company's contribution to society can be communicated through various medias. Therefore, trade press, newsletters, newspapers, outdoor media, radio, and even television can be relevant communication choices for the B2B media mix. (Ellis 2011, 305.) From the traditional perspective of marketing communicator the Internet is an additional medium of communication. Like all other media, also the Internet has its own strengths and weaknesses. (Egan 2007, 16.)

Part of the transactional paradigm seems to be that buyers are, in general, taught to be rational decision makers. Buyers' rationality leads companies to designing and manufacturing good products, and delivering them on time and at a good price (Harrison et al. 2011). As a contrast, the relationship paradigm, discussed in the next chapter, recognizes that buyers are humane, irrational, and influenced by emotions and habits.

### **2.1.3 Relationship paradigm**

During the twentieth century some of the basic tenets of marketing, such as the marketing mix, have increasingly been questioned. The marketplace has dramatically changed: corporate profitability is highly valued, and consumers have become less responsive to traditional marketing pressures, particularly advertising. Today, a greater customer choice and convenience exists as a result of globalization, new sources of competition, the emergence of digital media, and new marketing channels. Relationship marketing seeks to change this perspective by managing all the competing interests of the stakeholders. (Payne 2006, 6-8.)

The importance of various relationships is one of the primary characteristics of B2B marketing. Organizations develop relationships in order to achieve business and marketing objectives so that both or all parties are seen to be in a relationship. Opposite to the 4Ps concept, an inter organizational relationship is not customer dominated, nor is the product central part of marketing strategy. Sometimes interaction is brief and sometimes more intensive, but still actions in a network of organizations need to be seen as part of wider array. (Fill & Fill, 2005, 171.)

Grönroos (1994) argues that relationship marketing is to "*identify and establish, maintain and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met; and this is done by mutual exchange and fulfillment of promises*". It recognizes that the satisfaction of customer requirements is mutually compatible with organizational profit (Dann & Dann 2011, 238).

The ultimate outcome of relationship marketing is called a marketing network. A marketing network connects the supporting stakeholders, such as customers, employees, suppliers, distributors, retailers, agencies, scholars, and others, with whom a profitable business relationship is formed. A guideline is, that building an effective network of relationships with key stakeholders, will lead to profits. (Anderson & Hakansson & Johanson 1994.)

Three principles are essential in relationship marketing: Trust, commitment, and reciprocity. *Trust* is really important in the online environment as social media, for

example, requires trust as a communication platform between real people. Trust also plays a great role particularly before any transaction occurs. However, trust can be achieved through various digital methods. Once the relationship is formed, *commitment* may occur depending on aspects such as satisfaction, bonds, desire to stay within the relationship and profits. In online relationships marketers need to have a long-term focus and trust instinctive desires to maintain commitment. (Dann & Dann 2011, 240-243.) *Reciprocity* is the basic function of exchange and it simply represents the mutual exchange and fulfillment of promises (Grönroos 1994). In other words, due to the accountability that organizations require, trust and security become key issues for B2B buyers (Harrison et al. 2011).

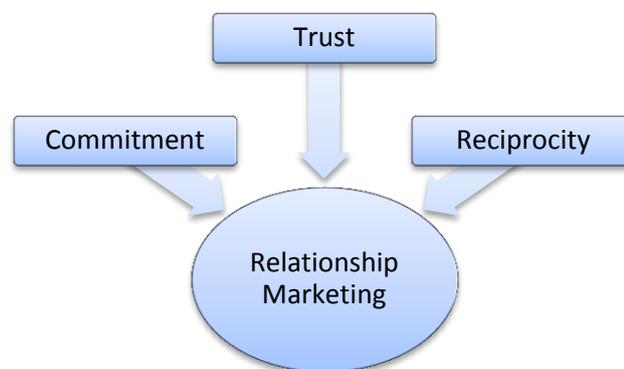


Figure 4 Principles of Relationship Marketing (Dann & Dann 2011, 240-243)

The purpose of relationship marketing is to generate a win-win situation for companies through careful management of expectations and outcomes. As both sides become increasingly satisfied by the cooperation, both sides become more loyal to each other. Satisfaction is also expected to turn into positive publicity. (Dann & Dann 2011, 238.)

In many companies and corporations, the range of profit between the largest and smallest customers is likely to be very large in a B2B context. Therefore, the presence of few key customers responsible for a major share of total revenues is another distinguishing feature of business marketing. (Harris et al. 2011.)

Mutual fulfillment of customer and corporate needs is the prerequisite for effective marketing from the relationship marketing perspective. (Dann & Dann 2011). Long-term focus in B2B markets emphasizes the importance of relationship-building, particularly with key customers (Harrison et al. 2011). Moreover, success in key relationships seems to reflect on business success.

B2B companies are increasingly offering services rather than products to each other. It should be noticed, that service marketing is very closely related to relationship

marketing, and offers valuable insights to various digital marketing activities. (Dann & Dann 2011.)

Payne (2006) considers Customer Relationship Management, CRM, as a key principle of relationship marketing. According to him, CRM is “*a business process that seeks to create , develop and enhance relationships with carefully targeted customers in order to improve customer value and corporate profitability and thereby maximize shareholder value.*” Although the term CRM and the technological implementations are rather new, the principles behind it are not unfamiliar.

To summarize B2B marketing paradigms, a few key points should be repeated. According to transaction paradigm, marketing communication in business-to-business context is closely related to the concept of 4P’s. Moreover, finding the right tools and tactics to serve the customer needs and pushing the products to the market, is essential. Marketers just need to make right decisions and success will follow. Furthermore, according to the relationship paradigm, collaboration, dedication to key customers, and partnerships with shareholders, finally leads to ultimate success. Patience and reciprocity require time and continuous effort. The profitability of existing relationships also needs to be evaluated.

## **2.2 Digital Marketing Communications**

In this chapter, marketing communications is taken to the digital world. In the beginning, the forces and trends shaping the business environment are introduced and discussed. Next, the holistic definition of digital marketing communications is formed and presented by putting the relevant terms in order and taking into account the previous academic research and literature. The third, fourth, and fifth subchapter contribute in building of the analytical framework, which is build around the business marketing process. Moreover, the strategic approach sheds light to the beginning of the business marketing process, while the objectives and resource allocation help to understand the desired outcomes. In addition, digital issues are applied to the elements of the communication mix.

### **2.2.1 Digital change**

*“The information technology, Internet and e-mail, have practically eliminated the physical costs of communication.”*

– Peter Drucker

Internet allows world-wide broadcasting capability, and a mechanism for information collection and distribution. In addition it is a medium for collaboration and interaction between individuals regardless of race, religion, political orientation, social class or geographic location. In fact, during the last 20 years, the Internet has aided many industries, such as gaming, travel, and publishing, and created completely new industries around online communities. (Poynter 2010, 4.)

According to Jaffe (2005, 36) there are four forces driving the rate of change in the digital revolution. This causes marketing and business people to rethink marketing communications and objectives. The driving forces are presented in figure 5: *broadband, wireless, search, and networks*. Broadband has the power to connect and enable everyone to be connected and thus reduces the lag between exposure and action. Wireless, also known as Wifi, refers to enabled free movement of people while being connected. Search engines are online facilitators of connectivity with information, connection, and knowledge. Additionally, networks allow people to interact with different communities and thus stay connected, informed and unified. (Jaffe 2005, 36-39.)

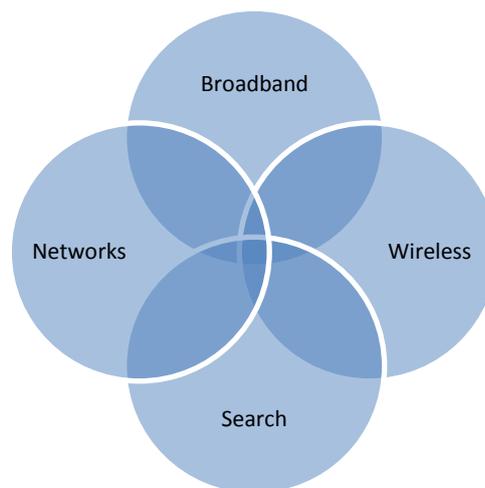


Figure 5 Four forces driving the rate of change in the digital revolution (Jaffe 2005, 36)

There is a distinction between *traditional marketing communications* and *nontraditional marketing communications*. The traditional communication perspective includes television, radio, print, hospitality tents, team and event sponsorship, and outdoor advertising. Customers can't interact with these media and they are typically used to building brand awareness and increase sales on a mass scale. Traditional marketing communications has developed during the last 50 years. (Davis 2010, 288-313.)

As a comparison to traditional marketing, nontraditional marketing describes new media and communication choices that have developed as a result of technological advances, such as Internet, the World Wide Web protocol, mobile technology, and social media. Nontraditional marketing communication consists of two-way communication between the customer and the company. It includes themes like multimedia, web, search, banners, interstitial, blogs, podcasts, social media, mobile, customer relationship management, business analytics, personalization, email marketing, permission marketing, and partnerships. It should be kept in mind that nontraditional marketing communications has developed only during the last 15 years. (Davis 2010, 288-313.)

Within the traditional marketing and advertising framework, media institutions are intermediaries that provide access to desired audiences. Media institutions are also producing and packaging bundles of information and entertainment that attract audiences for advertisers. In a digital era, the viewpoint of media as communications channels cannot be sustained. There are too many communications channels available for effective media planning and allocation. In addition, new digital services and experiences are constantly evolving, organizations can communicate with stakeholders digitally without intermediaries, networking ability of people supports direct information exchange, and the commercial and noncommercial content are expanding beyond what media companies generate and control. Therefore, what we know as media could even broaden to include any digital experience. (Mulhern 2009, 99)

As the Internet becomes faster and increasingly accessible to non-technological communities, social networking and collaborative services have grown rapidly. These new Internet era possibilities enable people to talk, discuss, debate, and share interests in many more ways than never before. Facebook, Twitter, LinkedIn, YouTube, Flickr, Second Life, blogosphere, wikis and many more, are sites, which let people of all ages rapidly share their interests of the moment with others everywhere in the world. (Poynter 2010, 4.) Evidence of social media's importance in a B2B context has been much less visible than in the consumer markets (Accenture 2011).

Dann and Dann (2011) gather together the distinctive features of the e-marketing environment that are central to understanding how the environment functions. In addition to radical changes in consumer behavior, they point out the changes in accessibility and product characteristics. *Accessibility* refers to global access to marketplace, time independence and ubiquity. The Internet creates an opportunity to play in the international arena without having to qualify through traditional route via local, regional, and market success. In addition, it facilitates international financial transactions and service offerings. *Time independence* means that the Internet is always on, but on the other hand, does not shut down. *Ubiquity* is essential from a globalization point of view. Access to the e-marketing environment is widespread in the western

economies, and increasingly available in nations with developing economies. (Dann & Dann 2011 41-49.) The Internet is less prone than other media, but not immune to regional control (Dann & Dann 2004).

It should be kept in mind that free information sharing via Internet also has its disadvantages and therefore also control must appear. Privacy issues, preservation of anonymity, security, and criminal activities keep on concerning people. From a marketing point of view, information flow restrictions diminish the potential value of the Internet as a key marketing channel. Restrictions may be technical, commercial, or government policy initiatives. However, new issues and concerns will arise as the Internet continues to develop and evolve. (Dann & Dann 2011, 462.)

Sociality and interaction in the web has different levels. An *Intranet* is used to communicate within the company and an *extranet* uses selected external audience for networked communication. At even more extended level, *e-communities* are "sites where people aggregate around professionally generated content focused on a common interest area" (Weber 2007, 183). *Social network* sites are expanding the connectivity of consumers and provide active areas for marketing communications (Dahlen & Lange & Smith, 2010, 449-451).

### 2.2.2 Defining DMC

E-marketing, e-commerce, m-commerce, and new media are closely related to digital marketing. The definitions are somehow colliding, overlapping, and misleading. The unstructured reality of the digital world is emphasizing its complexity and quick evolution during the last years. Although many forerunner companies are trying and employing various digital possibilities, the academic research is following some five or ten years behind. For example, academics are using *new media* term, as business is exercising *digital marketing communication*. (Karjaluo 2012.)

Dann and Dann (2011) describe e-marketing as any type of marketing activity that needs some form of interactive technology for its implementation. Mobile marketing, m-marketing, is in their thinking a subset for e-marketing, and focuses on the mobile phone as a technology platform for the marketing interactions. M-marketing is not just for mobile phones but for mobile devices that access internet through wireless connection and work as distribution channels as well. (Dann & Dann 2011, 380-384.) Furthermore, e-commerce is the broader platform of commercial activity conducted using electronic systems (Gilmore et al. 2007).

One of the only viable digital marketing communications (DMC) definition is "*communication and interaction between a company or brand and its customers using digital channels (e.g. the Internet, email, mobile phones, and digital TV) and*

*information technology.*" This definition takes into account two-way communication, initiated either by the marketer or the customer. As new digital channels and elements are constantly changing and improving, this kind of flexible term to cover for example internet marketing, mobile marketing and video streams, is needed. (Merisavo 2008, 20.) There are not many clear DMC definitions like this yet formed by scholars.

As aforementioned definitions indicate, the role of the Internet is somehow complex in marketing communication research and practice. For example Ellis (2011) and Eagan (2007) see the role of the Internet as a medium, equivalent to newspapers and television. On the other hand De Pelsmacker (2007) and Merisavo (2008) describe internet as a channel equivalent to mobile and e-mail. The second is close to the definition of the place in marketing mix.

Because the Internet is only one technology and marketing is increasingly using various digital forms to serve customers, the term digital marketing seems to be more appropriate than the limited term Internet marketing (Wymbs 2010, 95). On the other hand, Web communications stands for messages and methods used through Web sites and Internet communication includes Web and e-mail communications. (Vitale et al. 2011, 390.)

Mobile technology is a global megatrend. The most evident part, mobile phone, offers a valuable new marketing channel, particularly in emerging markets. Moreover, within these markets, a smartphone is a primary connection to the Internet. Currently it is estimated that approximately 5 billion people uses mobile phones worldwide. (Oxford Economics 2011, 5-7.)

Another point of view is to describe the totality of DMC through access platforms and online communication tools. The access platforms deliver content and enable interaction through different online communication tools. Access platforms are for example mobile, laptop, or desktop, while online communication tools include websites, search engines, blogs and text messaging. Nevertheless, digital marketing should generate business returns from gaining new customers and maintaining relationship with existing customers. Digital marketing is most effective when combined with other communication channels. (Wymbs 2010, 95.)

Based on these observations, and encouragement of professor Karjaluoto (2012), it seems reasonable to suggest a coherent new definition for digital marketing in business-to-business context. Digital B2B marketing communications is *Using Internet, mobile, and e-mail to attract, interact, and engage with customers, partners, and other shareholders according to integrated marketing strategy.* In addition, a company must take into consideration business logic, business objectives and resources available.

Adding digital television into B2B context makes no sense because it is not widely used nor it is equivalent for internet, mobile, and e-mail. The definition supports integrated and strategic thinking that are core assumptions for successful marketing. The

definition is actually a combination of relationship paradigm and best existing definitions of transaction oriented digital marketing communications. In addition, it recognizes various possible goals for marketing and links digital marketing into general marketing strategy and other traditional communication methods. Unlike e-commerce, digital marketing doesn't necessarily have to lead into online sales, if it is able to serve its purpose by guiding target audience into right place or direction. The definition respects mobile and e-mail as key digital elements of a person oriented business communications.

### 2.2.3 *Strategic approach*

Together with prevalent marketing paradigm in a company, the defined marketing strategies lay the foundations for a digital marketing and the business marketing process. Ellis (2011, 296) notices that it is possible to differentiate three broad strategies of communication in business markets: push, pull, and reputation. *Pull strategies* encourage end-user customer demand that will pull products through the channel or supply chain. The intention is to generate motivation within the target audience, which would lead to request for quotation, sample, or repeat purchase. *Push strategies* aim to influence intermediaries in the marketing channel. It involves suppliers encouraging intermediaries to stock their goods for resale and pushing products down the supply chain. Because of the significance of distribution channels and networks in most organizational markets, push strategies are more in use. In addition, *reputation strategies* are designed to influence a broad range of stakeholders in the company's network such as shareholders financial markets, and local communities. Different strategies can be combined.

In a digital marketing context, Push and Pull strategies are close to the framework of *inbound* and *outbound marketing*. The concept of inbound marketing means pulling customer prospects toward a business through the use of Web 2.0 tools and applications like blogging, search engine optimization, and social media (Avery & Dahod & Steenburg 2009). Inbound marketing can be seen as digital pull marketing. Inbound marketing is also closely related to content marketing, which refers to creation and distribution of quality content in the online world to attract, acquire, and engage customers (B2B Content Marketing Survey 2012).

Traditionally, marketers have tried to persuade customers and companies to buy products or services with push marketing techniques. In the digital marketing context this can be considered as an outbound marketing strategy that leverages direct e-mailing, television, radio, and digital advertising to reach the potential decision makers. The transaction paradigm, discussed in chapter 2.1.2, applies to this view. The problem

with these outbound tactics is that nowadays people are blocking out these interruptions effectively. (Halligan & Shah 2010, 31.) However, inbound and outbound marketing can be used together and according to integrated marketing communication understanding, combining these tactics is even recommended.

With association to marketing communications, scholars commonly speak about integrated marketing communication. The concept of integrated marketing communication (IMC) is described as follows: “A *planning process designed to assure that all brand contacts received by a customer or prospect for a product, service, or organization are relevant to that person and consistent over time.*” (AMA, 2012). It should be noticed that here IMC is viewed as a process that ensures consistent and relevant brand contacts regardless of platform or time.

Of course IMC has been defined in a number of ways (De Pelsmacker et al. 2007, 8) but it has not been fully accepted nor fully adopted by the communications industry, largely because of its supposed difficulty to implement (Egan 2007, 337). The message consistency refers to everything the company says internationally or presents through action. For example, a number of corporations have been caught out on inconsistencies between corporate actions and corporate communications with respect to environmental issues. (Dann & Dann 2011, 191.)

To conclude the definition of IMC, Karjaluoto (2010, 10) describes it as using marketing communication tools rationally, customer-orientedly, and jointly, thus creating synergies that benefit also the sales department and the communication department. And put differently, marketers should design and implement any marketing activity with all other performed and planned marketing activities in mind (Kotler & Keller, 2009, 63).

The major challenge in implementing IMC is to achieve an integrated approach for a cohesive impact (Sarin 2010, 139). A Large definition of IMC thinking requires commitment to marketing messages from all staff throughout the organization. This means that business functions need to cooperate in order to achieve IMC-based competitive advantage. (Ellis 2011, 298.)

#### **2.2.4 Elements of DMC**

Figure 6 summarizes the main tactical elements of the communications mix. The upper elements require more social interaction than the lower ones. B2B marketers need to communicate with various audiences and thus understand the tactical implementation, level of communication, cost structure, and control associated with each element. (Ellis 2011, 300-304.)

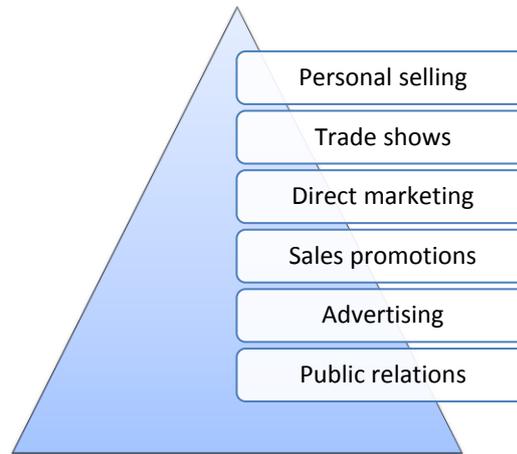


Figure 6 Elements of the communications mix (Ellis 2011)

The Elements of the communication mix are just a rough categorization of the communication possibilities available. Fitting different efforts, methods and devices into only one of the promotion mix variables is theoretical, but hardly reasonable in practice as the elements are usually a combinations of many different parts of the promotion mix. (Vitale et al. 2011, 379.) Based on this observation, the chapter is divided according to these elements. Moreover, the aim is to perceive digital marketing issues reflecting to the communication mix. One of the key digital marketing method, website, doesn't fit under any element and is therefore handled separately. Notably, sales promotions hardly appears in relevant form for business marketing.

Business-to-business marketing communication differs from business-to-consumer marketing communication especially in the amount of communication tools available and used. In consumer markets, advertising is still the most used tool of marketing communication mix. In business markets, marketing communication tools and channels are selected more carefully. Therefore, the most essential tools are personal selling, direct marketing, events and exhibitions, and public relations. (Karjaluo 2010, 22.)

A clear distinction should be made between marketing communication tools and the media. They both serve different roles and have different characteristics. Marketing communication tools refer to processes by which an appropriate set of communication's stimuli is developed and presented. On the other hand, media refers to those channels through which the communications are carried, not the strategy behind the message delivery. (Egan 2007, 16.)

Another difference is the budget. If the expenditure level for typical B2B marketer is low, even under 1% of turnover, spending time on managing communication elements may seem pointless. Therefore, spending on long-term gains, such as brand building, may be preferred. (Sarin 2010, 133.)

#### **2.2.4.1 Personal selling**

Even in the digital era, personal selling is the most important element of marketing communications for B2B companies (Sarin 2010, 139; Ellis 2011, 303; Harris et al. 2011). Personal selling is any paid form of personal presentation of goods and services. It usually requires face-to-face interaction between a sender and a receiver. (Sarin 2010, 139.) Emphasis on relationships means relatively high budget expenditure on people and modest expenditure on other forms of promotion (Harris et al. 2011).

Personal selling allows instantaneous feedback to seller. This instant possibility to respond sets up a true dialogue between parties, and deepens the relationships with buying center members, who for example require detailed information about technical specifications. (Ellis 2011, 304.) B2B salespeople often focus on listening and cultivating a limited number of customer relationships rather than quantity driven consumer salespeople (Harris et al. 2011).

Social media is based on personal interactions and therefore valuable instrument in personal sales. People who value personal interactions, will value social media applications that enhance the relationship. (Dann & Dann 2011, 379.) For example sales presentations, sales meetings, and tradeshow require humane interaction and thus can be seen as personal selling activities (Sarin 2010, 140). In the digital world, meetings, seminars and conferences can easily be held on-line. In addition, it is possible to create personal relationships and leverage existing personal connections via different social media platforms.

The role of personal selling, furthermore personal face-to-face interaction, may be even diminishing due to technological applications and improving information technology. According to Grewal et al. (2010) rather than relying on traditional relational exchange, firms undertake market-based transactions through information technology-mediated electronic markets. The success of business-to-business electronic markets depends on the governance practices, such as monitoring, building sense of community, and self-participating. The economic significance of business-to-business electronic commerce is already beyond business-to-consumer equivalent.

#### **2.2.4.2 Trade Shows**

Tradeshows and conferences are great opportunities to initiate and reinforce the positioning of a company relative to other industry participants. Attendance is expected of any serious player in the market segment, as presence is noted as support and commitment to the segment, customers, and partners. Without visibility at the industry show, it is far more difficult to build awareness among potential customers. After the

tradeshow or event, a quick response to inquiries and contact invitations should be made. Finally, it is important to evaluate the overall performance and results. (Vitale et al. 2011 385-388.)

The main aims of attendance according to Ellis (2011, 304) are meeting prospective channel members, developing partnerships with customers, building corporate identity, and gathering market intelligence. Trade shows are also an opportunity to launch new products, discuss problems and opportunities on a relatively neutral ground, and of course, acquire new customers and close deals with existing customers (Ellis 2011, 304).

A form of digital tradeshow, online seminars or webinars, seek to establish a relationship with a prospective customer who is already interested in the company's offering. Webinars can involve self paced Web presentations or elaborate combinations of broadcast video and audio delivered via Internet. Audience can range from one to thousands. (Vitale et al. 2011, 394.) Digital tools give companies a possibility to leverage tradeshow and seminars by communicating effectively with target groups before and after the actual event, for example, through social media platforms.

#### **2.2.4.3 Direct Marketing**

Direct marketing targets individuals with personalized messages with the aim of building a relationship. It often complements personal selling activities and thereby improves overall performance. The main types of direct marketing communication are postal mailing, telemarketing, and e-mailing. The complexity of a firm's offering sets limitations for direct marketing activities in business-to-business context. (Ellis 2011, 303.)

E-mail has proven to fit B2B marketing very well, and is best used when an interested person gives permission – *opt-in* – to the marketer. Annoying, unsolicited e-mail is called *spam*. Marketers should provide something of interest to say every time. Attractiveness of e-mail is based on its quick, inexpensive, and broad nature. Newsletter, for example, are periodically and specialized content news briefs, usually with links to full news stories located on a Website. (Vitale et al. 2011, 394.) E-mail is used for person-to-person communication and mass communications.

Direct mail can be closely targeted to some important audience characteristics and the effectiveness can be measured clearly by response activity. On the contrary, ignorance is easy for a customer, and may cause annoyance that undermine customer perceptions of the positioning of the offering. (Vitale et al. 2011, 383.) Actually, Dann and Dann (2011) claim that e-mail is not a direct mail channel, because it should be

used only when dealing with established customers who have requested updates as a part of their ongoing relationship with the organization.

#### ***2.2.4.4 Sales promotion***

The purpose of sales promotions is typically to encourage buyers to make a purchase, either by accelerating sales or by generating a change in attitude through rewarding existing customers or pushing prospective customers. For instance, free merchandise, discounts or gifts are used. (Ellis 2011, 302.) E-mailed discount campaigns and online competitions are examples of digital sales promotion that also B2B companies may utilize.

Providing technical incentives, such as discounts in technical support, may provide a significant return on marketing investment. Still, sales promotions have less impact in high value service markets, where companies can easily differentiate offerings through technical attributes. (Ellis 2011, 302.) Sales promotions are hardly applied in business marketing or digital B2B marketing communications.

#### ***2.2.4.5 Advertising***

For B2B firms, it is usually considered wasteful to invest in mass media methods, such as advertising (Egan 2007, 15), because of low number of customers, complex orders that require a lot of information, and great significance of one-on-one relationships. Nevertheless, there are several contexts in which these communication channels are also relevant to industrial context. An organization might seek to develop its brand or build a wider public perception of its contributions to society. (Ellis 2011, 304.)

Advertising is usually non-personal communication about an organization, product, service or idea (Sarin 2010, 139). Banner advertising is the most common, most accepted and probably most blocked form of paid advertising on the Internet (Dann & Dann 2011, 200). Banner advertising is also called display advertising. Usually the advertisement performance is evaluated through amount of clicks it generates. Nevertheless, display advertising also creates brand awareness, and can be very well targeted in diverse media environment like the Internet.<sup>2</sup> (See Paloheimo 2009, 103-109.)

Sometimes advertising in consumer media, might be appropriate for B2B companies. Important members of buying center are not always reachable through trade media and

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<sup>2</sup> Tiina Järvillehto – Bannerit eli display mainonta, 103-109.

a company may want to reach a broad audience and evoke emotional response (Vitale et al. 2011, 380).

Also in B2B, major publications cover large proportions of the membership of the major buying centers for companies within a certain industry. In creating advertisements, the marketer and the marketing agency should target specific members of buying centers and pay attention to stage of the buying process. Behavior of the individuals can be predicted, and a careful consideration should be given to the amount of technical data and additional sources of further information. (Vitale et al. 2011, 380.)

#### **2.2.4.6 Public relations**

Public relations, *PR*, may influence the perceptions of all stakeholders, and contribute to the credibility of an organization through third-party media exposure such as newspapers, magazines, broadcast media, and Internet. B2B marketers have a wide array of PR options available from press releases to community events, public statements and sponsorships. (Ellis 2011, 303.)

The importance of public relations is highlighted in digital world where sharing opinion or releasing news are more than easy. Public relations as a marketing element is having a fair degree of trouble adapting to the new rules of the Internet, since bloggers are not journalists with links to PR industry or reasonable education is not guaranteed (Dann & Dann 2011, 203).

A *blog* is a website organized as a chronological set of posts, for example an online diary or a collection set of thoughts or articles (Poynter 2010, 404). Marketers use blogs to provide commentary on industry trends, communicate with customers about usage and service issues, maintain discussion with channel members, and conduct various interactions with other stakeholders (Vitale et al. 2011, 395). Spreading the message is based on online activity carried out by individuals. *Word-of-mouth*, WOM, refers to passing messages from person to person as opposite to mass media broadcasting. The Internet makes passing messages easy, and is therefore an important issue from a marketing point of view. (Poynter 2010, 416.)

Publicity can be produced indirectly through paid presentation of an organization, service or product in target media (Sarin 2010, 139). Annual reports, sponsorships, company magazines, event information, press releases etc can be used to achieve public relations goals (Sarin 2010, 141) and distributed easily on-line. For example, a company can provide information specially targeted for media usage on their website.

#### 2.2.4.7 Website

Almost every B2B company has a website, and often it is considered as the core communication method and is therefore handled as a separate entity apart from previous communication elements. Other communications methods may just seek to drive prospective customers to a website as their primary objective. Websites are an efficient way to display media, distribute information, and provide solutions for shareholders and customers. However, designing Websites around the supplier's organization and offering happens too often, while demonstrating understanding of customer needs or buying behavior would be more essential. In B2B context, segmenting and prospects, distinguishing buying center roles or the ongoing situation in the decision process, remains complicated for majority of organizations. (Vitale et al. 2011. 392.)

If a website is having recurring and continuous interaction with the customer, it is already building a relationship (Dann & Dann 2011, 222). However, B2B marketers have various objectives. They want their website to provide product/service information, increase customer awareness, generate sales leads, and to educate and inform existing customers (Marketing Needs Survey 2011).

Chakraborty, Srivastava and Warren (2005) have done research on multinational B2B corporate websites and the communication for different stakeholders. They suggest that the importance of *informativeness*, *usability* and *quality of information* are different depending on users' national origin. For instance, usability seems to be more important for North-Americans, and quality of information more important for Europeans. Moreover, informativeness, usability and quality of a website influence the effectiveness: How visitors are converted to buyers. On the other hand, *effectiveness* can be linked to various other objectives, such as creating awareness, providing information, providing sales leads and closing the sales (Sarin 2010, 165).

As search engines, such as Google and Yahoo, have become an everyday solution to information overload, optimizing visibility on-line is essential for any business. Searching information about products, people or services usually involves searching on-line at some point of the consideration process also in B2B context. In the digital world, attracting prospects to a company website where the company's offering is presented and sold, is one of the key digital marketing activities. Besides a communication platform, a website can also play a critical role in building a brand. (Sarin 2010, 158-160.)

Search engine marketing, SEM, is a partnering activity to search engine optimization ,SEO. SEM refers to optimizing the performance of sponsored links, which are displayed by a search engine, such as Google, Yahoo, or Bing. Moreover, SEO refers to the process of modifying a page to maximize its chances of being found and ranked high by search engines. (Poynter 2010, 413.)

The company must be aware which search engines their potential customers use. This is connected to geographic location and to the nationality of the customer. In addition, different search engines manage their algorithms differently so that the organizations rankings may vary. (Dann & Dann 2011, 205.)

### ***2.2.5 Objectives and resource allocation***

In this subchapter the business marketing objectives are clarified by comparing different commercial surveys and academic researches considering digital marketing. Chosen strategies and tactics facilitate resource allocation between the digital channels and tools. In addition, measurability is one of the key characteristics of digital marketing and communications. Because up-to-date information is available all the time, evaluating for example return on marketing investments or fulfillment of campaign objectives is be easier than ever before.

American multinational Internet and software corporation Google commissioned Ipsos OTX, a global market research company, to survey over 600 business-to-business marketing professionals from a variety of industries and company sizes in 2010. As a result of the survey, the Internet was the most effective channel to reach the B2B audiences. Increasing budgets and the growing willingness of B2B marketers to try new strategies will generate activity in digital channels. Companies are about to recognize that search, social media, video and mobile have high potential to deliver new leads and keep existing customers loyal. (Ipsos OTX, according to Google 2011.) Allocation of B2B marketing budgets in 2010 is presented in Figure 7.

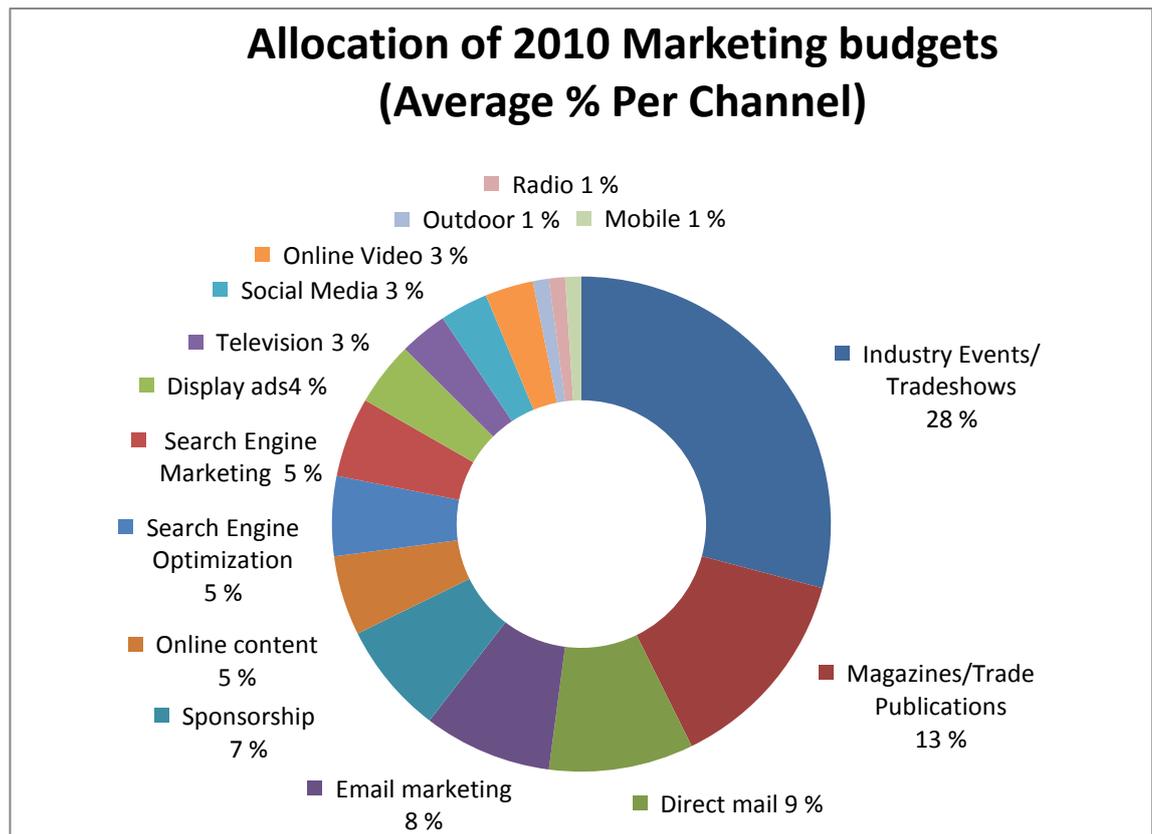


Figure 7 Allocation of 2010 Marketing budgets (Ipsos OTX, According to Google 2011)

According to the survey, tradeshows are dominant in the marketing mix accounting 28% of investments. Also Magazines and trade publications, direct mailing, and sponsorships were among the most popular. So far, e-mailing seemed to be the most used digital tool, and in total digital accounted 34% of average marketing budgets. The vehicles driving increase of digital budgets in the future are online content, mobile, social media, online video, and search engine marketing. Despite the expected increase in marketing budgets, B2B marketers still face significant challenges like funding, and insufficient return on investments. (Ipsos OTX, according to Google 2011.)

According to B2B Content Marketing Survey research (2012) content has increased its popularity among marketers. In the research, content is considered as “*creation and distribution of educational and/or compelling content in multiple formats to attract and/or retain customers.*” On average, over half of the companies reported increasing spending on content marketing activities over the next 12 months. Moreover, allocation to content activities reaches a quarter of the total marketing budget. On a tactical level, articles (79%), social media (74%), blogs (65%), newsletters (63%), case studies (58%), in-person events (56%), videos (52%), and white papers (51%) were used by over half of the B2B content marketers. What is more, compared to previous year, videos and blogs underwent the biggest increase of 27 %. The worldwide research made

distinctions regardless of industry or size of the company but had a majority of North American respondents.

Although the digital mediums have changed the channels through which promotions and branding are conducted, the basic concepts of communication remain the same. Before deciding on the promotional plan in terms of activities, it is essential to revise what the organization is trying to achieve and use correct methods. Lack of control is due to the wide adoption of Internet activities, and still, marketers should know what is being said about their companies, and respond appropriately and effectively. (Dann & Dann 2011, 218.)

Companies adopt digital marketing strategies to achieve a variety of goals. For B2B companies brand awareness, customer acquisition, lead generation, and customer retention and loyalty are important goals for content marketing. Other goals are for example website traffic, engagement, sales, and lead nurturing. (B2B Content Marketing Survey 2012.) This grouping offers insight to the whole of digital marketing goal setting. More theoretically, according to Sarin (2010, 139) the selection of digital B2B marketing communication elements may aim for: awareness creation, enquiry generation, product evaluation, and information sharing about companies and products. In figure 8, a collection of different digital marketing objectives for B2B are presented.

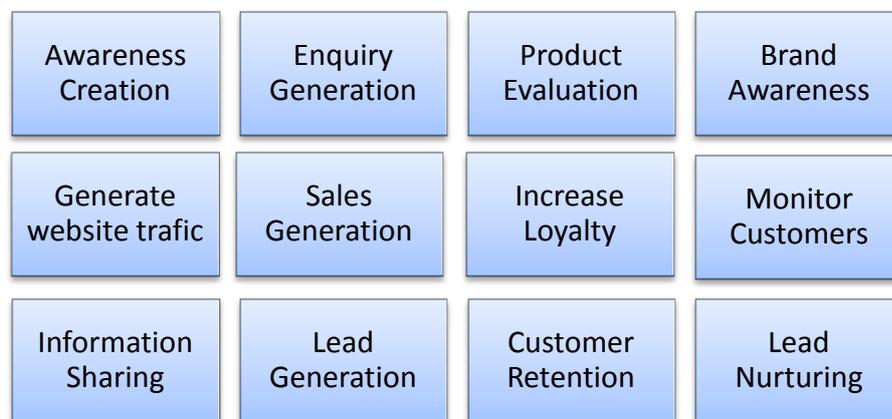


Figure 8 Variety of digital marketing objectives for B2B (Sarin 2010; B2B Content Marketing Survey 2012; Webmarketing 123 2011)

The State of Digital Marketing Survey (Webmarketing123 2011) was conducted online in the U.S with over 500 participants, two thirds of which were B2B companies. The survey generated information about digital marketing objectives, tools, and budgeting. The results indicate that B2B companies' most important objective is to generate leads (46,%), in addition to other objectives, sales generation (22,2%) and building brand awareness (15,3%). While measuring the success of digital marketing

campaigns, respondents still value website traffic over other metrics. Web traffic as a sub objective probably adds to all other objectives met and noticed later.

Search engine optimization (SEO), pay per click advertising (PPC), and social media marketing (SMM) are important tactics of digital marketing communication. The State of Digital Marketing Survey 2011 (Webmarketing123 2011) stated that out of these key tactics, SEO (57.4%) has the biggest impact on companies' lead generation. Moreover, B2B companies are evenly active across the three leading social media networks (35% Facebook, 26% Twitter, and 25% LinkedIn) and even report leads being generated by SMM. SMM as well seems to be growing more rapidly than other key tactics.

Penton Marketing Services (2011) conducted a very large Marketing Needs Survey for B2B marketers in 2011. With more than 5000 responses, from companies of all sizes and various market sectors, the research clarifies issues and challenges the marketing decision-makers face. First, 81% of the respondents find online marketing moderately or extremely challenging. Second, the most common social media objective was increasing awareness/building brand, followed by active engagement of customers and increasing website traffic. In addition, only a minority of companies use social media to solve customer problems or learn more about their customer base. Lack of time, resources, effective measures, and critical opinions are preventing companies to further develop a social media presence. Third, transforming a prospect into a sale takes time requires warming up. Therefore, content is more important than ever in building relationships, but less than 15% are actively offering it online. Others simply seem to count on traditional phone calls, meetings and e-mails to nurture prospects into customers.

World leading management consulting company, Accenture, surveyed 200 North American business-to-business companies with annual revenues above \$1 billion to gauge their social media attitudes and actions. An analysis revealed that B2B companies generally agree that social media is an important mechanism for interacting with customers, partners, and other stakeholders. Nevertheless, only very few of them were utilizing full social media potential across marketing, sales, and innovation. (Accenture 2011.)

The Accenture (2011) research pointed out some notable industry differences. The resource sector appeared to be most negative, while the financial service sector perceived social media very important. Reason to this might be the dropped loyalty and trust after the recent economic crisis. However, majority of all respondents (52-60%) cited customer engagement, enhancing the company's brand, and creating new revenue opportunities as prime motivators for launching a social media program. Some respondents, of course, are just following the competitors. The research also suggests that pursuing all these objectives at the same time, plus enhancing sources of innovation, seems to be connected with positive revenue growth. In addition, if a B2B

company is involved with providing consumer products, it seems to be more likely to leverage social media. (Accenture 2011.)

## **2.3 Emerging Markets**

This chapter introduces the emerging markets as a business environment. The chapter aims to describe the emerging markets special characteristics from the marketing point of view. First, the definitions and categorizations of emerging markets are discussed. Second, the closer look at digitalization and marketing issues in this context are taken. Third, Sheth's (2011) prominent theoretical proposal considering emerging markets' special characteristics is presented. Moreover, these observations strongly contribute in building of the analytical framework.

### **2.3.1 Comparing definitions**

The definition of emerging markets varies between broad and narrow view, and by users such as policy makers, companies, and scholars. According to management scholars Hoskinsson, Lorraine, Lau, and Wright (2000) "*Emerging economies are low-income, rapid growth countries using economic liberalization as their primary engine of growth.*" The global order between the developed and the emerging world has changed dramatically during the 21st century, but the classification to *transition economies* and *developing countries* laid the foundation for recent emerging markets research. Transition economies were considered as the former Soviet Union countries and China, and the developing countries were countries from Asia, Latin America, Africa, and the Middle East. In total, over 60 countries were classified as emerging economies but the pace of political change and the size of economic gains have not been uniform across these emerging market economies. (Hoskinsson et al. 2000, 249-252.)

The collapse of Communism, in 1989, created a new group of rapid-growth countries in central and Eastern Europe. These transition economies committed to strengthening their market mechanisms through liberalization, stabilization, and the encouragement of private enterprises. Although their success has been varying a lot, the status of emerging markets is considerable. (Hoskinsson et al. 2000, 249.) The exact emerging market definition is difficult to describe as the circumstances are rapidly changing. Categorization, however, is possible in various ways.

As the developed world will continue to suffer from anemic growth for years to come, the emerging world will be a zone of dynamism and creativity. It is expected to account for more than 50% of global economic growth as 700 million people enter the

middle class. The problem is to distinguish, which emerging markets are the most potential. In addition to BRICs, a term which was originally defined by Goldman Sachs bank, the *overlooked countries* and *frontier countries* are challenging the most famous emerging markets in terms of prosperity. The companies that will move first will possibly enjoy advantages, like being able to close deals with aggressive young local companies, strike infrastructure deals with governments, and shape the tastes of future consumers. (The Economist 2010, Nov 22.)

Hugely overlooked emerging markets include Turkey, Saudi-Arabia, Mexico, Indonesia and African countries, such as South Africa, Egypt, Algeria, Botswana, Libya, Mauritius, and Tunisia. Turkey is one of the world's most dynamic economies and Mexican companies and the middle class are succeeding better and better. Indonesia, on the other hand, is convincing with its innovative companies, growing middle class, and relative political stability. The mentioned African countries collectively match the average gross domestic production per head of the BRICs. (Economist 2010, Nov 22.)

The frontier markets are poorer and riskier than the overlooked ones. Countries like Sri Lanka, Bangladesh, Pakistan, as well as Kenya, Nigeria, and Rwanda will resound in near future. Actually, Nigeria has relatively large oil reserves and Vietnam is well-placed to steal outsourcing jobs from China with 1 million people added to workforce every year and literacy rate above 90%. Frontier markets are by their nature unpredictable and this is the reason they remain underexplored. (Economist 2010, Nov 22.)

Another interesting point of view concerning the emerging world is that McKinsey Global Institute (2011) discovered that roughly 400 midsize cities in emerging markets are about to generate 40% of the world's economic growth during the next 15 years. There is a high demand for middle-class products, infrastructure, and raw materials in these cities.

The BRIC countries, Brazil, Russia, India, and China, have gained a great deal of media and academic attention in the recent years. Each of these countries is different from one and another in their culture, background, language, and the structure of their economies. However, during the recent years, economic growth development in the BRICs has notably exceeded growth compared to the world's leading industrialized nations even during the global economic crisis in 2007. This guarantees that BRIC countries are of significant relevance to the world's economy. (Biggemann & Fam 2011, 5.) These big emerging markets are in the center of discussion also in this Thesis. Compared to developed Western Economies, the big emerging markets are at least certainly approaching in many levels.

At the moment, combined economies of BRIC nations are equivalent to 50% of the United States economy, which is the world's largest economy in 2009 real GDP (in

2005 US dollars). Separately China is 3rd, Brazil 10th, India 11th, and Russia 13th. Change has been remarkable while the situation in 1999 was China 7th, Brazil 10th, India 16th, and Russia 15th together combining only 30% of US economy. (Biggemann & Fam 2011, 5.)

The big emerging markets, BRIC-countries, have commonalities such as network-oriented business systems, corruption in various levels, and collusive forms of business and administration. Opportunities for wealth are clearly split by ethnic, social, or geographic divides. In addition, there is a need to increase total productivity by shifting to higher value adding activities, for instance, by encouraging use of technology and innovations. Access to quality education is of critical importance to all big emerging markets. (Scott-Kennel & Salmi, 2008, 144.)

The BRICs appear to have progressed from an acronym to an active block of nations. The trading between these countries has increased and their heads of state have initiated talks to create an influence block to change the balance of power with the US and Europe. To be more specific, countries have built large manufacturing and service-providing capacity. China is the factory of the world and India is a major exporter of information technology and software workers. In addition, Brazil has the largest manufacturing and service capacity in Latin America and Russia is the world's largest exporter of oil and natural gas as well as an important player in technology products and services. From a business marketing perspective, this refers to significant interaction between the BRICs and governments and companies around the world. (Biggemann & Fum 2011, 6.)

### **2.3.2 Marketing in emerging markets**

Marketing strategy must be developed to adapt the high-velocity nature of the competition in emerging markets. Global marketing managers play a particularly important role in promoting the diffusion of their products and brands in emerging markets. Competition between local vendors and multinational companies differs from typical within-industry competition because of these firms' distinct resources and constraints. (Zhang et al. 2011, 55.)

B2B promotional messages seek to trigger action in the receiving company by product quality or price in developing economies, and by value-added messages in developed markets. It should be noticed that in developing B2B markets, quality is not as respected a product feature as in developed markets. Quantity matters, as most buyers relate price primarily to quantity, not added service features. On the contrary, Western companies tend to premium-price in developing markets, thus communicating high

quality to a small part of the market and receiving high margins in return. (B2BInternational 2011.)

Direct mail is increasingly prevalent in most B2B markets but it is still limitedly used and an ineffective marketing channel in emerging markets. Then again, relationship-focused promotion like trade shows and factory visits are favored. The trust in people is way more powerful than trust in brands. (B2BInternational 2011.)

In complex decision making situations or unknown market environment, companies tend to favor well-positioned and known suppliers. It is valuable for a company to build corporate awareness and to achieve an image distinct from competition. Reputation impacts the change of getting new customers and winning tight competitive bidding against less known competitors. (Vitale et al. 2011, 382.)

Evolving technology, consumer awareness and increasing purchasing power have supported the growth of mobile devices in emerging markets. Mobile phones and smart phones have emerged as convenient modes of communication to reach individuals easily and continuously. In addition, mobile devices connect growing number of users online. At the same time a great absence of research in the influence of new and adapted technology influence remains. (Jain et al. 2012.)

### **2.3.3 *Special characteristics***

Sheth (2011) identifies five dimensions on which emerging markets are distinctly different from the traditional industrialized capitalist society. These dimensions each have significant impact on marketing from theoretical, strategic, and practical point of view. Next, the characteristics are described and presented in Figure 8. In this thesis, Sheth's (2011) framework plays an essential role in applying digital business-to-business marketing theory into the context of emerging markets.

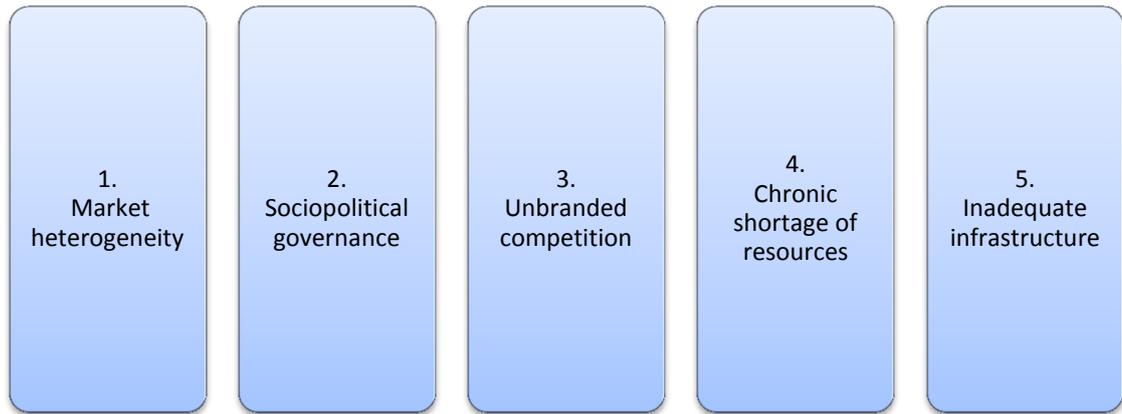


Figure 9 Five special dimensions of emerging markets (Sheth 2011)

In order to better understand the connection between the marketing communication process, digital business marketing and emerging markets' special characteristics a theoretical separation into *access to markets* (2. Sociopolitical Governance, 5. Inadequate Infrastructure) and *demand in the markets* (1. Market Heterogeneity, 3. Unbranded Competition, 4. Chronic Shortage of Resources) is needed. Access to markets includes sociopolitical governance and inadequate infrastructure. A company operating in emerging markets may have to deal with various institutions and operators in order to reach the marketplace or customers. In addition, infrastructure sets more limits for conducting business in emerging markets, especially in remote areas, than in developed markets.

Demand in markets includes characteristics that define or affect the emerging markets' demand for products or services. A company operating in emerging markets need to observe market dynamics and competition before deciding about the offering presented to the target market. Shortage of resources is here taught to mean a market feature that needs to be served, rather than an obstacle for accessing the market.

### ***2.3.3.1 Access to markets***

Sociopolitical governance means that sociopolitical institutions such as, religion, government, business groups, nongovernmental organizations, and local community, tend to have enormous influence over competition in emerging markets. Numerous state owned enterprises serve markets with monopolistic power and seek to break into global competition. Examples from the energy sector include Gazprom (Russia), Petrobras (Brazil), India Coal (India), and CNOOC (China). Similarly, a few highly diversified trading and industrial groups dominate the emerging markets. Groups like Koch Group (Turkey) and Perez Companc Group (Argentina) influence on government's planning

and policy changes. In addition, without collaboration with local market sub monopolies and networks, it might be difficult to break into these markets. (Sheth 2011, 168.)

The sociopolitical institution perspective needs to be understood as emerging markets become more accessible through liberalization, privatization, and economic integration. Competitive advantage is not necessarily connected to industry structure or resource advantage perspective. (Sheth 2011, 168.)

As observed beforehand, personal relationships are highlighted in both business marketing and emerging markets. Social interaction and trust building is also encouraged in the digital world, moreover, in social media. Accordingly, it is convenient to understand the concept of social capital, which is bringing together the social aspects of human interaction. It fastens business transactions that would otherwise be expensive, risky, or difficult to conduct. Social capital allows access to resources that a network offers to its members. (Butler & Purchase, 2008.)

Inadequate infrastructure is another feature of emerging markets affecting the accessibility of the markets. In developed markets, marketers take the presence of an exchange infrastructure for granted. The elements of such infrastructure include logistic distribution systems, transportation, ubiquitous telecommunication services, financial services and availability of well-targeted media, for instance. The truth is that inadequate infrastructure is a characteristic of emerging markets. The most developed infrastructure is only present in major cities and along the natural location advantages, such as rivers and seaports. It might be surprising for foreign companies that physical roads, point-of-sale terminals, or credit cards are missing. Therefore, nontraditional channels and innovative access to consumers may be both necessary and profitable in emerging markets. (Sheth 2011, 169.)

Capital spent on infrastructure is an indicator of economic development. Social infrastructure, such as universities and hospitals, serve the activities of many industries. In addition, paved roads, railways, seaports, communication networks, and energy supplies, are all necessary to support production and marketing. The quality of infrastructure affects the pace of development. In fact, emerging markets may never reach their full potential because of inadequate infrastructure. (Cateora & Ghauri 2000, 177-182.)

Economic growth and technology are inextricably linked. Governments in emerging markets are often nurturing economic growth by leveraging most recent technologies to build impressive infrastructures. High-speed transport systems and ultra-fast wireless networks might be more important than transparent regulations or accountable public administration. (Oxford Economics 2011.)

International companies usually need to adapt and modify offerings to meet existing level of infrastructure in emerging markets. Marketing efficiency is affected by presence or absence of financial and commercial services, such as advertising agencies, research

agencies, warehousing facilities, or credit and banking services. (Cateora & Ghauri 2000, 177-182.)

### ***2.3.3.2 Demand in markets***

Emerging markets tend to have very large variance relative to the mean across almost all products and services. Market heterogeneity is comparable to the farming economy and reflects the reality of pre industrialization. The gap is huge between haves and have-nots and between urban and rural households. There is a mass of people (40-50%) who live just below the official poverty line of 2 dollars a day. These consumers have no access to electricity or running water, banking services or public transportation and a considerable part of them are illiterate. Moreover, the heterogeneity of emerging markets is less driven by wide diversity of different needs, wants and aspirations but more driven by lack of resources. (Sheth 2011, 168.)

Market heterogeneity suggests that affordability and accessibility may be more important for competitive advantage than superior products or services when marketing in emerging markets. It is more matter of demand fulfillment than demand generation. (Sheth 2011, 168.)

Estimating market demand is hard in emerging economies. Difficulties rise from economic dualism, which refers to coexistence of modern and traditional sectors within the economy. The modern sector demands products and services similar to those available in industrialized countries, as they already are used to airports, new factories, international hotels, and westernized consumption habits. Nevertheless, the traditional sector consists of the majority of inhabitants, and demands items more indigenous and basic to subsistence. (Cateora & Ghauri 2000, 185.)

Surprisingly, even 60% of consumption in emerging markets consist of unbranded products and services. On the one hand, branded products are not available in rural areas, and on the other hand, households are producing and adding value to consumable products on their own. Outsourcing is minimal due to the available labor at home. Also, adulteration, duplication and imitation are far more prevalent due the lack of regulation, standardization and enforcement. Unbranded competition for products and services may push companies to market development rather than market orientation. (Sheth 2011, 169.)

In production, exchange, and consumption, emerging markets seem to have chronic shortage of resources. Production is random, inconsistent and hardly predictable, because of the chronic shortage of power and electricity, spotty raw material supply, and the lack of unprofessional labor force. This results in diseconomies of scale. Exchange has high transaction costs as a result of inadequate support mechanisms.

Finally, consumption is tied to location and time because the living conditions are dependent on electricity, running water, and physical space. In marketing, current resource or capability-based advantage may need to be supplemented by resource improvisation advantage. This means innovating consumption efficient affordable products and services for the emerging markets. (Sheth 2011, 169.)

## **2.4 Analytical Framework**

The essential digital business-to-business marketing issues and emerging market characteristics were discussed from many perspectives in the previous chapters. The discussion was based on relevant literature but also included some observations and interpretations by the researcher. Each chapter has contributed in building this framework. Moreover, this synthesis summarizes the previous literature on the topic and attempts to form a conceptual framework for the data collection phase.

The core element in this analytical framework is the business-to-business marketing process – the broad blue arrow – which consists of different elements and stages. The objectives may vary a lot as demonstrated in previous chapters. Nevertheless, the marketing objectives are linked to the chosen or employed marketing strategy. In the framework, A strategy refers more to transactional and B strategy more to relational paradigm. The strategy is a choice between these paradigms. In this framework, planning and executing the chosen business marketing strategy requires access to the target market and forecasting the demand. These elements are highlighted with blue boxes.

The digital world, shown at the bottom of the framework, is influencing the business-to-business markets. In this model it is positioned to cover all the digital parts of the marketing process. The business marketing process may even totally take place in the digital world. Marketing communications should always be integrated and coherent across the channels and tools, but as digital is in the core of this research, the planning refers mainly to decisions about relevant digital marketing communications elements. The actual execution part, in the center of the framework, refers to tactical implementation of digital marketing, which is approached through the case companies studied in this research.

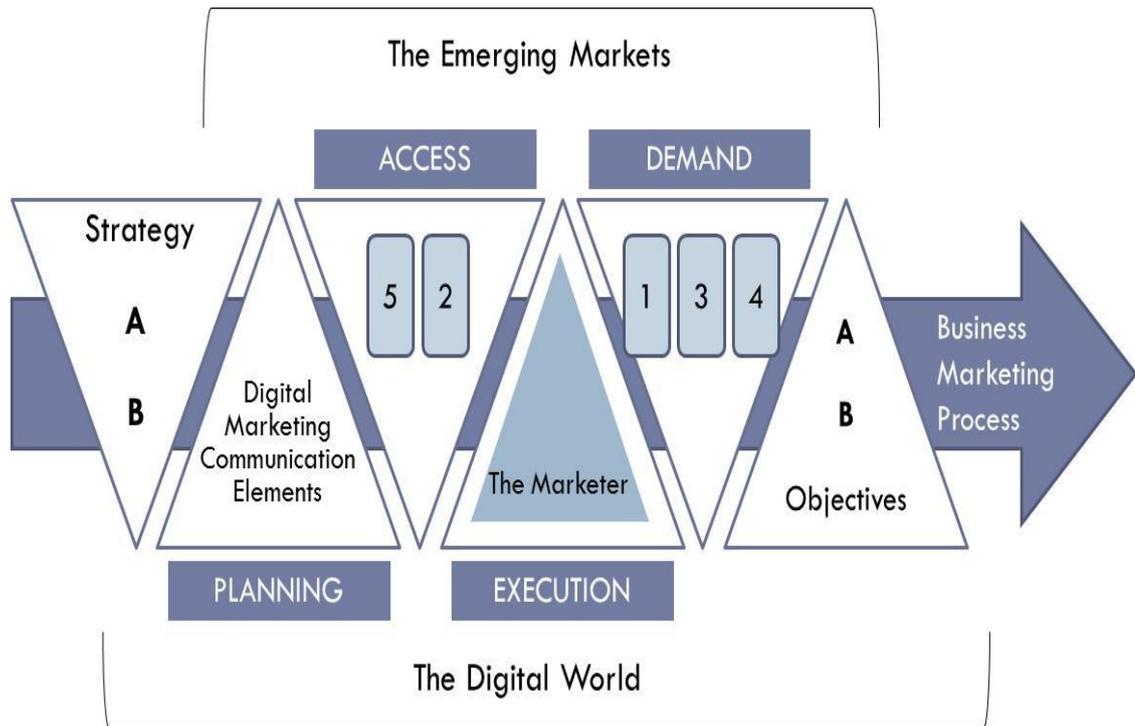


Figure 10 Analytical Framework

The emerging markets' conditions are influencing the business-to-business marketing and setting the context where the mechanisms and relations of this framework are being studied and analyzed. The emerging markets special conditions flow through business marketing process from access and demand sides. It is being suggested in this research that sociopolitical governance and inadequate infrastructure are access parameters, and market heterogeneity, unbranded competition, and chronic shortage of resources appear on the demand side. Figure 10 illustrates the theoretical framework for this research. This framework will also be used as a foundation in analyzing the results of this thesis.

### 3 METHODOLOGY AND EMPIRICAL RESEARCH DESIGN

#### 3.1 Research approach

It is always sensible to make pragmatic choice between research methodologies according to the research problem and research model (Silverman 2005, 15). A qualitative research can be conducted by using different methods, such as surveys or case studies (Yin 2009, 8). A case study is meaningful when trying to understand a process or an individual phenomenon because of its uniqueness<sup>3</sup> (See Swanson & Holton 2009, 327-350) and to form an in-depth understanding of something (Bernd & Ryan 2010, 43). In this research setting, a qualitative case study was seen as the most appropriate method. Choosing qualitative approach as a research method also corresponds to the aim of this research, which was to *understand and clarify how business marketing exploits digital marketing methods as a part of the chosen business marketing strategy under emerging markets' special conditions*.

Case study research is particularly relevant for addressing the questions, what, and why. Understanding the nature of questions helps focus on the essential information that needs to be collected, and to answer the questions.<sup>4</sup> (See Swanson & Holton 2009, 334.) Case studies have also been labeled anecdotal descriptions, which lack scientific strictness (Eriksson & Kovalainen, 2008, 116; Yin 2009, 14). On the contrary, the flexibility of qualitative studies adds confidence in truly understanding the studied phenomenon (Miles & Huberman 1994, 10).

Case studies can be intrinsic, instrumental or collective. An *intrinsic case study* implies one case which the researcher is interested and no other cases are involved. When the researcher has in a more general comprehension of a phenomenon and wants to understand how a special case works in a special context, it is called *instrumental case study*. Moreover, a *collective case study* seeks to generalize or theorize a phenomenon, utilizing a number of cases jointly to provide insights on the phenomenon, population, or condition. Still, the relevant characteristics are likely to be numerous and only a few combinations can be included. (Stake 1995, 3-4.)

This study is a collective case study, as understanding is formed through careful analysis of various cases. In this research the approach is also inductive and aims to contribute to marketing theory through small samples and generalization. Stake (1995, 6-7) reminds that selection by sampling of attributes should not be the highest priority.

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<sup>3</sup>, <sup>4</sup> Ellinger, Andrea – Watkins, Karen – Marsick, Victoria (2005) *Case Study Research Methods*

Actually the balance and variety are important, and opportunity to learn is of primary importance in this Thesis. It is often amazing how much similarities the researcher may find even though in many ways the studied cases are different.

In the beginning of this research process in fall 2011, the existing marketing literature about digital marketing seemed very unorganized, unstructured, and lame. Moreover, the terms used were not settled and researchers seemed to have very different view than real-life businessmen. This complexity still remains, but already some good practices and research certainly exists in consumer marketing. The B2B setting in digital marketing is still definitely immature. Nevertheless, this impression caught the researcher's attention and led to a first attempt to form a research approach. Through few expert interviews and more intensive literature review, the actual research setting began to evolve in January 2012. During one year, the understanding of digital marketing has developed rapidly and also B2B companies have become interested in digital opportunities.

The operationalization table sheds light to the logic behind the methodology and research approach. It is presented in Appendix 1.

### **3.2 Data collection**

In this research, the data is collected from Russia, which is considered to be an emerging market, thus reflecting the aforementioned theoretical special characteristics. This research was a qualitative case study and furthermore a collective case study. The pre research data was collected through open theme interviews from digital marketing professionals to generate in-depth understanding of digital B2B marketing. Insights into topic helped to form the actual research methodology and perspective, together with the studied academic literature. Pre research interviews took place in fall 2011, and were conducted in Moscow (RUS), Helsinki (FIN), and Turku (FIN). It seemed reasonable not to present and analyze the pre research data within the limits of this study. Later, more structured theme interviews with the representatives of case companies operating in Russia formed the actual research data. The data collection process is described carefully in this chapter.

Interviews were chosen as a meaningful method to collect the data in the very beginning of this research. Interviews allow the researcher to focus solely on the case study topics, provide perceived causal inferences and explanations (Yin 2009, 102), and an opportunity to learn about the case through the perspective, experience and language of those living it (Boeije 2010, 62). The researcher has a major interest towards business in Russia, and the face-to-face interviews were an excellent opportunity to get to know

professionals and companies operating in the market, as well as to get acquainted with the level of marketing and management skills they possess.

Preparing for data collection can be complex and difficult, and unless it is not properly done, the entire study can be jeopardized. The researcher should constantly ask questions about the data while it is being collected. In addition, prejudice should be avoided, and flexibility to react in unpredicted situations is needed. It is important to handle the issues being studied in order to interpret and not only listen to the information received. Sometimes also ethical and interpersonal issues need to be considered carefully. (Yin 2009, 67-73.)

According to Bernard and Ryan (2010) there are three types of interviews: *unstructured*, *semi-structured*, and *structured*. Unstructured interviews are vacant and refer to a free way of interviewing. For structured interview the questions are designed beforehand, and the questions are same for everyone. Semi-structured interview is predesigned and structured but it allows some freedom for the researcher to differ from the original structure and questions. The purpose is to ask similar questions from all interviewees, but in some situations more precise questions might be needed. The major advantage of semi-structured interviews, also applied to this research, is that the materials are somewhat systematic and comprehensive, while the tone of the interviews is fairly conversational and even informal (Eriksson, Kovalainen 2008, 82).

According to Yin (2009), each case of multiple-case study should be selected so that it either predicts similar results or predicts contrasting results. The case companies were chosen because they were all operating in Russia, and conducting business in the B2B field. Size of the organizations did not matter, but the experience and position of the interviewees presenting the companies, became essential. After data collection it became clear that both similarities and contradictions between the companies existed.

The number of cases was an issue worth considering. In total seven cases were selected, and this amount seemed sufficient when analyzing the data and taking into consideration the limits of this Master's Thesis. The amount of data collected does not necessarily define the quality of the study. Saturation is defined as the point at which additional cases or data would not bring new information to the research problem. This point is reached when the logic behind collected data starts to repeat itself. This requires that the researcher knows what to look for in the material and has an understanding of theories behind it. (Eskola & Suoranta 1998, 62-63)

The whole data collection process was carefully planned since the beginning. In summer 2012 seven case companies were selected to be interviewed for more intensive, structured, and in-depth data collection. This actual research data collection was conducted in Moscow (RUS), Helsinki (FIN), and Lappeenranta (FIN), according to the interviewee's schedule. Fitting all the interviews within two weeks was very challenging due to hectic business life in Russia and the summer holidays. Finding and connecting

with the suitable companies and interviewee's was also complicated and the magnitude of the data sample became clear very late. However, it was decided that case companies need to be divided in two groups for better comparison, so the case companies were selected among business consulting companies and industrial companies.

The interview questions were formed based on the analytical framework and the theory presented in this study. In addition, in the beginning brief background information was gone through. The three interview themes were applied from chapters 2.1, 2.2, and 2.3. The first questions handled the case companies' marketing strategy in Russia. Moreover, questions handled the customers, customer relationships, buying behavior and marketing planning. The second theme pulled the digital marketing communications into the center of discussion. The role of DMC in relation to other marketing activities was approached through objectives, channels, tools, content, social media, customer acquisition, and personal sales. The third theme handled the emerging markets' special characteristics and their reflection to doing business, connecting with customers, and marketing in Russia. Here, topics like stage of infrastructure and product adulteration got attention.

The interview questions and a cover letter were sent to interviewees by e-mail a week before action. Detailed information about interview statistics and interviewees is presented in Appendix 2. The interview questions are presented in Appendix 3. The interviews took approximately 60-90 minutes and were held either in an office or at a peaceful cafeteria in the city center.

At the beginning of each interview the interviewees were informed about the structure of the interview and reminded about the purpose of the thesis. Also the timetable was confirmed. All the interviews were recorded by professional digital voice recorder and saved on a laptop for further processing. The recorder made some of the interviewees nervous, but everyone seemed to relax after 5-10 minutes of discussion at latest. No additional notes were made.

Qualitative case study, like an interview, is seldom like a survey with the same questions asked over and over again. Moreover, interviewees are expected to have unique experiences and stories to tell. The qualitative interviewee should have a short list of issue oriented questions that evoke good responses. (Stake 1995, 65.)

Following the semi-structured theme interview protocol, the interviewer guided the discussion in a reasonable direction but let the interviewees speak somewhat freely. The order of the questions changed between interviews just to keep the discussion alive. Stories and other interesting facts resulted in additional questions that were not originally planned but indisputably important. Still, it was made sure that all the necessary themes and tools were covered. The question formula appeared to be long, and some questions needed to be erased due to irrelevance of the question. It can be

noticed from interview questions in Appendix 3 that various types of questions were included, but not all of them were presented in the same way every time.

Sometimes the researcher needed to notify the interviewees about too much industry oriented technical data that was not relevant information for the study. Also, interviewees with no actual marketing background, but rather sales or management background, needed to be spoken to with less academic marketing terms. If mutual understanding did not exist in the first place, clarifications were needed.

Miles and Huberman (1994, 10) remind that cases always take place in specific situations and within a given context. The researcher must pay attention to interviewees' character and to similar understanding of the underlying framework (Miles & Huberman 1994, 10). To fulfill this objective the researcher prepared himself by examining the corporate websites and interviewees' personal profiles in an online network – LinkedIn. The effort made it easier to follow discussion and make proper adjustments.

The interviewees were not forced to answer questions they felt uncomfortable with or just didn't know the correct answer to. However, all the interviews were mostly conversational, jovial, and relaxed. All the interviews were conducted in the most suitable place for the interviewee, taking into consideration their travelling schedule between Finland and Russia. Three out of seven case interviews took place in an office, and other four interviews were held in cafeterias. Settling a location was not a problem after time of the meeting was agreed.

In general, the chosen research methods used in this study fit the research objectives quite well. Connecting the existing business practices to the existing theory seemed reasonable and productive. Next, all the case companies are introduced more carefully.

This research is concentrated on companies operating in the business-to-business field. However, the chosen context is wide and includes various industries and business models. Classification to business consulting companies and industrial companies is done to better analyze the research data. Companies Pöyry, Awara, and BuzzFactory represent the business consulting companies, and companies Flowrox, Helvar, Lemminkäinen, and Company A represent the industrial companies. Company A did not want to be identified, and therefore a letter A is used. Next, the case companies and interviewees are presented in the chronological order according to date of interview.

### **3.2.1 Business consulting companies**

**Pöyry** is a global consulting and engineering company dedicated to balanced sustainability and responsible business. Pöyry employs 7000 experts in about 50 countries including BRIC countries, and executes 15 000 projects annually. In Russia

Pöyry has 200 employees and offices in St. Petersburg (HQ) and Moscow. Pöyry operates in five different business areas: Management consulting, Urban & Mobility, Water & Environment, Industry, and Energy. (Poyry.ru.)

Pöyry management consulting is "*globally recognized advisors of choice for decision makers in selected capital and resource intensive industries based on our deep understanding and thought leadership of the sector dynamics along the entire value chain.*" The company is widely recognized and respected especially in the forest industry in Russia. In the energy sector, for example, more work needs to be done. (Lehtipuu 2012.)

**Awara Group** is a leading business administration services provider in the Russian market covering also Ukraine and other CIS countries, serving international and local clients. Awara offers outsourcing and consulting services covering all your business administration needs. It serves with accounting, tax compliance, audit, law, IT-Solutions, and headhunting. (Awara.com.)

Awara employs approximately 150 people in Russia. It has offices in Moscow (40 people), St. Petersburg (40 people), Tver (50 people), and Yekaterinburg (10 people). Awara is one of the biggest business administration outsourcing companies in Russia. Competitors are international consulting corporations such as PWC, Ernst&Young, and Deloitte. Awara is smaller and less expensive, but offers more extended service portfolio, through which the company seeks to offer real added value to customers. (Pesu 2012.)

**Buzzfactory** is a social media agency that operates in three different business areas: Consulting, Social media management, and Blog marketing. Today the company has 4 employees, and network of 10 freelancers in Russia. The company was established in 2010. However, BuzzFactory has operated successfully and gained a wide recognition in very competitive but young Russian digital and social media market. It has refused external funding so far. The office is located in Moscow. (Cellerin 2012.)

### 3.2.2 *Industrial companies*

**Flowrox** (former Larox Flowsys Oy) manufactures heavy duty valves, pumps, and spare parts. The company has over 30 years of experience with more than 100 000 installed products worldwide. Headquarters is located in Lappeenranta, Finland. In Russia the company operates through resellers and has a sales office in Moscow with one salesman. (Flowrox.com.)

The company has a long history in Russia and therefore it is well recognized, even after changing its name a few years ago. Flowrox is also known for its reliable components and solutions for demanding process conditions. The company has no

factory in Russia. Flowrox products are known for their good quality and “they are the best and most expensive parts on the market”. (Tanninen 2012.)

**Helvar** is an international lighting technology company specializing in energy-efficient components and solutions for lighting and lighting control systems. Independence and understanding of lighting components, electronics and control systems gives a clear advantage to the customers. The company was established already over 90 years ago. The company's annual turnover globally is 100 Million €. The company employs 250 people globally. In Russia, the company employs 2 people in Moscow. (Helvar.com.)

Helvar has a long experience in the Russian market. The First lightning control system was delivered as already as in 1969. Now competition is tight, but Helvar is still known for its quality and accuracy. Helvar does not manufacture components in Russia but imports them from Finland, the Czech Republic and China. Chinese low cost and poor quality components are taking over the market and Helvar struggles to hold its position in European premium products. (Heikkilä 2012.)

**Lemminkäinen** is a Finnish construction company that was established in 1910. The present-day Group operates internationally in all areas of the construction sector: building construction, infrastructure construction, technical building services and international operations. Lemminkäinen's main markets are in the Baltic Rim region. The group's net sales in 2011 were EUR 2.3 billion, of which international operations accounted for over a quarter. The Group employs some 8,400 people, of whom 31% work abroad. Lemminkäinen Corporation is listed on NASDAQ OMX Helsinki Ltd. (Lemminkäinen.com.)

The range of client services on the Russian market is constantly growing, and nowadays we consider the residential construction, B2C, in Russia as the most significant business area in terms of the company's strategic development. Another sphere of our business interest is the real estate development, B2B, and in particular the development of the Lemminkäinen's first industrial park in Kaluga region. In addition, Lemminkäinen supplies contracting services and development, technical building services and maintenance, sales of asphalt, surfacing works and repairs of asphalt paving throughout Russia. (Lemminkäinen.com.)

Lemminkäinen is one of the biggest foreign construction companies and has a long history in Russia. Lemminkäinen is also a trusted and respected partner with a large share of the total market. The company is involved in a majority of big tendering processes. All of Lemminkäinen's projects are financially big investments, involve many shareholders and require a lot of attention during multiple years. (Virtanen 2012.)

**Company A** is one of the global leaders in the construction industry. It has been committed to understanding the needs of its customers for the past century, providing industry-leading products globally in building construction as well as innovative

solutions for modernization and maintenance. Moreover, Company A is also known as one of the most innovative companies in the world. In 2011, the annual net sales was above EUR 5 billion and the company had about 35,000 employees. Company A is listed in stock exchange. (Company A website.)

In Russia Company A is present in all the major cities by branch or distributor. It has operated in Russia since 1930's and continuous expansion is expected also in the future. Company A has a very good position in the market due to the highest price and the best quality. Furthermore, Company A is a leader of import equipment market and fourth biggest of the total market. Products are imported from Europe and China to Russia. (Anonym 2012.)

### **3.3 Data analysis**

It is hard to identify a moment when data analysis begins (Stake 1995, 71). However, a qualitative analysis is based on two activities: segmenting the collected data into parts, and reassembling the parts again into a coherent whole (Boeije 2010, 76). Put differently, analysis is searching for patterns in data and for ideas that help explain why the patterns exist (Bernard & Ryan 2010, 109). Coding and categorizing are ways to segment or assemble the data regardless of the chosen method of data collection. Applying categorizing to interviews is a prominent technique. (Flick 2007, 100-101.) When categories appear saturated and cannot be more filled, and most of the field data has been described, the categories reassemble to larger and more general themes based on the relational dimensions among the categories that emerge (Butler-Kisber 2010, 31).

The findings can be presented either thematically or chronologically so that the pieces of information are fitted together with some kind of logic (Eriksson & Kovalainen 2008, 128). In this research the findings are managed thematically. All the themes arise from the theory discussed in chapter 2. In addition, the analytical framework, described in chapter 2.4, was used to understand and clarify the empirical phenomena that rise from the empirical qualitative case study.

*”The search for meaning often is a search for patterns, for consistency within certain conditions, which we call correspondence (Stake 1995, 78).”* Often the patterns will be known before hand, or drawn from the research questions, serving the research structure. It is still possible that the patterns just emerge unexpectedly during the analysis. (Stake 1995, 78.) In this Thesis, patterns and consistencies were still observed during the analysis process, which led to deeper understanding and cumulative knowledge during the whole research process.

The actual data analyzing process begun with transcribing after the data collection was completed in June 2012. All the 10 hour of recorded audio data was coded into text.

The interviewees might have jumped from one topic to another during the interview, so each comment connected to themes of interest in this Thesis. Interviews became more comparable when they all were in a sharp and common structure on a paper. At this point, it started to become clear what the data actually covers and that some of the original research questions had gained less attention than others. This is completely normal for half structured theme interview like this.

The analysis part happened in three stages and took place in July and August 2012. The first stage consisted of quickly reading through the material and trying to figure out what might be the suitable way to analyze the data and what conclusions might be ahead. A decision was made to handle the data under three themes that also occurred in the interviews: Marketing Strategy, Digital marketing communications, and Russia's special characteristics. These themes created the structure for the Empirical research findings presented in chapter 4. In the beginning of each sub chapter, a more detailed objective for the subchapter is elaborated. Separating business consulting companies from industrial companies clarified the structure of the Thesis.

The second stage was to select the reasonable information from each interview and allocate it under the subchapters case by case. The information was attempted to be organized similarly considering each case company. The case companies are presented in chronologic order based on the date of interview. For chapter 4.3, special tables were formed to make it easier to compare companies before writing the actual findings. Tables are presented in Appendix 4. This was also a very useful step, and clarified the content of the data collected. In addition, for chapter 4.4, grouping the data into smaller entities was made by identifying repeating patterns and themes from the interviews considering Russia's special characteristics. Then Figures 15 and 16 were created to conclude the findings before written descriptions.

The third stage was the analysis of empirical research findings. Making the analysis had definitely become easier after reporting the collected data and the creation of descriptive tools like tables, and figures that summarized the observed information. This attempt to catch the truth by combining different ways to look at the findings is also known as triangulation (Silverman 2005, 212). After each subchapter in chapter 4, a brief analysis was made about the handled topic. After going through the whole Thesis carefully with assistance of the analytical framework and the research questions, conclusions were made and presented in Chapter 5.

### 3.4 Quality and limitations

The quality of a research, or objectivity of a research, relates to the correspondence between the findings of the research and the phenomenon as the people in the field experience it (Boeije 2010, 168). Yin (2009, 41-44) states that there are four tests that have traditionally been commonly used to establish the quality of any empirical social research: *construct validity*, *internal validity*, *external validity*, and *reliability*. Construct validity refers to "*identifying correct operational measures for the concepts being studied*". Internal validity is "*seeking to establish a casual relationship, whereby certain conditions are believed to lead to other conditions, as distinguished from spurious relationships*". External validity is generally more used and means "*defining the domain to which a study's findings can be generalized*" or in other words it measures if it would be possible for another researcher to conduct the same study and receive the same results. Reliability is "*demonstrating that the operations of a study – such as the data collection procedures – can be repeated, with the same results*". (Yin 2009, 40-45.)

Eriksson and Kovalainen (2008, 291) state that in business research, aforementioned reliability and validity provide a basic framework for the evaluation of a research together with *generalizability* that deals with issues of extending the results into wider context. Other possible assessment criteria for research quality can also be found. (Eriksson & Kovalainen 2008, 291-293.) It should be noted that all researches have limitations and none is perfectly designed. Discussion about limitations of the study demonstrates that the researcher understands this reality. (Marshall & Rossman 2011, 76.)

The validity of this study was supported by the pre research. It clarified the topic and increased the researcher's skills to conduct interviews and perceive the big picture. Pre research was definitely the key to ensure proper data collection, and it helped to find the relevant academic literature and previous research, and furthermore, to build up the theory part for this Thesis. Nevertheless, the research topic was very large and complicated and a lot of unnecessary data was also collected. The big amount of data and large research area might have blurred the research objectives during the process. This may have led to imprecise presentation of observations or lost information.

The research was not really addressing very sensitive information but dealt for example with customer relationships and marketing strategies. Four out of seven interviews were also conducted in public space which might not be the best place to discuss about business issues. Although no one expressed their concern about sensitivity, one of the case companies refused to be identified. However, all the case companies and interviewees cooperated with enthusiasm and dedication from first contact by e-mail until the interview. This really encouraged the researcher and made

the research work feel important. This study was made purely for academic and personal basis. The independence supports the validity of this study.

When considering the generalizability, it feels evident that the results would have been different if another emerging market was studied. The analytical framework that was based on Sheth's (2011) view about emerging markets' special characteristics suited the Russian context surprisingly well. This probably validates the used methodology and research topic in other emerging markets as well.

The audio recorded and transcribed data may be weakened by a failure to transcript apparently trivial, but often crucial, pauses and overlaps (Silverman 2005, 222). Furthermore, in this research the researcher did not transcript all the fine details, but concentrated on the comments relevant to the topic. This lowers the reliability of the study.

There are some weaknesses that the chosen data collection method, interviewing, has got. First, interviewees might only give information that the interviewer wants or desires. Second, some inaccuracies appear due poor recall to questions. Although another reason may as well be that the questions were poorly presented. (Yin 2009, 102.) While the semi-structured interview might be very systematic, it may still be difficult to compare the empirical materials because the participants respond to their own and somehow varying interpretations of the same question (Eriksson & Kovalainen 2008, 82).

The interviewees were from different organizational levels and with a different experience in marketing. This occurred as difficulties to speak the same language. Academic marketing people tend to have a little different vocabulary than successful salesmen. Sometimes questions needed to be further described to make the interviewee understand the question. This is more or less just a linguistic error.

To make the correct conclusions, the data and findings were analyzed very carefully. Since the researcher comes from Finland – outside the target research area Russia – there is a risk that some valuable information about markets was not observed. On the other hand, the research setting may even require observing the emerging market from outside. This way some of the features of the market are more easily distinguished. However, the researcher collected the data partly in Russia, and has been visiting the biggest cities plenty of times. In addition, the researcher's knowledge of Russian language is satisfactory.

Seven case interviews together with three expert interviews can be considered as a proper sample when the research setting is a Master's Thesis. Nevertheless, there was only one interview per company, to which the opinions presented were directly connected. This probably puts too much emphasis on subjective opinions and understanding may build up too narrow. Within small companies, or companies with a small marketing function, the reality might be understood through one intensive

interview, but bigger entities should be observed more carefully. This was not possible within the limits of the study.

The reliability of this study seems sufficient. This study answers to all the research questions and contains a proper methodology description. The research process was described in detail, which should increase the reliability of a research (Hirsjärvi, Remes & Sajavaara 2004, 217). With the information presented in chapter 3, this study should be repeatable, and thus reliable.

## 4 RESEARCH FINDINGS

In this chapter, the actual research data is summarized and analyzed. The opinions and views presented by interviewees are connected to companies they represent. First, identification between transaction and relationship paradigms is done for each company according to described marketing strategy features. Second, the arisen digital B2B marketing communication elements are gathered, then classified and organized to better understand connections and relations between elements. Third, the arisen emerging market special conditions reflected to the business marketing process are being identified and evaluated.

### 4.1 Identifying marketing paradigms

In this chapter, distinctions between transactional features and relational features are made based on companies' customers, customer relationships, buying behavior, and marketing planning and execution. The aim is to describe understanding and attitude towards marketing in case companies. Moreover, to maintain authentic approach and to support holistic understanding across all the case companies, this chapter includes a lot of quotations. Finally, companies' relationship orientation is compared between each other.

#### 4.1.1 *Business consulting companies*

*Head of Pöyry Management Consulting in Russia, Matti Lehtipuu, told in the interview that their customers in Russia are traditionally local customers from the forest industry, but more customers are wanted from energy, mining and chemistry sector. Customers are located all around Russia. Pöyry also has some international customers operating in Russia.*

The forest industry is rather conservative and traditional and Pöyry has been developing the customer relationships already since 1950's. The industry is fragmented and it is possible to develop business with better profits by serving existing clients year after year. Pöyry has recognized key customers: *"In practice, the idea is to be very close to key customers and meet them regularly. When the relationship is good, customers also contact us when they need our services."* However, trust needs to be established: *"...this happens in private negotiations and meetings. Direct marketing doesn't really work."* Meeting with customers in Russia requires a lot of travelling.

Customer relationships are established mainly with the board of directors, or owners of the company. *“In Russia, the management people change relatively often and relationship needs to be established again and again.”* This refers to a lot of personal interactions with the right people to maintain and develop business in Russia.

When asked about customer buying behavior, Mr. Lehtipuu comments that decision making in Russian companies happens always at the top management level: *“The challenge is to understand who has the power and who makes the decisions. It makes sense to do the homework and negotiate at the right level.”* *“Russia is quite dynamic and pragmatic market. Customers nowadays want to go straight into topic.”* Lehtipuu also states that old companies, established in Soviet era, are more inflexible and have more bureaucracy in their decision making process.

At Pöyry, Each business unit is responsible for budgeting and taking care of marketing and sales, while the corporation takes care of the overall guidelines. Various events and travelling require a lot of money, but supporting personal interactions is the basis of marketing: *“The most essential marketing activities are meetings. That is number one. Meaning key customers, and new customers. We are continuously booking meetings, and that is where it all begins.”* In addition, Lehtipuu mentions that attending seminars and conferences, as well as sponsorships also have a key role in marketing Pöyry Management Consulting in Russia. *“We also organize events for our stakeholders, such as banking sector, which is financing this business.”*

*Head of Marketing for Russia at Awara Group, Samuli Pesu, told in the interview that 20 % of their customers are Finnish and the rest are American, Asian, and European companies of all sizes, for example in retail, mining, and construction industries. Most of the customers are buying law and business administration services but direct search sector is rapidly growing. “The increase of demand, to my mind, is a result of investments in marketing and business development especially in the field of recruiting... and launching direct search has been one of the reasons to introduce digital media in the company.”*

Typical customer relationship in Awara starts when a customer needs a solution to grow their business or make existing processes more effective. An established customer relationship may later lead to increased offering: *“We may begin with recruiting and later find it reasonable to offer also auditing services.”* Customer relationships in Awara are managed by key account managers and the actual service production is done by various specialists: *“This way we aim to best possible communication with the client, and to understand their needs.”* When Awara knows the customer, it can offer all the desired business administration services needed.

Mr. Pesu has a clear idea about customer buying behavior: *“All the main decisions are made in the headquarters. For Instance, country organizations are asked to invite suppliers to tender process, but the HQ finally selects the supplier. This happens*

*especially when the country organization is small. The bigger players, on the other hand, have pre-selected lists of authorized service providers in accounting, human resource services, and auditing. Moreover, HQ has its own processes to monitor service quality.*” The decision making process involves a lot of people and takes time: “Very rarely we give an offer and start working the day after: *“Buying cycle usually takes few months or even few years from the first meeting.”*”

At Awara, planning marketing involves 4-5 people, including the partners and Head of Marketing. The company doesn't use external advertising agency, but ask advice in producing digital material or digital solutions. Moreover, *“Marketing execution follows marketing communications strategy, and our office in Tver is closely involved.”*

Traditionally Awara has sponsored events and produced print advertising and brochures: *“Direct marketing and push marketing have been used”*. TV-advertising or radio have not been used due to high costs, although Pesu reminds that mass media can be used to create general awareness. He is strongly supporting the digital marketing activities and suggests that: *“What do people do when they see an ad in a magazine? They go to Google, and that is when the existing online content results whether or not a prospect can move towards purchasing decision.”*

*Director and Partner of the BuzzFactory, Thierry Cellerin, told in the interview that their customers are big international companies like L'Oréal and Yves Rocher that want to establish or manage social media presence in Russia. All the customers are French except for one Russian in St. Petersburg. Currently the company is not actively searching for new customers but wants to increase business with existing clients.*

Mr. Cellerin is personally in direct contact with the directors of BuzzFactory's clients, who later spread the word in their companies. Being in contact with people in power decreases the possibility of misunderstandings. Furthermore, customer relationships are important to Cellerin: *“You have to really concentrate on building the relationships, and it seems to be a little easier with the foreigners here in Russia [...] First, it is easier. Second, all the local foreigners (in Moscow) have similar likes and dislikes, or idea about good food or restaurant. Russians just have different taught about peace and calmness.”* Cellerin also mentions about cruelty of the business environment: *“You can be a really good friend with the Russians but these business relationships in Russia are completely different. Even your friend may business-wise fuck you up when the first opportunity comes.”*

In addition to digital methods, BuzzFactory tries to gain visibility through active participation in communities like the French Chamber of Commerce in Russia, and other public events. No traditional methods, such as commercial ads or prints are being used. Cellerin also points out that *“If you do something in Russia, you have to consider the point of bribes. Especially in communications.”*

BuzzFactory's problem with the marketing is that the Agency can't really sell more with its current resources: *"A problem with my company is that the most profitable business is consulting, and it requires my personal effort, and I can't do it more than 8 days a month. [...] What I can sell more at the moment is only community management [...] Here in Russia, you just don't have good and free consultants to recruit, or you should pay 10 000\$ a month if you want them."*

#### **4.1.2 Industrial companies**

*Regional Director in Russia and CIS in Flowrox*, Kauko Tanninen, told in the interview that 90 % of their customers in Russia operate in mining, minerals or metallurgy. The rest are from the energy sector, but oil and construction sectors are developing. Flowrox is selling products to hundreds of organizations including, for instance, Nordisk Nickel. However, customers that buy products regularly amount only to 20. The customer base includes local, international and also Russian government owned enterprises.

Tanninen strongly emphasizes that *"It is impossible to sell anything, unless the customer doesn't know you, and you are not on the supplier list. A new company must become an authorized supplier and the buying organization at the headquarters has the power."* Good relationships to the production organization at the factory, and buying organization at the headquarters, are needed. Still, relationships can also be faceless: *"Some customers I've never met. But in some organizations I know people from the very top."*

In decision making process, the meaning of Russian language becomes an issue: *"Customers don't speak English, and they want all the documents in Russian."* Together with very technical offering, this means a lot of extra work. *"Customers don't always know what they are buying. We have to make sure that sell only products that are the right for the customer [...] We refuse to sell unless we are sure that the product is suitable for the client."* Nevertheless, the need can also be understood from a distance: *"We just need to know the key features and purpose of usage."*

Mr. Tanninen personally decides and implements the marketing activities, while Finnish headquarters provides the material that needs to be translated and possibly modified: *"Translation agency takes care of the grammar, then our Russian partner checks it, and then the material can be printed."* The process seems very long and time consuming.

Flowrox marketing communications in Russia is based on maintaining the position by advertising in industry publications, participating in exhibitions and updating websites. *"In practice, we take part in few industry exhibitions. Because we are a serious player in our industry [...] Exhibitions cost about 20 000 €, about websites I*

*don't know, Advertising is rather cheap, and there are not too many essential publications.”*

*Helvar Sales Director in Russia, and Head of Representative Office in Moscow, Ippo Heikkilä, told in the interview that their customers in Russia are big luminaire manufacturers that buy Helvar's components. Currently only two manufacturers are active clients. In addition, Helvar has few retailer customers that each serve over 100 smaller customers.*

*Helvar's customer relationships have been very long: “Three biggest customers have been the same since 1999, and the latest new customer in Russia is already 5-6 years old.” Heikkilä states that in their industry, personal relationships don't really matter when the relationship between companies are alright. Being in contact with the clients happens mainly in price negotiations: “We have to update our price lists four times a year, because metal prices vary a lot. [...] It is continuous competition. Finally, prices are negotiated face-to-face and if the gap to another supplier is too wide, the customer will choose them.” The decision maker is either the purchasing director, or CEO. Still, “Russian companies are not as open as western companies. It is hard to know who finally makes the decisions.” It seems that Helvar is under heavy price pressures, powerful manufacturers, and tight competition in the Russian market.*

*At the corporate level, Helvar has a marketing department that mainly updates websites and prepares exhibitions around the world. However, marketing activities are planned locally in Russia. Budgeting and planning takes place once a year, and it is done in cooperation with the retailers. However, Helvar's marketing communications is very narrow: “We don't do any campaigns. The end-user never sees our components, but of course we highlight our brand when dealing with manufacturers.”*

*Heikkilä points out three key components of their marketing: Product brochure, InterLight Exhibitions, and personal meetings. “Customers say that they want the printed brochure, not only digital one. It is faster for them. [...] In the exhibitions you meet all the important players and big bosses that are difficult to catch during the year. [...] Discuss shortly about strategic issues and then have fun. Social interaction is important in these exhibitions [...] every now and then before a product launch, we give interviews to journalists.” Personal selling is strongly highlighted, although “Russians can't communicate in English. [...] Technical material absolutely needs to be in Russian.”*

*Project Development Director of International Operations in Lemminkäinen, Juha Virtanen, told in the interview that their customers are mainly from Nordic countries and Northern-Europe but in some cases also Russian. Typical big customers are for example Nokian Tyres and the Russian State. Usually customers contact Lemminkäinen for inquiry not the other way round. Projects often involve various parties like user, landowner, financial institute and the construction company – Lemminkäinen.*

In construction industry, the decision making also takes a lot of time: *“A month is not enough to make a decision.”* In long lasting relationship with the customers, Lemminkäinen is however, prepared to wait. *“We aim for long and continuous relationships”*, Juha Virtanen mentions. A good relationship may lead to various new projects around the world.

Lemminkäinen has a marketing and communications department in Finland. It is responsible for the brand, material design, website, and other appearance. In addition, some of the planning also takes place locally in St. Petersburg, Russia, but it mainly considers consumer markets. All the translations are done in-house. Although, Mr. Virtanen was not able to describe brand building in Russia, he mentioned that *“Being a Finnish company in Russia brings in the reputation, corporate culture, trust, and continuity [...] A lot of hustlers in the market, but Finns have a good reputation. We succeed also when our Finnish rivals succeed.”*

Also Lemminkäinen actively participate different forums and networking opportunities like seminars and conferences. *“Networking is important, customer may be a member of certain association and search for an information. Personal recommendation may then make them contact us.”* In addition, a trip to construction location often strengthens dedication to project.

*Marketing and Communications Manager in Russia in Company A*, told that their customers in new equipment market are mainly construction companies, architects, and planning agencies, but customers in service business are facility managers and building owners. The office sector and the high buildings sector are the most important at the moment in Russia, but the company is also involved in various retail and other infrastructure projects.

Relationships are very important in the construction industry: *“Head of engineering or project manager or director of the company we are trying to maintain good relationships.”* Approximately 70% of Company A’s customers are frequent buyers. In big companies there is always a purchasing department that needs to be taken into account. Local marketing department in Russia in Company A is not responsible for addressing these relationships: *“Directors establish and maintain relationships with the customers and other stakeholders.”* In the industry, a tender process is obliged by law, at least in state projects. However, *“Sometimes customers say there will be a tender stage, but we want you.”* This demonstrates very well the meaning of relationships in Russia.

The marketing communications of Company A is planned in Headquarters abroad and localized for Russian markets. Localization is done according to localization brochures and marketing communications roadmap from headquarters: *“I look through them and have a short meeting with directors and choose what we need, what we don’t need and based on this information I receive my own schedule.”* Sometimes an external

service provider is used in advertising or for creating some specific digital content. For example: “*Videos, we remove English voice or have Russian subtitles in cooperation with an agency.*” In Company A, budgeting does not belong to the marketing department in Russia.

Company A attends one exhibition per year in Russia. An interesting point is that most of Company A’s customers are over 40 years old: “*They prefer to see a clear photo rather than a website.*” Moreover, “*In product launch we need to use all the marketing channels to tell customers the news.*” Anonym also mentions that “*being as quick as possible*” is the most essential in their marketing.

### 4.1.3 Analysis

To conclude the previous case descriptions, it seems reasonable to compare companies. It should be noticed right away that all of these case companies seemed to enhance more relational features and practices than transactional features. For instance, none of the companies was selling bulk products without knowing details about their customers. In addition, all the customer relationships included careful and planned interactions with potential and existing customers.

Next, a subjective opinion about the relationship orientation of the business consulting companies is presented. The scale is only an illustrative tool in Figure 11, and only the order of companies is meaningful. According to interviews Pöyry is the most relationship oriented company, followed by BuzzFactory and Awara.

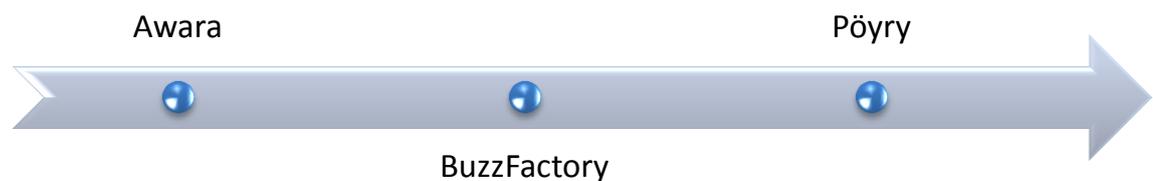


Figure 11 Relationship Orientation of the Business Consulting Companies

Pöyry, BuzzFactory and Awara all operate in very close connection with their customers and partners. The strategy follows more collaborative than autonomous communication, and has relational channel structures with symmetrical power between the company and its customers. Pöyry seems to be the most dedicated to serve their customers in Russia. They have a long tradition of cooperation with customers in many industries, and they do not compromise with security, project qualification, or

confidentiality. BuzzFactory operates in very close connection with their existing customers and at the moment tries to excel with them rather than seeking for new ones. Awara on the other hand, has potential to grow and develop, and they are investing in it. However, this might turn the focus away from the existing customers.

Next, a subjective opinion about the relationship orientation of the industrial companies is presented. The scale is only an illustrative tool in Figure 12, and only the order of companies is meaningful. According to interviews Lemminkäinen is the most relationship oriented company, followed by Company A. Furthermore, Flowrox is more relationship oriented than Helvar.

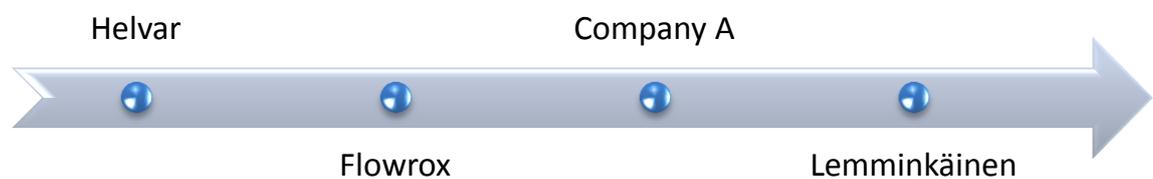


Figure 12 Relationship Orientation of the Industrial Companies

While Lemminkäinen, Company A, and Flowrox follow very collaborative communication strategies, Helvar is clearly under more autonomous communication with more transactional structures and tight competition. Lemminkäinen is a responsible partner for their customers and often recommended for projects in Russia. Customer relationships always involve a lot of interaction between different shareholders but the company is able to manage in difficult business environment and industry. Company A puts little more emphasis on sales activities than in long term partnerships. It can be noticed from the amount of customers and segments they serve. In addition, Flowrox seems to have tight connections to clients around Russia but resources limit the intensiveness of the activities.

It should be noticed that in none of the industrial companies, the marketing department is directly responsible for the customer relationships, but have more communicative role in the organization. Directors and salesmen operate the most in customer interface. All in all, business consulting companies seemed to be more customer oriented and aware of their needs than industrial companies.

## 4.2 Understanding and implementing DMC elements

In this Chapter, digital marketing communications in case companies are clarified by collecting all the elements in table form. DMC Tables are presented in Appendix 4. The tables represent digital business-to-business marketing communications channels and tools used in companies. They show whether a company uses the channel or tool, and whether it is planning to use it, does not use it, or is not interested in using it. An overview of the relevant DMC elements for case companies is also presented in Figure 13.

The definitions of DMC channels and DMC tools presented in the theory part, in chapter 2.2, have been shaped according to observations in this empirical research phase. Digital marketing channels are: *Internet, Mobile, E-mail*, but in addition, *Extranet, Fax, and video stream*. All of these channels facilitate the communication between the company and its existing or potential customers. For obvious reasons, exploiting the mobile channel means other ways than the traditional phone discussion. Fax and video streaming appeared as very distinguishing digital channels in Russia due to the long distances and outdated equipments and communication methods. Extranet was exploited by many case companies and it is a closed platform for sensitive information, rather than just a messaging tool.

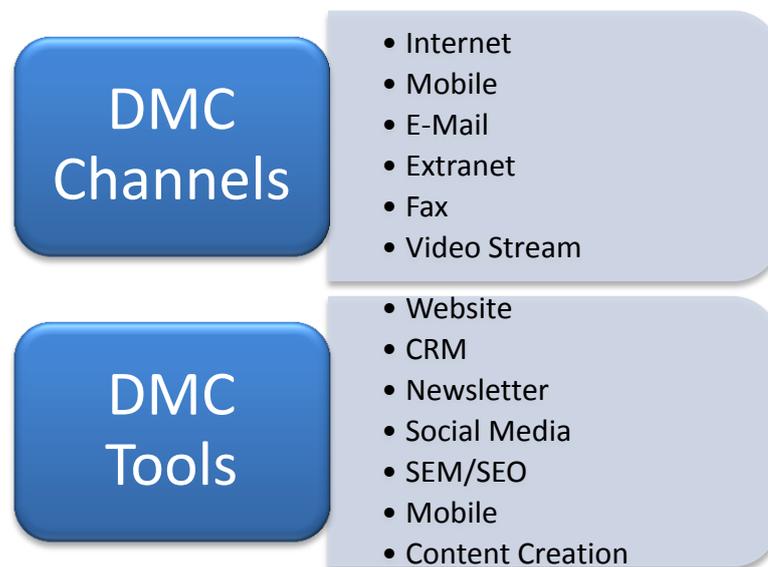


Figure 13 DMC Channels and Tools for B2B Companies

According to the data collected, digital marketing communication tools for B2B are *website, CRM, newsletter, social media, search engine marketing, mobile tools, and content*. Website plays central role in DMC. A Customer Relationship Management system can be understood as a DMC tool because it is in close connection to direct e-

mail marketing and social media monitoring. However, it is not a channel because it is not visible to customers.

Social Media includes platforms that all serve a little different purpose and communications. In the Russian context, Blogs, LinkedIn, Twitter, Facebook, YouTube, Wikipedia, VKontakte, Odnoklasniki, and MoiMir are the observed social media platforms. Search engine marketing, SEM, includes the actual search engine optimization, SEO. In Russia, SEM is done in the two main search engines, Yandex and Google. Furthermore, mobile marketing as a tool covers mobile applications, quick response codes, and messaging. And finally, content as a marketing communications tool, may be understood as self-created or produced valuable digital material for customers, such as videos, documents, web applications, or research publications. In addition, online advertising could be added to the list because it was mentioned a few times, but not directly asked in the interviews.

This chapter tries to recognize the DMC tools, objectives, reasons behind the decisions in case companies, and the connection between planning and executing the chosen tactics. Finally, the companies' DMC orientations are compared.

#### **4.2.1 Business consulting companies**

**Pöyry** is exploiting the Internet and e-mail as the core digital marketing communications channels in Russia. In addition, Pöyry is seeking to exploit video stream in the near future, and has just recently purchased new equipment. Mobile and Extranet channels are not being used at the moment.

Pöyry has a website in English and in Russian for information seeking people. The main goal is that *“All the information should be found in both languages [...] Website only offers information about our services.”* The website has really the core role in Pöyry DMC because newsletters, blogs or mobile marketing tools are not used in Russia. *“E-mail and phone are used for communications with customers”*, Lehtipuu comments.

In the professional service business, sharing confidential information needs to be taken seriously. Therefore, Pöyry has refused to utilize social media: *“All our tasks are confidential and relate to strategic issues, and therefore we can't be involved with such forums that competitors see how we help our customers. We work more under the radar. Every customer needs to be treated confidentially, and we are not going to shout about our functions online. This, of course, restrains visibility.”* Communication, however, can be handled face-to-face via video stream that leaves no trace: *“I just subscribed videoconference facility, so that we can communicate during the project or have internal meetings.”*

Pöyry is aware of search engine optimization, but is not yet fully taking advantage of it: *“In Britain, right things are done already, but in Russia, we still have things to learn.”* Content, on the other hand, already plays more important role but needs to be produced in the local language: *“Executives do not understand English. [...] All the reports in Russian, all the presentations in Russian, it is important.”* The produced content is distributed via e-mail. Also webinars are possible in the future as well as company video production.

In addition, Lehtipuu comments the existing digital environment by stating that top management, the actual decision makers in Russia, still lack digital skills: *“...our customers, if they are 60 years old owners or executives, they might not even read their e-mail by themselves. A secretary might be the one discussing with foreigners. Our key customers just operate with very traditional methods, so the telephone is actually still the main communication tool.”*

**Awara** is exploiting the Internet and e-mail as the core digital marketing communications channels in Russia. In addition, the company is aware of the possibilities that mobile channel may offer, but is still only monitoring the situation. Awara has decided not to use extranet.

The Website has a key role in Awara's DMC: *“Business is always done in the website, but other tools help us to grab the customer.”* Awara website is not very compatible in mobile usage but this weakness has been recognized: *“Mobile is the next big thing and we are following the development.”* Awara is exploiting their CRM system to monitor all the customer relationships. CRM also allows segmented direct marketing campaigns but the interface is not optimized for mobile usage either: *“We do direct e-mail campaigns. According to researches, e-mail is very effective.”*

Awara does search engine marketing in both Google and Yandex. Although paid display marketing in search engines is used, in Awara *“The basis of SEO is to create interesting content, publish enough content, and tag it. In addition we aim to link ourselves with other respected organizations.”* The reason behind both content creation and social media presence is that people could find Awara more easily: *“We are exploiting digital media to get more business. Return on investment is the most important. The ultimate goal is to sell more.”*

Awara is present in various social media platforms: *“We use blogs, LinkedIn, Twitter, Facebook, YouTube, VKontakte, Odnoklasniki, and MoiMir.”* Pesu also reminds that while the presence is important, just monitoring discussions might lead to potential customers or help to intervene in bad rumors. Social media platforms also give a possibility to make the company more humane: *“It was a challenge to get our executives and employees to LinkedIn. However, now potential customers should see that there are real people behind the organization.”* For Awara, the customer relationships are also very confidential, therefore social media is not used for customer

service. To conclude the relation of social media to overall DMC strategy, Pesu states that *“Business is done on website, but social media gives volume to our business.”*

Valuable content for customers has traditionally been only administrative news, but is now created to attract existing and potential customers closer to Awara's offering. At the moment Awara is producing news, videos and publications but is going to introduce also other content, such as books or whitepapers. *“The content needs to be optimized for search engines [...] and interesting so that people would share it onwards. [...] We can distribute the ready-made digital content through all the social media we play in.”*

In the interview, two other important issues considering digital B2B marketing came up: Personal relationships and marketing measurability. Although digital marketing supports the development of the whole company, most of new customers and sales are arriving through personal relationships. Pesu stated that this is the problem with digital marketing in the B2B context and also in their company. On the other hand, digital marketing can be measured and analyzed in more detail than traditional marketing results. Although the weight of digital marketing efforts is constantly increasing, it is not really reasonable to make a distinction between digital and traditional marketing communications. The tactics should be integrated.

**BuzzFactory** is exploiting the Internet and e-mail as digital marketing channels. On the other hand, mobile and extranet do not fit the strategy in Russia at the moment. Exploitation of fax is unnecessary for BuzzFactory.

As a small professional marketing company, BuzzFactory is taking advantage of the few digital marketing tools that best suit the purpose of finding the customers, and maintaining relationships. In addition, the company is constantly monitoring the digital sphere in Russia. The website is the core DMC element also for BuzzFactory. It includes all the necessary information about the company and its services, mainly in Russian. A CRM system has not been found meaningful, and the company does not exploit newsletters.

BuzzFactory is very actively and professionally utilizing social media. When the company was established the content shared through social media became very essential: *“My strategy was to work on the blog, write articles, visit different Russian resources. It worked well. I got credibility, visibility etc. Then I started to get invited to several conferences as a speaker. This still continues every two weeks. Now I don't have time to write articles but I do produce presentations in Russian.”* In addition, BuzzFactory is utilizing LinkedIn, Twitter, and Facebook, but not Russian equivalents. *“I use LinkedIn for business purposes and get one lead per week only through this channel [...] In Twitter you need to be active in Russian. And Russians don't like to read poor Russian. [...] Now I just monitor Twitter.”*

BuzzFactory does not particularly do search engine optimization, but the content, like news and articles, are widely available. Mobile marketing is not reasonable for

BuzzFactory. Nevertheless, BuzzFactory has tried online advertising and advertising in search engines and some banner display advertising, but it was not really successful: *“The point is that you get traffic [...] but you get low quality prospects that don’t know what they want. Worst case scenario. Pitching takes a lot of time and energy.”* Still, this highlights the meaning of having clear objectives and all the various digital tools available. *“It is not about the platforms, it is about where your customers are. [...] Facebook is good only in St.Petersburg and Moscow.”*

Cellerin also brought a few interesting viewpoints and opinions for discussion: *“For me a social media is close to client support and digital PR, rather than communication and pushing sales [...] Social media marketing is a new way that companies can offer support for their clients in experiencing the brand.”* But not very good evidence can yet be found from business-to-business context about utilizing social media as a customer service arena. In addition, Cellerin reminds that there are always human beings behind every purchase situations even in B2B: *“Digital has many things that are common from market to another, I would say that many things are connected to psychology of the users.”*

In Cellerin’s opinion, the Russian digital market is somehow very spoiled. Companies have huge money, but don’t know what they want, and agencies lack the professional skills. Another interesting feature in BuzzFactory is that to leverage the events BuzzFactory has established a network of bloggers: *“When we do an event, we ask bloggers to write about it. Costs nothing, but takes time.”*

#### **4.2.2 Industrial companies**

**Flowrox** is exploiting the Internet and e-mail as the core digital marketing channels. Moreover, having an extranet fits the communication strategy very well and the usage of fax machines is necessary every now and then. Flowrox cannot connect customers via mobile channel in Russia and therefore is not exploiting it.

Digital marketing tools for Flowrox in Russia are basically their website, CRM system, and newsletter. The website is valuable, needs to be in Russian, and needs to be constantly updated: *“The meaning of our website is constantly increasing. [...] People go to Google and search for our products, and then they call and ask for more. They speak Russian, e-mail in Russian and ask for details in Russian.”* Flowrox tries to be found in search engines both in English and Russian.

E-mail is also an important tool, although it is possible that a Russian company has only one e-mail address for the whole company. Nowadays also important documents can be attached to e-mail, but the phone is more personal for communicating: *“Phone*

*contact is strong. they check if the e-mail is received by phone. Phone is also used if wanted to discuss about things off the record.”*

Flowrox utilizes CRM system for only internal purposes and not for marketing. Although the direct marketing is done via newsletter, which is connected to new publications in Flowrox’s extranet and eventually utilizes contact details from their CRM. Extranet offers the most valuable content, such as documents and manuals for the chosen partners. Tanninen monitors the web traffic through weekly news report.

Flowrox doesn’t want to be involved in social media in Russia: *“There is no business, at least in our industry. [...] Russians are often very careful in public media. they don’t share contacts, locations, or taught so easily.”* However, Tanninen is personally in LinkedIn and this might also benefit the company. The digital tools used in Russia in Flowrox are heavily dependent on available resources for marketing.

**Helvar** is exploiting Internet and e-mail as the core digital marketing channels. Extranet also facilitates the communication between the company and its key customers by providing the latest updated information available. Helvar is exploiting video streaming, Skype, only in the Russian markets: *“It is allowed in Russia, because customers want to use it. [...] The corporate management is still afraid of the hackers and viruses.”*

Website is very important tool also for Helvar. A new website was introduced very recently by the Helvar group. The same information is available in different languages for global purposes. However, Heikkilä suggests that the local site in Russia should have more specific information and content for market purposes and needs. The website is concentrated on providing the latest news, references, and contact details.

Also, a new CRM system was introduced very recently: *“It has brought transparency to the organization. [...] Now everyone can follow what is going on with the customers, not just the salesmen.”* The daily communication with the customers happens mainly via e-mail and phone. But these tools are not used for direct marketing purposes.

In general, the Helvar group management is very cautious with new digital methods. New rivals are challenging the existing players, the business is based on technical innovations and products, and management is afraid to adapt new processes: *“Group management thinks that other companies have not benefit from digital methods either, and therefore they have decided to still invest in personal sales.”* In this kind of environment, it can be understood that exploiting social media has not been taken seriously. Investing in social media would require strategic changes in marketing, in addition to new employees. This step is not yet to be taken in Helvar. Heikkilä tried to introduce sharing instructional or project videos in YouTube for the management, but the idea was turned down. Still, Helvar is actually the only case company that has tried to exploit Wikipedia as a social media channel.

**Lemminkäinen** is exploiting Internet and e-mail as the core digital marketing channels. In addition, using fax is compulsory every now and then. Mobile and extranet are not taught to be reasonable channels for Lemminkäinen at the moment.

Lemminkäinen is utilizing the website for various purposes, but the main objective is to make the updated information and contact details available: *“Website serves communicational purposes, it helps to create a direct contact but is not build to support self creativity. Planning the constructions happens after the customer contacts us. [...] After we know who, what, and where, we already want to meet the prospect.”* Lemminkäinen also created a separate project website for the Kaluga Industrial park to attract customers easily online.

Search engine optimization has been done for both, the company website and the Kaluga website. The goal is to target international companies that want to invest in Russia or Nordic countries. Therefore only Google is used, not Yandex or Rambler. *“We were surprised about the complicated regulations in by Google. [...] Actually we wrote all the texts again to better fit the search terms etc.”* Lemminkäinen is such a big company that material such as news videos and references can be found via search engines, even though the company is not creating it on its own.

The company operates in a very traditional construction industry but has notably invested in marketing knowledge and digital understanding: *“Competitors used to have beautiful and effective websites. Now we have as well.”* Still creating specific content outside the project documentation is not taught to be relevant. Also, exploiting social media is only at a planning stage: *“We would need to monitor what is said about us. But who has the resources to follow all of these discussions. [...] Currently it belongs to no one.”* In addition, e-mail serves only communicational purposes in project management and sales but no direct marketing campaigns are being launched.

**Company A** is also exploiting Internet and e-mail as the core digital marketing channels. Furthermore, it is the only case company to exploit the mobile channel. Extranet is not taught to be needed in sensitive business, but video streaming is a commonly used channel. However, for a B2B company, Company A is utilizing digital marketing very extensively, and tries to outplay the rivals on the digital arena.

The website is the main communication tool together with CRM system which is harnessed for direct marketing purposes. Moreover, while the website provides the core information in Russian about the local and global organization, the CRM system allows marketing campaigns to activate prospects and customers: *“We send something to our customers, and after that they will visit our site and order for example brochure.”* These e-mail campaigns can be easily analyzed and evaluated in the digital world. Campaigns are usually connected with big local events or seminars.

Regardless of the industrial products and complicated offering Company A has, they have been developing online sales on their website. It is challenging and the market

doesn't seem to be ready for that yet: *"We have an option to order from website [...] afterwards they call to office and tell what they want."* In addition, Company A has launched a mobile application via AppStore, and an online web tool that allows people to design products for Company A. Applications are available worldwide and strengthen the connection with existing and potential customers.

Company A does not pay for search engine marketing or online advertising: *"It is a corporate decision."* The online content is however so strong that Company A's sites are well ranked both in Google and Yandex. The opinion about social media is also rather strict. In Russia social media is not used because it seems impossible to reach target groups via social media platforms: *"Serious people never use social media in Russia. [...] Social media in Russia is just chatting with friends and sharing photos but not a place for us."* Anonym still notices that Russia has different platforms than Europe, and that the Company A is utilizing social media in other markets, just not in Russia.

According to Anonym, *"Russians prefer official papers with signatures and stamps."* This demand might sometimes be difficult to fulfill from a distance. Therefore Anonym states that personal sales and printed materials are more important for them than digital instruments: *"First we need to contact our customers face-to-face, and after that we should provide them printed materials [...] third will be digital instruments."*

### 4.2.3 Analysis

To conclude the previous case descriptions about digital marketing communication channels and tools, it seems reasonable to compare companies. It should be noticed right away that some of the case companies have adapted very strategic and integrated manner of approach to DMC, while others were just exploiting tactics randomly without deeper understanding, strategy or objectives. For instance, all of the companies have a website and use e-mail, but an integrated approach would require the ability to see how social media and content creation are connected to this totality. Regardless of the tools used, all of the companies taught digital marketing is necessary and complements personal selling and other traditional marketing activities.

Next, a subjective opinion about digital marketing orientation of the business consulting companies is presented. The scale is only an illustrative tool in Figure 14, and only the order of companies is meaningful. According to interviews BuzzFactory is the most oriented to digital marketing, followed by Awara and Pöyry.



Figure 14 Digital Marketing Orientation of the Business Consulting Companies

The core idea in Pöyry was that all the essential information just needs to be presented online so that potential and existing customers can view it and possibly contact the company. Awara associates the digital tools and channels more strongly with strategy to find the customers, attract them, and bringing them to the website where the business can be closed. In addition, BuzzFactory's digital marketing view was to build long term relationships by serving customer needs and offering customer support where ever the customer goes. BuzzFactory also was able to analyze and observe if a tactic should be stopped as unsuccessful, and move on to next one. The chosen tools and tactics formed a coherent package that suited the business purposes in Russian markets. All the case companies agreed that the actual business is done in personal relations and interactive discussions between people. It could also be noticed that sensitive and confidential information needs to be handled offline in business consulting industry.

Next, a subjective opinion about digital marketing orientation of the industrial companies is presented. The scale is only an illustrative tool in Figure 15, and only the order of companies is meaningful. According to interviews Company A is the most oriented to digital marketing, followed by Lemminkäinen, Helvar and Flowrox.

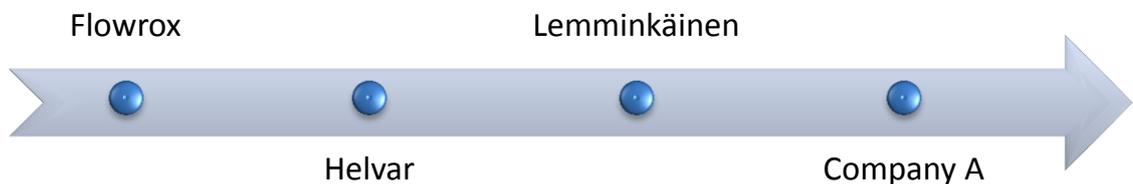


Figure 15 Digital Marketing Orientation of the Industrial Companies

Company A and Lemminkäinen both operate in the construction business with large offerings and long projects. Flowrox and Helvar, on the other hand, are in the

component manufacturing business and deliver smaller and more frequent offerings to customers.

Company A exploits all the DMC channels and tools that they feel are relevant in the current market situation. If something is missing, the decision to leave it out of the DMC mix is based on evaluation, whether or not the new tactic will bring new customers or supplement the existing marketing activities. In addition to understanding the digital world, Company A also has resources to invest in marketing. Lemminkäinen on the other hand has very recently taken steps towards better and more coherent digital marketing communication, but still seems to lack resources and objectives. The company recognizes the missing parts and tries to develop.

Helvar and Flowrox both have very limited resources in Russia. Corporate Headquarters outside Russia are setting the direction for marketing and technological tools available in the organizations. This may not always suit the local purposes in the best possible way. According to interviews, both companies are well aware of the digital marketing tools available in Russia, but have been forced to choose a few of the most effective tools and channels and concentrate on personal sales activities. Due to a bigger amount of potential customers, Flowrox could exploit DMC even better. Helvar reaches the potential better with their current resources, and even exploits some guerilla marketing tactics with Wikipedia.

All the industrial companies had a quite strong understanding of how their potential customers search for information and make purchasing decisions. Moreover, industrial companies understood the meaning of search engines as facilitators for prospects to find their website where the valid information should be available. The total amount of potential customers in the market also affects the will to create visibility online. Translating the digital information or documents slows the business down unless the company employs native speakers in key roles like Company A and Lemminkäinen.

### **4.3 Connecting special characteristics and business marketing**

In this chapter, the special characteristics of emerging markets, perceived in Russia, are connected with the business marketing process. The Russian market and business environment have got many interesting features, but here we try to find links to digital marketing, and business marketing from the access and demand points of view. Revising the analytical framework in chapter 2.4 helps to stay focused. First, the arisen themes from the case companies' interviews are presented in Figures 16 and 17. Second, the connections and reflections to digital business marketing are further elaborated.

### 4.3.1 Access to markets

Sociopolitical governance and inadequate infrastructure are limiting the access to markets and to customers in the emerging markets. When considering Russia, some themes were highlighted in the interviews with the case companies. By means of these themes we intend to elaborate the connections between emerging markets and business marketing process.

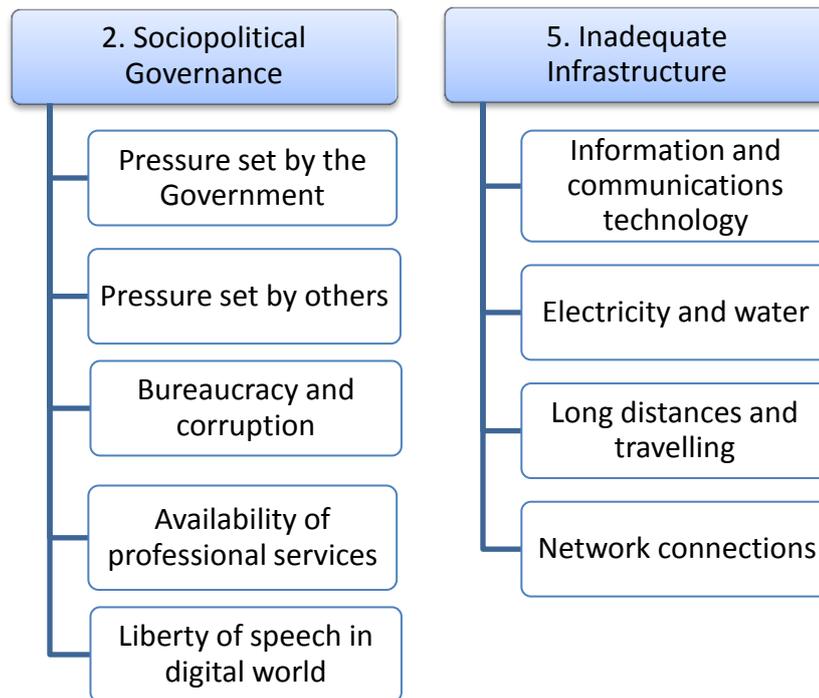


Figure 16 Emerging markets' special characteristics and the themes arisen from the case interviews

**Sociopolitical governance** appeared through five themes: Pressure set by the government, Pressure set by the others, Bureaucracy and corruption, Availability of professional services, and liberty of speech.

Pressure set by the government doesn't seem to be a problem for case companies. The Government has not recently introduced laws or restrictions that would have dramatically affect case companies' operations. Relationship with the governmental organizations don't seem to be a problem for accessing the markets.

*“Government does not put pressure on our industry. That way consultation is easy industry. [...] On the contrary, the government is grateful if we make good job. [...] Publicly traded company must always behave according to laws and regulations.” –Pöyry*

*“It doesn’t really matter or slow down the business if we work with governmental organizations.” –Flowrox*

*“We didn’t experience any unexpected regulations etc. [...] We have rather good relations with the government.” –Company A*

Pressure set by others is not visible either through the interviews. Some groups or organizations may occur in some regions, but the Government is the only big player affecting the access in the main cities. Differences may occur between industries.

*“I don’t know any organization that limits our business.” –Helvar*

*“Nothing to say about limits that religion would set for our business.” –Awara*

*“License offices, local monopolies such as water and electricity suppliers are organizations that affect our business. [...] Even local administration might not have power over these. [...] Getting a building permit is a big administrative issue. [...] Information is also shared in business associations and between friends.” –Lemminkäinen*

*“No special groups that would affect our business. [...] Government is the only one.” –Company A*

Bureaucracy and corruption go hand in hand and remain as one of the main obstacles for business in Russia. Accessing the markets, data, services, or information often requires more than just negotiation skills.

*“We needed to send a formal letter to local authorities, even though the case was settled already. Hierarchical structures are sometimes maintained artificially. [...] Bureaucracy and corruption are the biggest barriers for business. We can’t operate with this kind of companies.” –Awara*

*“Here you just have guys that you pay and they do whatever you want. The trouble makers are not organized groups.” –BuzzFactory*

*“If you have a government owned company, the corruption is hard. Salaries are so small that they assume other privileges.” –Flowrox*

Availability of professional services is on a good level in Russia, at least in the main cities. It might still be difficult to find a suitable agency that is reliable and affordable. The best specialists are expensive and the data quality needs to be ensured. The digital world might even be the easiest way to find suitable service provider.

*“The market is very developed. All the Western professional services are available.” –Pöyry*

*“All the advertising services are easily available, but after the big players there is a huge gap. [...] It has been hard to find reliable and good quality partner to produce digital and technical solutions.” –Awara*

*“All the agencies are present, but they are often not good. When you have someone good, usually they build their own agency sooner or later.” –BuzzFactory*

*“Research services, banking, advertising agencies. They are all there.” –Flowrox*

*“Commercial services are available” –Helvar*

*“All the commercial services are available.” –Company A*

Liberty of speech in the digital world is an important issue in emerging markets. While the situation seems calm in Russia at the moment, new restrictions or regulations might be introduced in the future if the situation is not controlled by the authorities anymore. These unexpected rules may affect the online publishing or social media usage in Russia in upcoming years, and furthermore affect the digital marketing tools used in companies.

*“In general, social media brings transparency to the society, when people can say and publish what they want. [...] Through digital media it might provide better understanding than television. Although, activists may also misuse the digital channels.” –Awara*

*“During the demonstrations in December 2011, we had Facebook and Livejournal, which were clearly under attack. [...] Even the director of Livejournal admitted that. [...] The situation got normal afterwards.” –BuzzFactory*

**Inadequate infrastructure** appeared through four themes: Information and communications technology, Electricity and Water, Long distances and travelling, and Network connections. The level of infrastructure seems not to be a major issue concerning digital B2B marketing in Russia but still requires a lot of anticipation and patience when problems like electricity break-outs occur, or connections are lost while travelling to the regions.

Information and communications technology have improved a lot during the last decades and recent years. All the latest technology is available, but not everywhere. ICT improvements make the society more effective when less time is spent on standing in queue or travelling for documents. The development also creates new business opportunities and digital applications. On the other hand, some people think that everything essential is already done with the current level of ICT. The level of ICT doesn't seem to be a problem for digital marketing.

*“All the information technology works all right” –Pöyry*

*“There have been changes in business administration. [...] Documents can be delivered to tax authorities via Internet, and digital invoicing has become possible. These are good examples of infrastructural development.” –Awara*

*“We have not left anything undone because of infrastructural problems.” –Flowrox*

*“We have seen a big progress in Russian information technology. A lot of Russians are also working in different countries in IT sphere. I think that 3 years ago no one knew about iPads, but now everybody is trying to buy iPhone or use QR-codes.” –Company A*

Water and electricity are basic needs for almost any business and especially for using digital channels or tools. Blackouts still appear every now and then in Russia. This seems unbelievable from foreign point of view but completely normal from Russian point of view. Digital marketing is vulnerable for electricity blackouts.

*“Even electricity is not working like in Finland, where blackouts are almost unknown phenomenon. In Russia all the systems can be suddenly switched off.” –Lemminkäinen*

*“Digital technology assists to overcome the physical obstacles set by inadequate infrastructure, if only electricity and network connection work properly.” –Lemminkäinen*

*“Electricity brake-offs don’t really matter.” –Company A*

*“We have backups on servers, so that brake-ups are not major catastrophes.” –Pöyry*

Long distances and travelling take time and energy in Russia. B2B marketing is dependent on personal face-to-face interaction, and thus travelling is needed to keep up the relationships and close sales deals. However, digital channels, like video streaming, may decrease the travelling hours. Office location is highlighted in Russia. Location next to customers is a good idea, but it might be an even better option to be located in Moscow.

*“If I have customers around Russia, travelling takes more time than in Europe. [...] You may have to travel a lot for only two hour meeting.” –Pöyry*

*“A long distance is not really a problem anymore, because we have good network connections.” –Awara*

*“I like to be in Moscow, because all of our customers have their Headquarters located there. It is also easy to reach from all the remote areas and CIS-countries.” –Flowrox*

*“Using network connections is a smart idea in Russia due to bad roads, long distances, and populous cities. Internet is a great solution for this.” –Lemminkäinen*

Network connections in Russia are on a decent or even good level. The strength of network connection in a huge country is best in cities and suite the business purposes very well. However, a travelling businessman must remember that the connection might not be available everywhere and therefore anticipation is needed. Businessmen operating in Russia are used to surviving with this issue. Limits in accessing the digital networks obviously limit the usage of marketing tools like CRM or social media on the move.

*“Everything works in Moscow. [...] But in general, the network connection is not always available in remote areas or when travelling by train.” –Pöyry*

*“In Moscow and St.Petersburg the network connections work very well.” –Awara*

*“The network coverage is even better in Russia than in many European countries. [...] It is natural not to have connection outside the cities.” –Flowrox*

*“Connections are soon to be on a good level. Especially in Moscow and St.Petersburg. Network connection is almost in every hotel.” –Heikkilä*

*“Internet connection is unreliable in Russia. [...] Digital technology is not at the same level as in Western world.” –Lemminkäinen*

#### **4.3.2 Demand in markets**

**Market heterogeneity** appeared through one theme: Differences between cities. While Moscow and St. Petersburg are international and rich and business there is hectic, other big Russian cities are not even close to that. More traditional thinking still seems to appear in areas without Western influence.

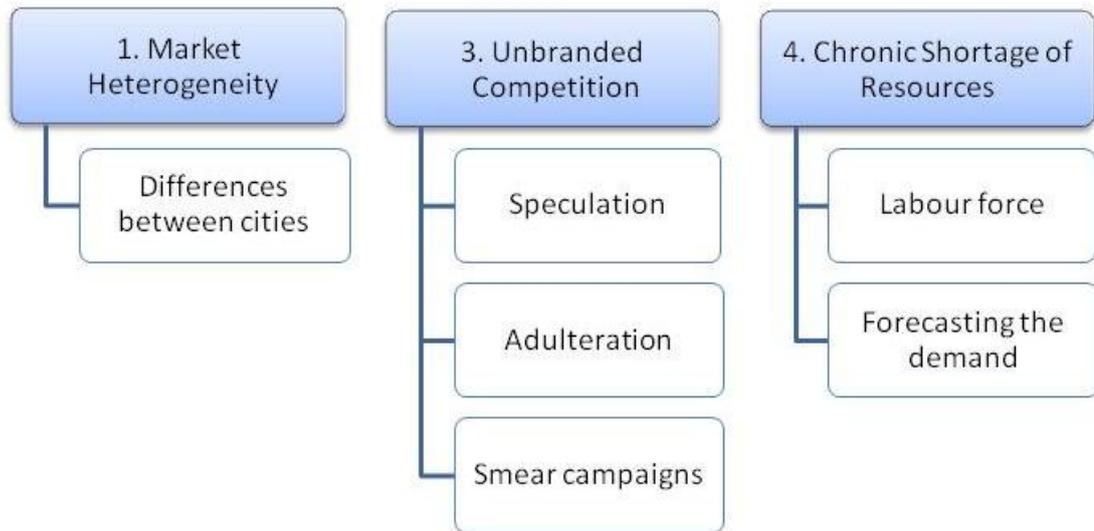


Figure 17 Emerging markets' special characteristics and the themes arisen from the case interviews

According to interviews, the Russian market seems two-fold. Marketers need to understand its dynamics while planning and implementing processes. Digital marketing may not reach all the areas, some regions might even be totally unique concerning religion, for instance. Moreover, infrastructural conditions vary a lot between different Russian areas, as can be noticed from previous chapter.

*"Business environment is might be different in different areas, but doing business is similar for us. [...] In provinces they value more your personal presence and more time is spend there. [...] Moscow has got more banking type of atmosphere. Straight to the point without a small talk."* –Pöyry

*"Customer needs are quite similar in Moscow and St.Petersburg."*  
–Awara

*"If a company is from Samara or Yekaterinburg, they sure do have a different idea about doing business than companies from Moscow. [...] Companies in Moscow and St. Petersburg are more international and understand international business. Remote regions are closer to Soviet thinking or more traditional thinking."* –Helvar

*"I don't know about small towns. I don't have information about them."*  
–Company A

*"Remote areas don't have money like in Moscow ot St. Petersburg. [...] Customers are satisfied more easily in remote areas."* –Company A

*“At Muslim regions we follow all the rules. Fast, Ramadan, alcohol usage, working days. [...] We need to be diplomatic, and do not let the religion affect on business.” –Flowrox*

**Unbranded competition** appeared through three themes: Speculation, Adulteration, and Smear campaigns. However, not all the interviewees even recognized the unbranded competition.

Speculation is problematic and hard to resist. Speculators try to take advantage of being one step ahead of the markets.

*“In Russia, there can be companies that have registered the same name for a company as you have. Moreover, web domains can be bought beforehand and later used for extortion when a new company is established in Russia.” –Awara*

Adulteration is a big problem in Russia and it is connected to many industries. It happens not only in manufacturing industry, but also in the digital world. Unbranded competition may arise very suddenly and people behind the adulteration might be hard to catch. Shared information is always vulnerable, especially in the digital world. Bad experiences may prevent companies from taking advantage of digital marketing. Especially construction and manufacturing industries have lots of trouble.

*“Vkontakte is a huge trashcan, it is a mess. You have everything you want and everything you don’t want. It might not be a good idea for brands to be next to pornography or people selling your brand under your nose.” –BuzzFactory*

*“They have copied our products in few countries. Quality, however, has been poor. Luckily the customer knows that it is wise to buy the original. [...] With free test rides we can show that our product is better when the products are side by side.” –Flowrox*

*“Once we planned cooperation with a local manufacturer. When we backed off, they started to copy our products. [...] We were out of patent cover. [...] the product looks exactly the same, but has their name on it. Luckily the quality is lower and our customers know this story.” –Helvar*

*“Because manufacturing is more expensive in Russia, and Russians are very creative, they copy the ideas from Europeans and have the similar products manufactured in China.” –Helvar*

*“Poor quality products from China ruin the image of all the led products in Russia” –Helvar*

*“First, the local administration persuaded us and convinced us about cooperation, then the local administration established their own industrial parks and begun to compete with us. [...] Our digital marketing does not help us if the local administration plays unfair. They have the power at the area, Russian style, and therefore they are able to convince the investors more easily.” –Lemminkäinen*

Smear campaigns can be tricky and cause a lot of harm. Unless a person or a company is well networked, or has an effective communication infrastructure, it is hard to counter these attacks. Smear campaigns create demand for digital presence and on the other hand, may lead to regulations.

*“A company paid so that a rival was put on a black list for receiving visa. [...] It really was a pain in the ass. But if someone gets you in, then someone gets you out.” –BuzzFactory*

*“The louder you are, the bigger you are, the more people you have attacking you” –BuzzFactory*

*“A newspaper, Delavoi Petersburg, wrote an article, which stated that Lemminkäinen would leave Russian markets. It was totally wrong information. [...] We didn’t get corrective statement [...] We used all our communication channels to tell the truth.” –Lemminkäinen*

**Chronic shortage of resources** appeared through only two themes: Labor force, and forecasting the demand. Companies expressed their concern about the available and skilled labor force, but for bigger companies, it didn’t seem to be a problem. Available labor force is of course needed when the business aims to grow. The prices and demand are highest in the capital city.

*“Labor force is the only resource missing. [...] They should understand the industry [...] speak English and Russian, [...] be analytical and have presentation skills [...] It is also challenging to become a Western consultant if the person is born in Soviet Union.” –Pöyry*

*“Only resource challenge in Moscow and St. Petersburg is recruiting. [...] More demand than supply, especially in IT-sector, and in middle and top management.” –Awara*

*“I know very good engineers. And they are available.” –Flowrox*

*“It is hard to find skilled employees from Moscow, that don’t cost too much” –Helvar*

*“Skilled labor force is not a problem. Our company is famous enough.” –Company A*

Forecasting the demand right is essential at remote areas. The cost of delivery is high and might take a lot of time. This supports bigger sales at once and long term approach to business.

*“In remote areas, they want to buy products in stock, and plan the consumption very carefully. We need to be able to tell how many spare parts are needed within one year, and plan the maintenance breaks. No surprises are needed.” –Flowrox*

## 5 CONCLUSIONS

The conclusions are grounded in the research objectives and the synthesis made in previous chapters. This study intended to *understand and clarify how business marketing exploits digital marketing methods as a part of the chosen business marketing strategy under emerging markets' special conditions*. This objective was divided into three research questions:

- 1) How the chosen marketing strategy reflects in the business marketing process?
- 2) How digital marketing communication contributes to business marketing?
- 3) How are the emerging markets' characteristics reflected in the business marketing process?

The study suggests that the emerging markets' special conditions and the digital world do reflect in the business marketing process. Planning and executing digital marketing communications in a business-to-business context also seems to have strong connection with the prevalent marketing strategy and mentality in the organization. Marketing objectives were found out to be linked with digital issues, and the business marketing process, but were often more related to employees' personal judgment than purely strategic decisions. A dominant view suggested that digital marketing is not the most important marketing tactic in the emerging markets, but can be integrated to other more traditional tactics to produce coherent and effective totality, as the analytical framework suggested. It was also discovered that the business marketing process and pressure set by the digital or emerging business environment is different across different industries. However, it can be suggested that regardless of the industry, harnessing digital marketing can be a major improvement to traditional business marketing methods in the Russian context.

The purpose of the following chapter is to discuss the findings of this study and draw conclusions from the theoretical and managerial perspective. In addition, some future research suggestions are deliberated.

### 5.1 Theoretical discussion

This study first presented a brief outlook of business marketing and found out that two dominant perspectives, the transaction and relationship paradigms, form a robust base for strategic marketing in a business-to-business context. During the recent years, basic tenets of marketing, such as the marketing mix, have been questioned (Payne 2006). Moreover, themes like decision making unit and organizational buying behavior (Fill & Fill 2005) shed light on the dependence on individuals in the B2B context. Ultimately,

individuals make the decisions (Webster & Keller 2004). Trust, commitment and reciprocity appeared to be principles of relationship marketing (Dann & Dann 2011).

Second, the study aimed to contribute to the digital marketing discussion by understanding the digital change (Poynter 2010; Jaffe 2005; Oxford Economics 2011) and separating traditional and nontraditional marketing communications (Davis 2010). The possibilities of the internet era enable people around the world to talk, discuss, debate, and share interests in more ways than ever before (Poynter 2010). It was discovered that terms related to digital marketing are still unstructured and disassembled (Karjaluo 2012). Furthermore, the study evaluated existing digital marketing definitions (Dann & Dann 2011; Vitale et al. 2011; De Pelsmacker 2007; Merisavo 2008) and suggested a new coherent definition for digital marketing communications in business-to-business context: *Using Internet, mobile, and e-mail to attract, interact, and engage with customers, partners, and other shareholders according to integrated marketing strategy*. This definition certainly contributes to theoretical discussion. However, the empirical part of this Thesis showed that the definition could be further developed.

The study found out that elements of the marketing communications mix (Ellis 2011) are more limited in the B2B than in the B2C context (Karjaluo 2010). Still, according to preconception from the integrated marketing communications (AMA 2012) point of view, all the traditional communication elements have a digital equivalent. Website seemed to be the core digital marketing communications element (Vitale et al. 2011; Sarin 2010). Nevertheless, strategic approach apparently reflects in DMC, as push marketing and pull marketing strategies (Ellis 2011) were connected with inbound (Avery et al. 2009) and outbound marketing strategies (Haligan & Shah 2010).

Thirdly, the study intended to relate the emerging markets and digital business marketing. By comparing the definitions, it was discovered that factors such as low income per capita, rapid economic growth, quick changes, and liberalization are related to the definition of the emerging markets (Hoskinsson et al. 2000). Moreover, the selection of definitions is wide: Transition economies and developing economies (Hoskinsson et al 2000), BRIC-countries (Goldman Sachs), overlooked countries and frontier countries (Economist 2010) to start with. The key finding of this study is that emerging markets have special characteristics that are distinctly different from a traditional industrialized capitalist society, as was suggested by Sheth (2011). To enhance the discussion, in this study the characteristics were divided to Access to markets, and Demand in the markets perspective. A business marketing strategy should adapt the high-velocity nature of the competition in emerging markets (Zhang 2011).

Figure 18 presents the analytical framework that was formed according to theoretical literature and previous research on the topic, and edited after evaluating the findings of this Thesis. The original analytical framework, presented in figure 10, was functional

and able to describe and interpret the empirical context. Moreover, it applied well in this challenging research setting and only a few corrective adjustments were made. The final framework in Figure 18 illustrates the business marketing process affected by the digital world and emerging markets.

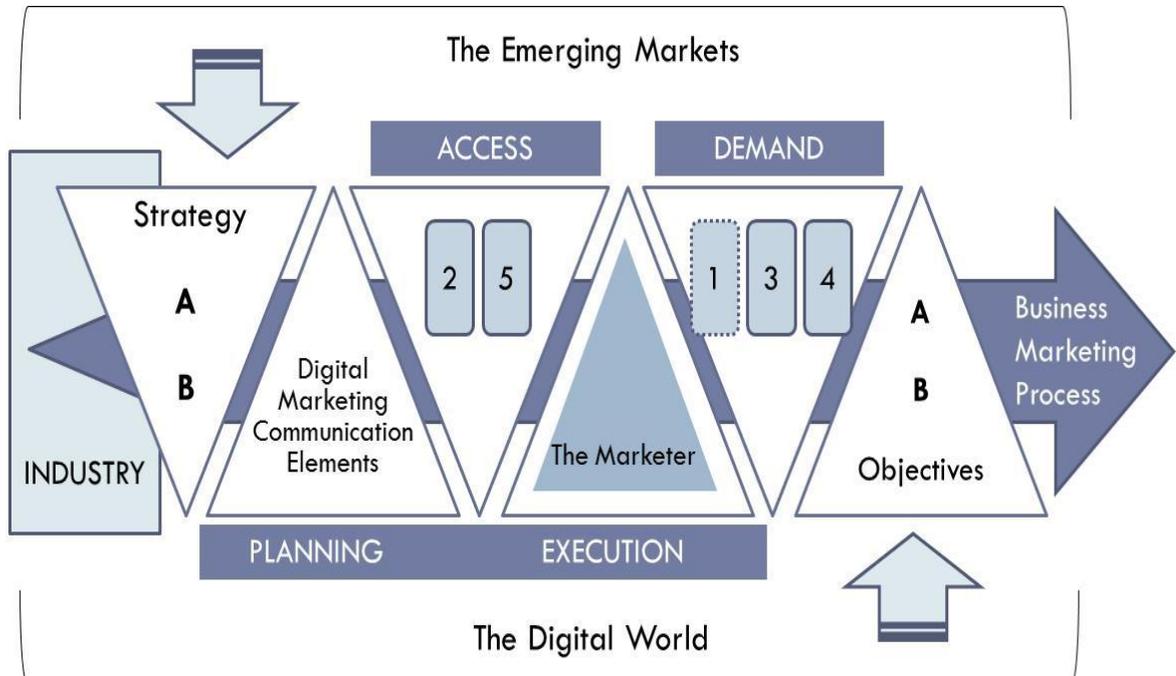


Figure 18 Business Marketing Process Affected by Digital World and Emerging Markets

The adjustments made as a result of empirical research findings were presented with the light blue arrows, the big box on the left, and the stretched target area from Emerging Markets' and Digital World's point of view. In addition, the Planning and Execution boxes have been joined, and a dashed line was drawn around box number 1. Other elements have remained unchanged.

The emerging market environment, as well as the digital world, seems to affect the whole business marketing process from strategic decisions all the way up to objectives, and even beyond. The light blue arrows represent the observation that the digital world reflects mostly to formatting business marketing objectives and the late phase of the business marketing process. For example, the digital world increases pressure for B2B companies to create online awareness or acquire followers in social media without having this directly linked to their actual business strategy. At the same time, the emerging markets' environment is more closely linked to strategic decisions at the beginning of the business marketing process. For example, companies do realize that

the business environment in emerging markets is challenging and exceptional, and they prepare by thorough planning. Avoiding mistakes might lead to passive behavior. Therefore, business objectives, such as profit or strong customer relationships, may become more indistinct.

The Industry seems to affect strategic choices that companies make between the pressure set by emerging markets and the digital world. In this study the case companies were divided into business consulting companies and industrial companies. The business consulting companies were clearly more capable and interested in utilizing digital marketing possibilities. They used more digital tools, had a better understanding of linking the digital channels to traditional marketing channels, and their digital marketing strategies were derived more consistently from the companies' general business objectives. On the contrary, industrial companies were clearly more affected by the business environmental issues in the emerging market. This reflected in marketing communication decisions such as highlighted personal sales activities and difficulties to adapt digital marketing methods. Consequently, the emerging markets' special characteristics resonated better in industrial companies who actually make business at remote areas and with the local partners.

In this study, market heterogeneity was taught to be one of the emerging market special characteristics. However, it appeared to be hard to connect it with business marketing in light of the empirical findings. Therefore, this study doesn't support market heterogeneity as special characteristic of emerging markets' in business marketing. Nevertheless, the study supported tight linkage between planning and executing digital marketing in the case companies. Usually the same employers are involved in both planning and executing the DMC, which assists in the coherent implementation.

Academic research concerning marketing in Russia is not yet satisfactory. This is partly because of the short commercial history of the country after the collapse of the Soviet Union 22 years ago. Since then, Russia has rapidly developed towards a market economy. Therefore this research supplements the existing knowledge and adds to theoretical discussion about marketing in emerging markets.

### ***5.1.1 The Business marketing process***

Regarding the first research question "*How the chosen marketing strategy reflects in the business marketing process?*" the study introduces several strategic issues that are linked to the prevalent marketing paradigm in a company, and presents ways that the strategy affects the formation of business marketing objectives and the chosen DMC tactics. The adopted transactional paradigm may lead to push strategies in marketing communications, and moreover outbound tactics in digital marketing communications.

Correspondingly, the adopted relational paradigm may lead to pull strategies in marketing communications, and moreover helps to adapt inbound tactics for digital marketing communications.

The business marketing strategy is the first building element of the business marketing process. It seems to be formed by organizations that operate in a specific business environment like challenging emerging markets, and individuals who eventually make the decisions in everyday business life. It was found out that the industry affects the strategy. The attitude towards business environment, customers, customer relationships, marketing, and sales, revealed that the industrial case companies had less pressure in modifying their business marketing process than the business consulting companies did. However, all the case companies emphasized relational issues over transactional sales orientation.

The study also found several digital business marketing objectives that seemed to be linked to the prevalent marketing paradigm. In the analytical framework this is emphasized with the letters A and B. This observation links the strategy and objectives in the business marketing process. The communicative objectives, such as *information sharing, awareness creation, or customer retention*, are more relational issues, while *sales generation, lead nurturing, and generating traffic* are more oriented to facilitate transactions. On a case company level this observation was supported when analyzing the relationship orientation.

### **5.1.2 The Impact of the digital world and emerging markets**

Regarding the second research question "*How digital marketing communication contributes to business marketing?*" the study answers by offering precise definition for DMC in a business marketing context and structuring the themes and terms related to the digital B2B marketing sphere. In addition, the study finds links between traditional marketing communications and nontraditional marketing communications according to assumptions from the integrated marketing communications perspective. DMC contributes to business marketing mainly by increasing information sharing possibilities, and the probability to be found by the right stakeholders, and developing measurability of marketing investments.

The digital B2B marketing communications definition presented in this study was: "*Using Internet, mobile, and e-mail to attract, interact, and engage with customers, partners, and other shareholders according to integrated marketing strategy.*" It seems to work very well in a theoretical context and is therefore a fresh contribution to marketing science. However, the empirical findings from the Russian context increased the number of relevant DMC channels, and also emphasized a missing objective. In

other words, B2B companies are sometimes satisfied with simply providing static information on-line without any interaction or desire to engage.

Digital marketing methods were found to be related to all the marketing communication elements, and even to be useful in business marketing. Consequently, personal sales can be leveraged in social media, tradeshows can be produced as webinars, direct marketing is very effective via e-mails or newsletters, sales promotions may offer discount codes, and advertising is possible in banners and search engines. In addition, the websites' value and key role in business marketing was highlighted in both theoretical, and empirical discussion.

The empirical study brought together the DMC channels and tools used in Russia in business-to-business context. The results show that the channels are the Internet, mobile, e-mail, extranet, fax, and video stream. In addition, the results show that the used tools are website, customer relationship management system, newsletter, social media, search engine marketing, mobile tools, and content. The usage of these tools varied among the case companies but the categorization gives an idea of the relations between the terms. Choosing between right channels and tools goes back to finding the right customers and harnessing the organizational resources.

The study also suggests that digital marketing communication is connected to the business marketing process through salesmen and external digital and media agencies used in the process. Salesmen leverage e-mail, social media, and video stream to interact with clients and to help them proceed in their purchasing process. Moreover, the external agencies plan the usage of DMC tools, integrate them to traditional tools, create content and provide search engine optimization. These findings appeared through the case companies.

Regarding the third research question "*How are the emerging markets' characteristics reflected in the business marketing process?*" the study concentrated in evaluating emerging markets' special characteristics that were pre assumed to affect the demand in the markets and access to the markets. In the Russian context, sociopolitical governance and inadequate infrastructure were found to complicate the access to markets in B2B companies. The case companies mentioned that sociopolitical governance appears through pressure from the government, pressure from other organizations, bureaucracy and corruption, availability of professional services and liberty of speech in the digital world. In addition the case companies revealed that in business marketing, the inadequate infrastructure concerns information and communications technology, electricity and water supply, long distances, and network connections.

In the Russian context, unbranded competition and chronic shortage of resources were found to reflect in market demand. However, contrary to pre assumptions, the connection of market heterogeneity was vague. The case companies mentioned that

unbranded competition appeared through market speculations, product adulterations, and smear campaigns. In addition, chronic shortage of resources appeared as difficulties to forecast the demand and finding suitable labor force. All in all, the emerging markets' special characteristics were reflected easily through Russian context and also links to the business marketing process were discovered.

## **5.2 Managerial implications**

This research indicates some factors that the marketing manager of a company operating in the business-to-business field in emerging markets, more precisely in Russia, should take into consideration. The research stress the importance of careful evaluation of a given market's special characteristics when planning the marketing strategy and implementing the chosen digital marketing communication activities.

When operating in Russia, the government, bureaucracy and corruption are present in the digital world. The companies should stay focused in security issues and prepare for unexpected regulations or adulteration even when the situation seems peaceful. If an organization needs assistance in business administration or any professional service, the services are available at least in the main Russian cities. The case companies also convinced that infrastructure, information technology and network connections are currently on a decent level in Russia.

In an authoritarian country like Russia, liberty of speech or privacy are not evident issues. The findings suggest that companies should avoid taking part in state politics and handle the most sensitive information off line. Competition is hard and the control over interests might be lost quickly. The digital world even dilutes the control. Adulteration and smear campaigns appeared as examples of this kind of reckless behavior. In addition, since good labor force is hard to find from the major Russian cities, companies should motivate and keep their existing employers satisfied.

Measurability is highlighted in DMC. Previous surveys and budget allocations concerning DMC suggest that the most important methods are direct e-mails, search engine optimization and creating appealing content. The findings from the case companies outlined similar issues but the concept of content seemed blurry. Companies may have to concentrate more in understanding why the digital content, such as videos, whitepapers, blogs, or tips, are actually meaningful in business marketing.

An interesting issue considering marketing budgets was that none of the case companies were able to describe their digital marketing expenditure and compare it to the total marketing expenditure. It was only agreed that the share of DMC is increasing in the companies. This refers either to a lack of control over marketing investments or just the quick development of the DMC in business marketing.

When operating in the business-to-business field in Russia, it should be noted that relationships are more than important. All the case companies shared this perception. However, in professional service business it was still too early to count too much on social media as a customer service or customer engagement tool in business-to-business markets. Sensitive professional business is not ready for total change, but sharing information through social media about more general issues was justifiable.

The Internet as a DMC channel, and a website as a DMC tool, were unquestionably the main elements of the digital business marketing. Nevertheless, the fax machine, and video stream are DMC channels that were surprisingly important in Russia. Digital signatures are not yet commonly used, and video conferences are convenient and inexpensive alternative for travelling days between cities.

When integrating the digital marketing activities into other marketing communications elements, it should be noted that the tools can support each other. In the B2B context the sales process takes time. The process might begin from printed seminar material and end, after long one-on-one negotiations, in the web shop. However, the client most definitely visits the seller's website at some point during the long process. Moreover, if a potential client searches for alternative solutions in the Russian market, search engine optimization should have been done in both, Google and Russian equivalent – Yandex.

As a result of this Thesis we can see that business marketing in Russia is still relying on personal relationships and one-on-one sales activities. Digital channels and strategies are emerging quickly and increasingly supporting the traditional methods. However, the relationships can and should be supported by planned digital marketing communications tools and tactics such as CRM systems, local social media, interesting content and mobile communication.

### **5.3 Suggestions for further research**

For further research it would be appealing to compare other emerging markets' business marketing and digital business-to-business marketing communications, with these results from Russia. Countries like China, Brazil, and India provide a meaningful object for a research, as the differences in marketing and business environments are probably outstanding compared to western countries.

Another particularly interesting research avenue would be to study only a few chosen bigger companies more intensively, or to concentrate on different research segments than business consulting companies or industrial companies. Moreover, digital B2B marketing communications analytics, and the return on digital B2B marketing investments, are sure to be popular topics in the future.

Managing an international company or corporation usually involves a hierarchical structure where a marketing department is located in the headquarters outside the emerging markets. This produces the problem of localization and globalization. It would be interesting to compare digital marketing success between companies with a western ownership that are established only in Russia, and companies that have chosen to have a separate subsidiary in Russia. It might also be interesting to investigate how digital marketing responsibilities are organized in a large global corporation. For example, would there be differences in skills, resources, or tactics between French and German markets compared with Turkish markets within a same corporation.

## 6 SUMMARY

The impact of the emerging markets is constantly increasing in global business. However, the prevalent academic marketing research is based on the observations made in the industrialized Western economies. Another revolutionary issue is the rapid development of the digital world. Marketers have acknowledged the change long ago and developed competent tactics for consumers. Nevertheless, business marketing has just recently begun to adopt digital marketing communication methods. Therefore, the purpose of this study was *to understand and clarify how business marketing exploits digital marketing methods as a part of the chosen business marketing strategy under emerging markets' special conditions*. This objective was divided into three research questions: How the chosen marketing strategy reflects in the business marketing process? How digital marketing communication contributes to business marketing? And how are the emerging markets' characteristics reflected in the business marketing process? The first chapter introduced the subject and defined the research purpose as well as the structure of the research.

The second chapter defined the theoretical background of the study. Three surprisingly separate themes emerged in the analytical framework at the end of the chapter. First, two dominant paradigms in business marketing, transaction and relationship paradigms, were discussed to better understand the strategic marketing issues. Secondly, the concept of digital marketing communications was identified and defined in the business marketing context. In addition, marketing strategy, budgets, and objectives were discussed and the digital methods were linked with the main tactical elements of the communications mix. Thirdly, the emerging markets were discussed by comparing the meaningful definitions, taking a brief look at the marketing in emerging markets, and introducing their special characteristics (Sheth 2011): Sociopolitical Governance, Inadequate Infrastructure, Market Heterogeneity, Unbranded Competition, and Chronic Shortage of Resources.

Chapter three was dedicated for methodological discussion. This research was a qualitative and collective case study, and the data collection method was a semi-structured theme interview. The data collection took place in Moscow, Lappeenranta, and Helsinki. The interviewed case companies represented consulting companies (Pöyry, Awara, BuzzFactory) and industrial companies (Flowrox, Helvar, Lemminkäinen, Company A). Details about analyzing the data included thorough descriptions to increase the reliability of the study. Moreover, also the research quality and limitations were addressed. Altogether it took exactly one year to conduct this study from the very beginning of the process.

Chapter four presented the research findings. The chapter intended to identify the prevalent marketing paradigm in the case companies, understand the implementation of

digital business-to-business marketing communication in the case companies, and connect the emerging markets' special characteristics with the business marketing process. During the analysis, the case companies were put in order and compared based on their relationship orientation and digital marketing orientation. In addition, the different digital marketing channels and tools for business marketing were clarified and presented in a table form. At the end of the chapter, the highlighted themes considering business environments, which were reflected through the emerging markets' special characteristics in the case companies, were evaluated and connected to the digital business-to-business marketing.

In chapter five, the analytical framework was updated and the final conclusions were made by answering the research questions. The results show that the emerging markets' special characteristics and the digital world do reflect in the business marketing process in the Russian context. In addition, regardless of the industry harnessing digital marketing can be a major improvement to traditional business marketing methods in the Russian context. Moreover, the chapter interpreted the results from theoretical and managerial perspectives, and suggested themes for the future research.

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## APPENDICES

### Appendix 1: Operationalization table

Objective of the study	Sub-objectives	Theory background	Interview themes	Analysis chapters
To understand and clarify how business marketing exploits digital marketing methods as a part of the chosen business marketing strategy under emerging markets' special conditions.	1. How the chosen marketing strategy reflects in the business marketing process?	- Transaction and relationship paradigm in B2B marketing -Business marketing objectives and processes	A & B	4.2 Identifying marketing paradigms
	2. How digital marketing communication contributes to business marketing?	- Digital change - Marketing communications elements - Digital marketing communications, DMC	C	4.3 Understanding and implementing DMC elements
	3. How are the emerging markets' characteristics reflected in the business marketing process?	- Definitions of the emerging markets - Five special characteristics of the emerging markets	D & E	4.4 Emerging market special characteristics in business marketing

## Appendix 2: Interviewees

<b>Pöyry</b>	4 June 2012, in Moscow
Matti Lehtipuu	60 min
www.Poyry.ru	
<b>Awara</b>	4 June 2012, in Moscow
Samuli Pesu	75 min
www.AwaraGroup.com	
<b>Buzz Factory</b>	5 June 2012, in Moscow
Thierry Cellerin	60 min
www.Buzzfactory.ru	
<b>Flowrox</b>	7 June 2012, in Lappeenranta
Kauko Tanninen	80 min
www.Flowrox.com/rus/	
<b>Lemminkäinen</b>	8 June 2012, in Helsinki
Juha Virtanen	90 min
www.Lemminkainen.ru	
<b>Helvar</b>	11 June 2012, in Helsinki
Ilpo Heikkilä	90 min
www.Helvar.com	
<b>Company A</b>	14 June 2012, in Helsinki
Anonym	70 min

### Expert Interviews at the pre research stage:

Toni Alin, Digital Media Director, OS/G – Advertising Agency

Turku/Finland, 4 November 2011, 70 min

Anna Salo, Planning Director, Dagmar – Media Agency

Helsinki/Finland, 9 November 2011, 30 min

Anton Melnikov, General Director, Russia for Rapp Collins – Marketing Agency

Moscow/Russia, 18 November 2011, 60 min

## **Appendix 3: Interview questions**

### **A) Background Information**

- Name and title
- Previous experience and role in the company at the moment
- Quick Introduction to company (industry, market position, size, age)

### **B) Marketing Strategy in Russia**

- Who are your customers?
- Please, Describe the customer relationships?
  - a) Duration, interaction frequency, Intensity, trust
- How important the customer relationship is for you and in your industry?
  - a) How quickly customers make buying decisions?
- Please describe your customers' organizational buying behavior.
- How do you plan marketing/marketing communication?
  - a) Who plans/executes the marketing activities?
  - b) Do you use external service providers?
  - c) What are the most essential things considering your marketing at the moment?
- What is the digital marketing role in your general marketing strategy?
  - a) What is DMC budget share out of total marketing budget?

**C) Digital Marketing Communications (DMC) in Russia**

- Please describe your view about the digital marketing communication in general
- What goals or objectives do you have for DMC?
  - a) What are you trying to achieve?
  - b) What is the most important objective? Why?
  - c) What is the least important objective? Why?
  - d) What are the biggest challenges? Success stories?
  - e) Do you think that the digital objectives support general business objectives?
- What digital communication channels or platforms are you utilizing?
  - a) Internet, Mobile, e-mail, Other?
- What kind of digital marketing activities/tools are you exploiting?
  - a) What is the most important? Why?
  - b) What is the last important? Why?
- How do you attract new customers?
  - a) What role does a website, have in your DMC?
- What kind of content is your company creating online?
  - a) For who is it made?
  - b) For what purposes is it made?
  - c) Who creates it?
- What kind of a role social media plays in your DMC?
  - a) What so-me platforms?
  - b) Why these? What objectives? or Why not?
- How do digital activities support personal sales activities in your company?
  - a) Why is it important? or why not?
- How company's digital channels relate to your service production?
  - a) How do you communicate with existing customers?
  - b) In general/ about the business/ off the business ?
  - c) Do digital communication activities create engagement?
- How are the digital activities integrated to other marketing communication activities? (Printed ads, Tradeshow, etc.)
- Are there some digital possibilities that you are not taking advantage yet but are planning to?

## **D) Russia's special characteristics**

### **Access to the market**

- What do you think about Russian information technology?
- Do you think that the state of infrastructure is a challenge for your business?
- Have you had to adapt into local conditions set by the local level of infrastructure?
- Have you left something undone in Russia, due to infrastructural issues?
- Do existing/potential customers have access to digital channels available?
- Do your customers or shareholders question the usage of digital methods?
- Can you safely/confidently connect with your customers and shareholders via existing communication possibilities?
- Are all required commercial services (advertising agencies, research agencies, and banking) available online?
- Have religion or the government influenced on your DMC activities?  
Unexpected Regulations etc.?
- Have state owned enterprises or other industrial groups affected your DMC activities? or Marketing in general?
- Are there any other obstacles in accessing digital markets or connecting with customers in Russia?

### **Demand in the market**

- Are all your customers in major Russian cities?
- Do the customers from remote areas have different needs than customers in the big cities?
- Can the remote areas be connected via digital channels?
- Any other issues related to various different market needs in Russia?
- Are the competing products and services well branded in Russia?
- Are there unbranded competitors?
- Have you experienced adulteration or imitation of your products or services online/offline? Has your existing brand image assisted you?
- Have someone otherwise misused your company identity online?
- Any other issues related to digital competition in Russia?
- Have you experienced shortage of skillful labor force?
- Are the transaction costs higher in Russia because of hardly predictable production? or spotty supply?
- Is something else important to your business missing constantly?

## **E) Other Russia related Issues**

- Something more about business marketing or digital marketing in Russia?

## Appendix 4: DMC Tables

Business-to-Business

### DIGITAL MARKETING COMMUNICATIONS in RUSSIA

#### Channels

	Internet	Mobile*	E-Mail	Extranet	Fax	Video Stream
Pöyry	X	-	X	-	?	X
Awara	X	P	X	-	?	?
BuzzFactory	X	-	X	-	N	?
Flowrox	X	-	X	X	X	?
Helvar	X	-	X	X	?	X
Lemminkäinen	X	-	X	-	X	?
Company A	X	X	X	N	?	X

\*Phone calls not included

Is used	X
Is not used	-
Is planned	P
Not needed	N
Not sure	?

Business-to-Business												
DIGITAL MARKETING COMMUNICATIONS in RUSSIA												
Tools	Social Media											
	Website	CRM	Newsletter	Blog	Linkedin	Twitter	Facebook	YouTube	Wikipedia	Vkontakte	Odnoklasniki	MoiMir
Pöyry	X	?	-	-	N	N	N	N	N	N	N	N
Awara	X	X	X	X	X	X	X	X	-	X	X	X
BuzzFactory	X	N	-	X	X	X	X	-	-	N	N	N
Flowrox	X	X	X	N	X	N	N	N	N	N	N	N
Helvar	X	X	X	-	X	-	-	P	X	N	N	N
Lemminkäinen	X	X	-	-	P	P	P	X	-	N	N	N
Company A	X	X	X	-	N	P	N	X	-	N	N	N

Business-to-Business											
DIGITAL MARKETING COMMUNICATIONS in RUSSIA											
Tools	SEM/SEO		Mobile		Content Creation						
	Google	Yandex	App	QR-Codes	Messages	Video	Documents	WebTool	Research	News	Webinars
Pöyry	P	p	-	-	-	P	X	-	-	-	P
Awara	X	X	-	P	-	X	X	-	P	X	-
BuzzFactory	-	-	-	-	-	-	-	-	X	X	-
Flowrox	X	X	-	-	-	-	X	X	-	X	-
Helvar	-	-	-	-	-	X	X	-	-	X	-
Lemminkäinen	X	-	-	-	-	-	X	-	-	X	-
Company A	X	X	X	-	-	X	X	X	-	X	-