Social media, interactive tools that change Business Model dynamics

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1 CHAPTER 1: INTRODUCTION

The present dissertation is about business model innovation. The aim of this research has a two-fold objective. On the one hand, it attempts to assist managers in designing, implementing and developing their social media strategy as a complementary channel of communication. On the other hand, it attempts to contribute to the research community a better understanding on how customer interaction and a set of mediator variables incise in the transformation of the activity system of the micro-retailer's Business Model.

Specifically, this research provides:
1. retailers with a generic framework for designing the strategy through eight steps: audience definition, Internet position, leader detection, goals definition, strategy planning, choosing Web2.0 technology, strategy implementation and its assessment.
2. the research community a two-fold contribution: (1) conceptual framework which shows how customers acquire a new role inside the Business Model as a co-marker and (2) a set of mediators which incise in the interpretations of the entrepreneurs stimulating the transformation of the business model of the micro-retailers.

We will try to shed light on the question of how the transformation of the activity system of the micro-retailer's business model brings about the incipient emergence of a new Business Model.

Currently, business model literature sees the consumer as a simple buyer of products. Some researchers, however, refer to the role of the consumer as an active player in the business model (e.g. Wirtz, Schilke and Ullrich, 2010), participating in the redefinition of some activities of the business (e.g. Plé, Lecocq and Angot, 2011).

Could the Catalan micro family business consider the consumer as a "*partial employee*"? On the one hand, social media makes the interaction of the consumer on the activities of the business model obvious as a player, a partner or a participant in the redefinition of the activities of the Catalan micro-retailer. On the other hand to implement social media within the micro-retailer, the employer needs to acquire specific knowledge and to understand that the desired transformation requires efforts, implication and continuous adaptation to change. So, the use of the new Internet technologies, i.e. social media, is an element of change in businesses. However, we will see in the literature review that the research on this topic is limited.

This research has been conducted via Participatory Action Research (PAR) Methodology, which involves phenomenological patterns giving: (1) a better understanding on how customers are influencing the activities of the micro-retailers and how the retailers are learning from the customers through social media adoption and (2) a better definition of the social media strategy defined in section 4.3.2.1.

The contribution of this research provides preliminary results on the influence of customer interaction on the architecture of the activity system of the micro-retailer's business model as a consequence of the social media implantation and also on the factors which mediate the change and/or transformation of this business model.

Specifically, an incipient transformation on the business models of the micro-retailers is observed. This transformation is motivated not only by the definition and implementation of the social media strategy, but also by a number of mediating factors. As concluded by the research results, these mediating factors facilitate the transformation of the studied micro-retailer's business model such as the ability of learning included in the cognitive framework (past experiences and relationship with the environment and family context), the effort made, the dynamic capabilities and, partially, the time of social media implantation.

Furthermore, as stated by these research results, not all the building blocks forming the business model (customer segment, customer relationship, distribution channel, capabilities, partner, value configuration, value proposition, profit and cost) are influenced by consumer interaction. Specifically, the research defines four levels of customer interaction: communication, interaction, participation and collaboration. This classification is based on the literature of group collaboration systems, which studies how collaboration is carried out. The results show that the only building blocks influenced by an initial communication level in the current social media implementation stage of the five micro-retailers studied are the following: customer segment, customer relationship, distribution channel, value proposition and cost.

This incipient transformation stage of the micro-retailer's business model can be justified by a lack of effort made, by the fact of it being a micro business and by not always having a team easily adaptable to changes as well as the short time the social tool has been implemented in the business.

A short summary of the contents of each chapter is presented below:

Chapter 2 is devoted to the review of the literature. It presents the literature's conceptual framework, which is built on repetitive structures which

have appeared during the literature review process. The aim of this chapter is two-fold: (1) it attempts to show a holistic and dynamic approach of Strategic Management by means of Business Model literature and (2) it attempts to show how Business Model innovation, as well as other relevant factors (e.g. customer participation behavior among others) enables the emergence of a new *Participatory Business Model*.

Chapter 3 summarizes the theoretical foundations and shows the Research Conceptual Framework. The aim of this chapter is to provide a better understanding of how our research will add to, extend or replicate research already completed in the Business Model literature.

Chapter 4 is about the Participatory Action Research (PAR) Methodology. Additionally, it will develop the research design used to conduct the research through a process of action measures (figure 1.1).
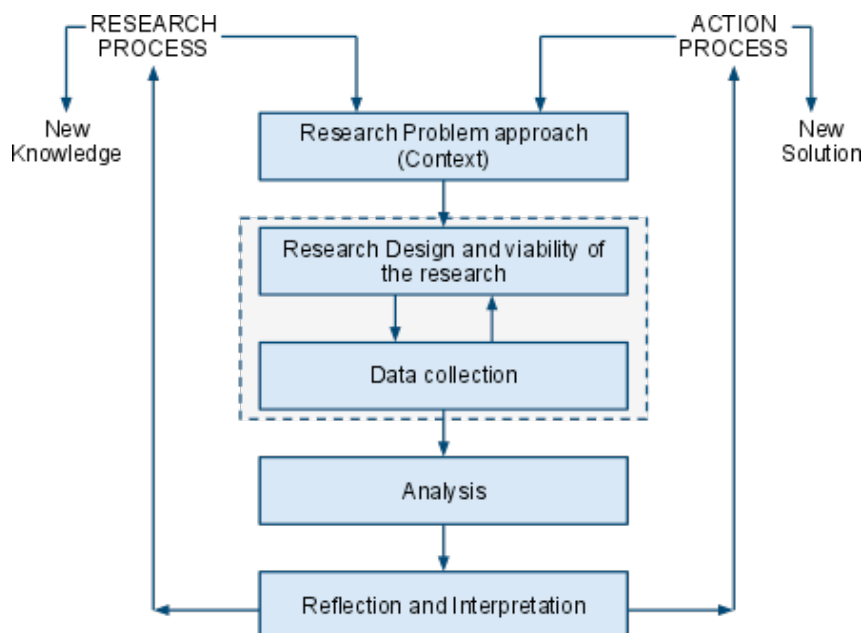
Figure 1.1 *Action process steps based on Karlsen (1990)*

In Chapter 5, the reader will find the five micro-retailer cases used to extract the contribution of this research. These cases include the company history, the social media strategy design they planned to carry out, the follow-up of the defined strategy and preliminary results.

Chapter 6 is devoted to analyzing the results of the micro-retailer cases leading to a double contribution. The first is more academic and sustained by four propositions and the second is more practicioner and improves the strategy outlined in section 4.2.3.1. The aim of this chapter is to add and extend new knowledge into the existing literature in the research area. Consequently, a final

Research Conceptual Framework is built as an outcome of the contributions of this research.

Chapter 7 remarks on the conclusions of the research as well as limitations and further research areas.

Finally, references are included in Chapter 8 and annexes referred to are given at the end.

2 CHAPTER 2: LITERATURE REVIEW

This chapter will review the literature on the constructs that form the conceptual framework of the proposed literature (figure 2.1) in order to address our research questions and attempt to solve the research problem.

We started the review of literature with some references related to the research problem. Osterwalder, Pigneur and Tucci (2005), as well as, Ple, Lecocq and Angot (2011) have been paramount throughout the research, since they have been our starting point to identify the key elements of the Business Model (BM) and how customers' behaviour can change it.

On one hand is Osterwalder, Pigneur and Tucci's (2005) model, which is based on four main areas (infrastructure, offer, customer and finance) as well as nine building blocks. They define the customer as a target of the value proposition and the origin of revenue streams, instead of being part of the infrastructure or an actor involved in the definition of the offer.

On the other hand is Lecocq *el al.* (2006) reinforce business model dynamism through their RCOA (Resource and Capabilities, Offer and Activities) model, since it is based on companies' choices that encompass resources and competences to value, product/service supplied and internal and external organization of the business. Additionally, Ple, Lecocq and Angot's latest work, (2011), shed light on the role of the customer as a constituent element of a Business Model. Other important references in our research are Amit and Zott (2001) and Afuah and Tucci (2003) that conceptualize a Business Model as a set of interdependent activities.

The list of references was taken from the bibliography section of books and articles following a systematic procedure. The selection criterion used to accept or reject a reference was its impact factor (JCR publications) and author renown, as well as its ability to shed light on the research questions and the research problem (how Web2.0 technologies, *social media*, transform the activity system of the Business Model).

The literature conceptual framework (figure 2.1) has been built on reiterative constructs that have appeared during the process of literature review. This framework is used as a guide to follow up the literature review of this chapter. The framework must be read as follows:

Strategic Management field needs a dynamic, systemic, cognitive and holistic approach. *Business Model* (BM) attempts to integrate both internal and external theoretical approaches. On one hand *internal theoretical*

approach covers the *Resource-Based View* (RBV) theory and the *Dynamic Capabilities* approach while, on the other hand, *external theoretical approach* covers the *environmental analysis* (environmental, market and competitive). Businesses that are aware of environmental changes could redefine their business model by adapting their dynamic capabilities by means of their *ability of learning*, which allows for better environmental changes adaptation and resource reallocation.
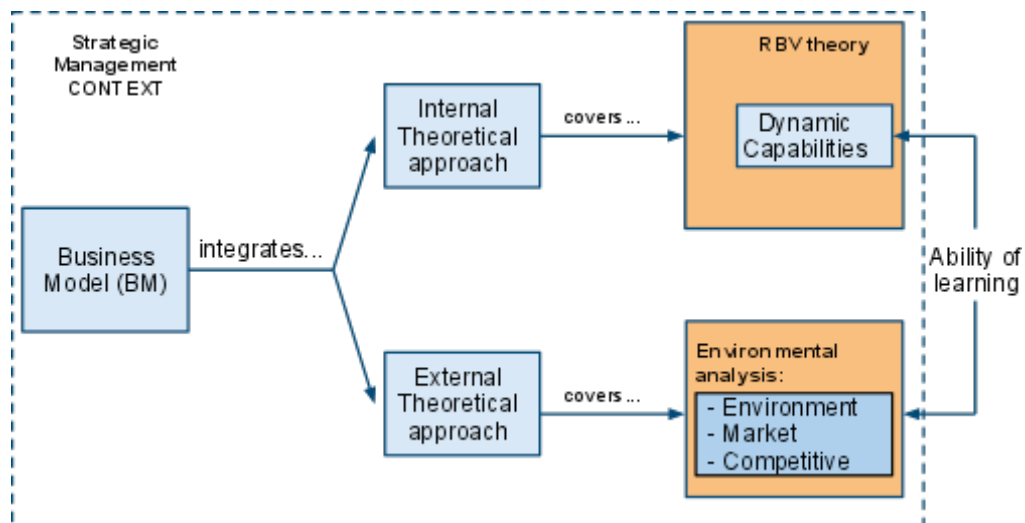
Figure 2.1 Literature Conceptual Framework

In sum, the main constructs of the literature conceptual framework (figure 2.1) are: Business Model (BM), Internal theoretical approach (Resource-Based View and Dynamic Capabilities), External theoretical approach (environment, market and competitive contexts) and Ability of learning.

Figure 2.2 shows the ongoing and iterative nature of the literature review process. Business Model repeated constructs were found from the selected references, which form the literature Conceptual Framework. Additionally, from the dissertation problem statement a sub-topic also emerged, the Web2.0 phenomenon. Present year contributions helped us to conduct the current research questions and design the Research Conceptual Framework (see chapter 3 - figure 3.1), which will also contribute to the literature.
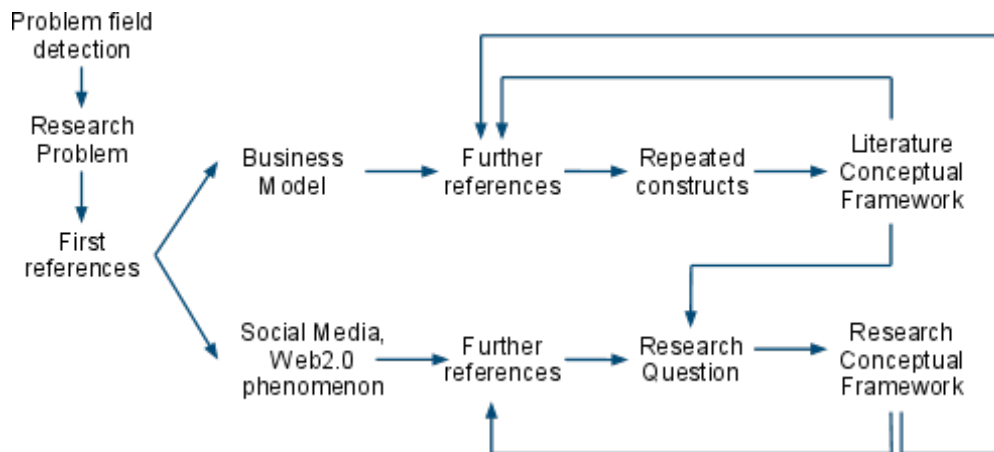
Figure 2.2 Literature review process

The first aim of this section is to show a holistic and dynamic approach of Strategic Management by means of a Business Model (BM) construct. The order of the review will follow the workflow of the Literature Conceptual Framework (figure 2.1). The second aim of this section is to show how business model innovation as well as the new pattern of customer behaviour driven by means of Social Media allows for the emergence of a new *Participatory Business Model* by following the workflow of the Research Conceptual Framework (figure 3.1).

2.1 Strategic Management Context

Over the last 30 years, the field of Strategic Management has experienced substantial advances both in theoretical and empirical research. Currently, it is considered an important field in the business discipline. Its early US academic roots were enhanced by a strong practice element focused around a group of initially US-based strategy consultancy practices: McKinsey, Boston Consulting Group (BCG), and Bain.

The field of Strategic Management was born in the 1960s against a background of tremendous ferment in organization theory. It can be traced to three works: Alfred Chandler's *Strategy and Structure* (1962); Igor Ansoff's *Corporate Strategy* (1965); and the Harvard textbook, *Business Policy: Text and Cases* (1965) attributed to Kenneth Andrews. These three authors configured the basic concepts of Strategic Management. Their research shifts from a deterministic one-best-way approach to a more contingent perspective where organizations need to adapt to their external environment. However, these studies were managerially oriented, with an emphasis on normative prescription rather than on analysis.

As a result, in the 1980s, according to Thomas (1984), the Strategic Management field began to be characterized by three different approaches based

on: content, context and process. The content approach focused on the internal aspects of the firm (e.g. Penrose, 1959) and the external perspective of the firm (e.g. Porter, 1980). Content studies may also be undertaken to throw light upon strategies in specific application contexts (environmental analysis, formulation and structure) (e.g. Schwenk and Thomas, 1983). Whilst these are more limited in scope, they are more specific and generally easier for researchers to undertake. The last approach is the process one (studied by organization theorists such as Mintzberg 1978) such as the structuring of organization and organizational power.

Up to the 1990s the Strategic Management field was based on works from other disciplines, including economics, organizational sociology, and political sciences, and sub-fields of management. In the 2000s, two pressures drove the Strategic Management field development to a holistic approach. They were related to internal and external changes.

On one hand changes in the nature of the business and economic context (e.g. Kotha, 1998), and on the other hand the need for a movement of the Resource-Based View (RBV) theory from a static view of existing stocks of resources (Penrose, 1959) towards an improvement of innovation and renewal implied by 'dynamic capabilities' (Teece *et al.*, 1997).

One of the major criticisms of the internal view was related to a static approach adoption, which considered competition as a zero-sum game and neglected the context within and the processes whereby strategies are generated, selected and implemented. Additionally, another point of criticism was the protectionist nature of the RBV, since it was mostly concerned with how to protect existing resources and rent sources, avoiding imitation or substitution, instead of generating, exchanging and combining resources in order to create new competencies and capabilities.

However, the external view represents another main body of strategy literature within strategic management. Its main criticism was the lack of attention to the talent of resources and capabilities by network partners. It was focused on market movements (e.g. Porter, 1980), cooperative movements of alliances (e.g. Jarillo, 1998) and network interaction theory (e.g. Gulati, 1998).

As a result, in the 2000s, some scholars attempted to understand the ever-changing global context of businesses due to the *New Economy era* (Zollenkop, 2006) driven by the Internet entrance. As a result, a dynamic, systemic, cognitive and holistic framework was required. This holistic and dynamic approach attempts to integrate how firms compete and select their own resources by developing the ability of learning and adapting to a competitive environment.

The following sections will address how a business model seeks to integrate both internal and external points of view in a holistic and dynamic approach following the literature's conceptual framework (figure 2.1). In particular, the environmental context will analyze more in detail the Web2.0 phenomenon and customer behaviour. These factors will shed light on our research conceptual framework contribution, since they affect the activity system of the Business Model. Hence, a better understanding of Business Model activities is required to clarify the phenomenal effects of Web2.0. Finally, the *Participatory Business Model* concept will be introduced.

2.2 Business model, a holistic and dynamic approach

Firstly, this section will lead the reader through the BM concept review and its evolution in Strategic Management literature. The scholarly literature review will follow the workflow of the Literature Conceptual Framework (figure 2.1), which integrates the holistic and dynamic approach. This framework is distributed through the organizational and environmental context. The organizational context is related to the Resource-Based View and Dynamic Capabilities. The environmental context is related to environmental analysis, which specially addresses the technological changes and the new pattern of customer participation. Finally, it will address the firm's ability to learn that integrates internal and external theoretical approaches of the Business Model.

2.2.1 Business Model Concept Review

The mid-1990s was a period of cultural change called the New Economy (Zollenkop, 2006). The broad claims in this period were that the Internet and the World Wide Web (WWW) had rewritten the basic rules of the economy and hence made novel strategies for commerce possible (Kotha, 1998). For instance Clint (1998), in a *Forbes* magazine article abstract, highlights one modern usage as it includes ideas related to time-to-market, transaction content (e.g. selling books, ability to maintain customer preferences,…), transaction structure (e.g. community development), revenue model (e.g. feasibility of generating profit), and value creation (e.g. success of Internet retailing in alerting consumers of the pleasures of online shopping).

> *"Amazon's rise to some extent reflects elements of its business model. For starters, the firm got to its market first. The Amazon site also exploits the Net's potential to build what analysts call a community around a product. Amazon's ability to maintain records of customer preferences and then act on that information gives it yet another advantage as an online retailer. Finally, it helps that books are quasi commodities – there is no need to try them on before you buy it – and books are small-ticket, impulse items that are easy to*

ship... Amazon's greatest contribution to Internet commerce is its stimulus to the consumers to some of the pleasures of online Shopping." (Kotha, 1998, pp.55)

The BM concept has acquired prominence in the lexicon at the end of 1990s with the emergence of new business at the Internet era (*e-commerce*), even though the origins of the expression BM can be traced back to the writings of Peter Drucker (1954). Later, Magretta (2002) defined a BM as "*stories that explain how enterprises work*" (pp.87). She intended to answer "*Peter Drucker's age old questions: Who is the customer? And what does the customer value? […] How do we make money in this business? What is the underlying economic logic that explains how we can deliver value to customers at an appropriate cost?*" (Magretta, 2002, pp.87). In short, what business does and how businesses make money.

Additionally, Timmers (1998) was one of the first authors to create a definition for BM in the field of electronic business. His considerations were based on Porter's value chain approach. According to Timmers, by reconfiguring the value chain, new BM can be created. In this way, the traditional value chain can be adapted to the challenges of modern value-added activities and can therefore offer the necessary flexibility in a highly competitive environment. He suggested that "*a business model includes an architecture for the product or service, an information flow, a description of the benefits for the business actors involved, and a description of the sources of revenue*" (Timmers, 1998, pp.4). Timmers' approach aims at designing a classification framework for e-Business through two dimensions: innovation and functional integration. However, since no specific components of a BM are considered, no interactions between the elements of the both dimensions can be addressed.

Timmers (1998) and Wirtz's (2000) definitions took a generally observational approach and is also detached from the electronic business perspective. Wirtz (2000) suggested "*the term BM refers to the depiction of a company's internal production and incentive system. […] a business model therefore reveals the combination of production factors which should be used to implement the corporate strategy and the functions of the actors involved*" (pp.81). On the one hand, this definition deals with the process of creating goods and services within a company, while on the other hand it refers to the connection between the concepts of BMs and strategy.

Hedman and Kalling's (2003) definition exhibits parallels to the definitions by Timmers (1998) and Wirtz (2000) and took a general approach, which can be applied to electronic business. "*Based on the review of existing literature, we would define a business model as consisting of the following causally related components, starting at the product market level: 1) customers, 2) competitors, 3)*

offering, 4) activities and organization, 5) resources and 6) factor and production input suppliers. […] To make this model complete, we also include 7) the managerial and organizational, longitudinal process component, which covers the dynamics of the business model and highlights the cognitive, cultural, learning and political constraints on purely rational changes of the model" (Hedman and Kalling, 2003, pp.113). Additionally, they proposed that BM is comprised of five integral components: market/industry, sales portfolio, activities and organization, resources and competencies, and factor markets and suppliers. They were the first to deal concretely with the interdependencies between the different components.

In contrast to previous approaches, Afuah and Tucci (2003) pointed out the significance of BMs as a management concept by illustrating the connection between BMs and competitive advantage. They defined BM as "*a business model (which) can be conceptualized as a system… made up of components, linkages between the components and dynamics*" (Afuah and Tucci, 2003, pp.3). They identified eight areas (customer value, design scope, price setting, revenue sources, interrelated activities, implementation, capabilities and sustainability) as essential components of an integrated BM. They represent the keystones of a company's value creation and are causally related to the determinants of a company's success. However, the type of interaction between the different components remains unclear.

During these years (1975-2000), the usage of the BM term was changing according to the context. Ghaziani and Ventresca (2005) attempted to give an overview of the most important periods of development for the BM term depending on the context of usage. Additionally, they stressed that the BM concept had essentially been related to value creation, revenue model, e-commerce, tacit conception and relationship management. Each of these elements represents a local interpretation of the global category of BM.

In the 2000s, the BM concept in the management community had essentially been related to value creation and appropriation. For instance, Amit and Zott (2001) tried to highlight the drivers of value creation of a firm (novelty, lock-in, complementarity and efficiency) by analyzing a sample of 59 American and European e-businesses; Mahadevan (2000) tried to emphasize the blend of the value stream for buyers and partners, the revenue stream, and the logical stream (the design of the supply chain); Linder and Cantrell (2000) tried to stress the operating BM that explains the firm's core logic for creating value for the customers within an organization; Tikkanen *et al.* (2005) emphasized that the connections between BM components had to be taken into account, since these components refer to the underlying value system; and, Shafer, Smith and Linder (2005) uncovered twelve e-business model definitions published from 1998 to 2002 to develop an affinity diagram that identify four common major categories in

all the definitions: strategic choices, creating value, capturing value, and the value network. They defined BM as "*the representation of a firm's underlying logic and strategic choices to create and capture value within a value network*" (Shafer, Smith and Linder, 2005, pp.204).

In an attempt to integrate BM components with a firm's environment, Afuah (2004), Osterwalder, Pigneur and Tucci (2005) among other authors proposed a holistic approach. The approach of Afuah (2004) represents a comprehensive concept that contains perspectives for both the company and industry. He described the determinants of a company's profitability on one hand and the differences between industry-specific and company-specific factors on the other hand.

Osterwalder, Pigneur and Tucci (2005) defined BM as a conceptual tool that could be expressed as a business logic relating to the way in which businesses are driven. This ontological representation may be seen as a convention between partners concerning the generation and sharing of value between stakeholders. They argued that a formal ontological approach enables firms to share and communicate models among actors in different formats for different situations. Currently, they have added more value to their BM definition. They have redefined the concept as '*a BM describes the rationale of how an organization creates, delivers and captures value*' (Osterwalder and Pigneur, 2009, pp. 83).

Nowadays, BM is essentially a matter of value and revenue generation. Following Lecocq *et al.* (2006), BM is defined as the choices made by an organization (whether for profit or not) to generate revenues in a broad sense (turnover but also royalties, rents, interests, subsidies…). These choices encompass resources and competences to value, products and/or services supplied and the internal and external organization of the business. In addition, Casadesus-Masanell and Ricart (2011) defined a BM as "*a set of choices made by the firm and the set of consequences derived from those choices*" (pp. 2). Of course, choices are relevant since they identify the way the management would like the firm operates.

In sum, these definitions of business models share an emphasis on how a firm makes money through the configuration of value chain (Porter, 1985), the formation of strategic networks among firms (Dyer and Singh, 1998), or the exploitation of firm-specific core competences[1] (Teece *et al.*, 1997). These elements affect firms' possibilities for value creation and value capture as well as for learning. Besides, the idea of Magretta's (2002) business model is also

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[1] Core competence will be called distinctive competence only if they are based on a collection of routines, skills, and complementary assets that are difficult to imitate. (Teece *et al.*, 1997)

consistent with the work on interdependencies (e.g. Amit and Zott, 2001; Afuah and Tucci, 2001).

2.2.2 Business Model concept evolution in the literature

Osterwalder, Pigneur and Tucci (2005) proposed five phases in the evolution of a business model concept in the literature. The first phase defines and classifies the BM concept. At the second phase the BM concept changed from the overall modeling process to an integrated depiction of the business organization in support of management. It became to be seen as an abstract representation of the company's structure or architecture. Several authors from business information and management approaches started to propose and describe the BM elements and, later on, model them and apply these definitions in the business field.

Figure 2.3 integrates the development of the BM concept from 1950 until now with five phases of evolution in the literature (see Annex 1.1 - table that summarizes some of the most prominent authors in the concept evolution of BM in the literature).
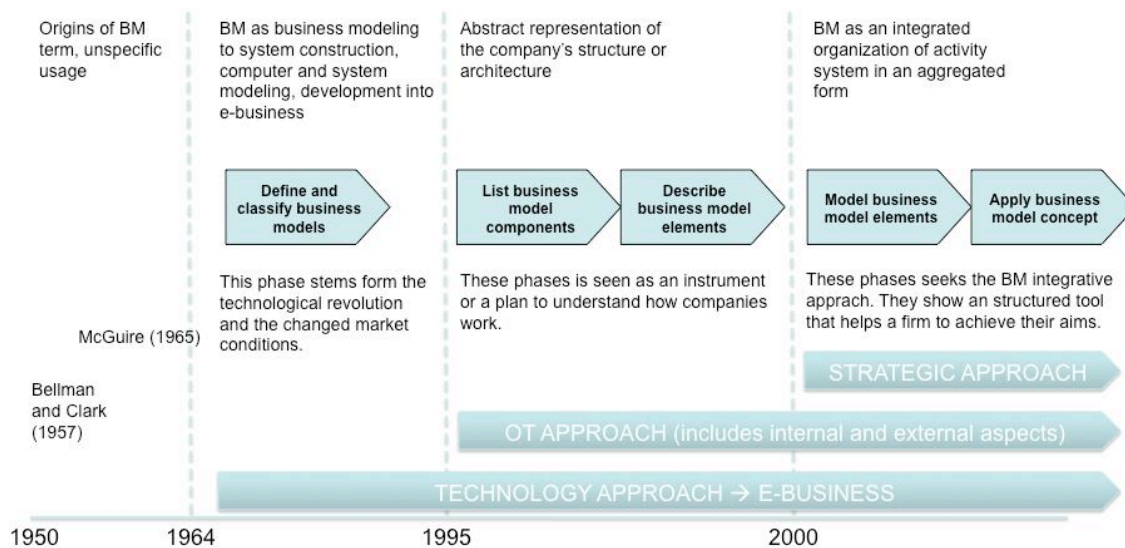
***Figure 2.3** Development and evolution phases of business model concept based on Wirtz (2010)*

The first stage began when business model term started to be shown in the strategic literature (1964). This stems from the technological revolution and the changed market conditions, since Ghaziani and Ventresca (2005) suggested that the emergence of a new concept as '*business model*' goes hand-in-hand with changes in culture and practice.

This first stage leads to the second phase where many authors attempted to propose BM's elements (e.g. Mahadevan, 2000). At this stage, BM could be seen as an instrument or a plan to understand how companies work. At the third phase, authors described the BM's elements in detail (e.g. Chesbrough and Rosenbloom, 2002; Osterwalder, 2004).

These definitions and elements stress the BM as an integrated management concept since it includes internal firm's factors such as Resource-Based View (RBV) and competitive-strategic component as Market-Based View (MBV). Both schools of thought are of special significance for the BM concept. In the context of MBV, a special emphasis is placed on the competitive orientation and the external view of the company. In contrast, the RBV is focused on the individual company and its sustainable handling of resources. These two approaches are complementary.

At the fourth phase, some authors attempted to model conceptually the BM's elements (e.g. Lecocq *et al.*, 2006; Casadesus-Masanell and Ricart, 2011). In addition, these models started to be evaluated and tested.

Finally, at the fifth phase, authors applied BM's elements at the business field. The successful implementation is directly reflected in the success of the business model construct since it is a structured management tool that helps a company to achieve its goals (Magretta, 2002).

Summing up, figure 2.3 shows the evolution of the BM construct from 1950 until now in the strategic literature from its emergence with the technological revolution until being expressed as a structured tool that helps a company achieve its aims.

The following sections will address the organizational and environmental context literature review. It is based on the literature's conceptual framework (figure 2.1).

2.2.3 Internal Analysis of Business Model construct

Note that value creation is a central component of BM. On one hand, the BM definition gives a picture of the different BM components and how they are related among them while on the other hand, it deals with the interactions between components to offer and capture value to its stakeholders.

In order to be able to use BMs as an integrated management tool, it is essential to develop an understanding of the internal context as well as the external conditions that companies face in improving their competitiveness. Consequently, BM interaction components are not enough to create value.

Change in environmental conditions such as dynamic environment, competition, uncertainty, globalization, etc. are also needed to positively contribute to the creation of value.

The next section will address the Resource-Based View (RBV) theory of the firm and especially the dynamic capabilities approach. They are central paradigms that explain the configuration and deployment of distinctive competences of the firm and how the firm learns. These approaches are useful for a better understanding of how managers select different resources, practices and systems and resource configuration.

2.2.3.1 Resource - Based View Theory

Penrose (1959) was one of the founders of the RBV idea. It was built on Schumpeter's perspective, since he said that the firm can be conceptualized as a bundle of resources and capabilities. According to Barney (1997), '*resources and capabilities are valuable if, and only if, they reduce a firm's costs or increase its revenues compared to what would have been the case if the firm did not possess those resources*' (pp. 147).

This RBV theoretical framework has been formally criticized for not explaining how and why certain firms have competitive advantage in situations of rapid and unpredictable changes (Eisenhardt and Martin, 2000) and how a business model can create and appropriate value and sustain competitive advantage.

According to Priem and Butler (2001), RBV theory is static and pays scarce attention to the mechanisms used to turn resources into competitive advantage, especially in those dynamic markets where businesses don't operate in vacuum. In response to that, Teece *et al.* (1997) building on the evolutionary view of the firm (Nelson and Winter, 1982) have extended RBV to dynamic markets. Teece proposed that in such conditions the dynamic capabilities of firms "*integrate, build, and reconfigure internal and external competencies to address rapidly changing environments*" (pp. 516). According to Teece, dynamic capabilities have become the real sources for sustainable competitive advantage and value creation. Additionally, he and Dierickx and Cool (1989) reinforced that they have to be built over time due to factors as market imperfection.

As a result of that, the following sub-section will review the recently dynamic capabilities approach of the firm.

2.2.3.2 Dynamic Capabilities Approach

Dynamic capabilities approach (Teece *et al.,* 1997), as an extension to RBV, explores how valuable resource positions are built and acquired over time. Eisenhardt and Martin (2000) studied what dynamic capabilities truly are. Their contribution can be understood under three main arguments: (1) dynamic capabilities consist of many well-known strategic and organizational processes "*such as alliancing, product development, and strategic-decision making that have been studied extensively in their own right, apart from RBV*" (pp. 1116). (2) These dynamic capabilities "*exhibit commonalities across firms that are associated with superior effectiveness. So, while the specifics of any given dynamic capability may be idiosyncratic to a firm (e.g., exact composition of a cross-functional product development team) and path dependent in its emergence, "best practice" exists for particular dynamic capabilities across firms*" (pp.1116). These features imply that dynamic capabilities are more homogeneous and substitutable than traditional RBV framework. (3) Effective patterns of dynamic capabilities vary with market dynamism, resembling to the traditional concept of routines (Nelson and Winter, 1982) (1) in the case of moderately dynamic markets while turning to be simple, and (2) in the case of high-velocity environments they turn to be experiential and unstable processes.

According to Eisenhardt and Martin (2000), dynamic capabilities are basically rooted in the firm's organizational and strategic routine processes, such as those aimed at coordination, integration, reconfiguration, recombination, selection or transformation, or learning in order to achieve competitive advantage. Their work informs and enhances the RBV perspective. They pointed out that the effective use of these dynamic capabilities (resource configuration) would enable firms to create a particular pool of resources that can lead to the achievement of a sustainable competitive advantage in changing markets. Sustainable competitive advantage cannot only be reached through these dynamic capabilities. The source of competitive advantage lies in the resulting resource configuration and not in the capabilities themselves. So, firms have to choose not only the markets and business they compete in, but they must also think of resources and dynamic capabilities that allow an effective value-creation process resource configuration as a way to create sustainable competitive advantage.

In sum, dynamic capabilities can give us a better understanding of: (1) how valuable resources configuration is built and acquired over time, and (2) how managerial and organizational processes in firms manipulate resource configuration to create and capture value in order to achieve a competitive advantage in dynamic markets.

2.2.4 External Analysis of Business Model construct

This section will review the external pressures that directly or indirectly influence the role of BM at the industry level. This will help us to understand how firms create and appropriate value in that competitive environment.

Businesses are continuously facing external pressures (e.g. internationalization, globalization, growth of information technologies use, customer behaviour and networking). These pressures force businesses to face the challenge of improving their competitiveness. If businesses want to survive in an environment with extremely high competition, they must constantly adapt and innovate their businesses in order to compete differently. Additionally, changes can be initiated due to both external and internal influences. According to Wirtz (2010), a feasibility analysis will be required (figure 2.4) to analyze the environmental, industry and market and competitive context.
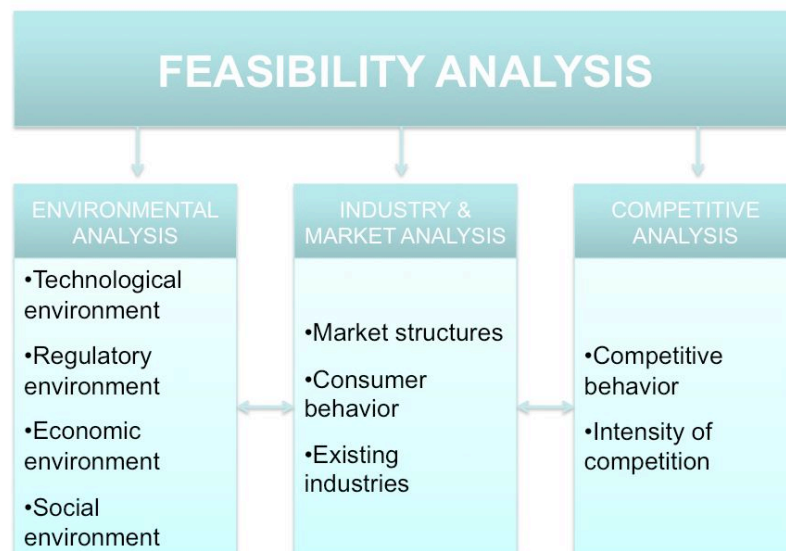
Figure 2.4 *Feasibility analysis from Wirtz (2010)*

The environment includes the technological, regulatory, economic and social context. Particularly, the technological context is an important determinant of the environment. For instance, the rise of the Internet forced companies to start adopting new distribution channels. Also, falling communication and coordination costs due to cheaper technology have forced companies to become more efficient. They started to outsource all non-essential business and progressively rely on partnerships. The technological context is a major force of business model innovation. In some cases, technological changes may even challenge the mere existence of a particular BM. More specifically, it can render existing BMs obsolete and drastically alter the competitive landscape in existing industries, or create completely new industries while killing old ones.

Both the regulatory and economical contexts substantially determine the basic conditions for the development of a BM, since they influence the competitive environment and change existing basic legal conditions. Often changes in the legal environment make it also necessary to adapt BMs. Additionally, the economic slowdown in the developed world is forcing companies to modify their BMs or create new ones (Casadesus-Masanell and Ricart, 2011). The introduction of new privacy laws can turn illegal the use of some BMs, if a company has extensively relied on customer information without the customer's explicit agreement. In general, it can be said that the legal context has a strong influence on BMs at firm level. For instance, the deregulation of telephone networks in Europe led to the former state-owned monopolies having to adjust their BMs through the competition that had been created during this process.

Furthermore, the social context can also be an important determinant for BM success. Sometimes the social context and social mood can influence the BM of a firm. This kind of pressure is particularly studied in stakeholder theory. For instance, if a company's BM is centered on low cost production in developing countries it might draw the attention of militant non-governmental organizations that could mobilize public opinion against the firm. This happened to Nike while considering the ethics of its operations in Vietnam. Besides ethics, changes in the social context will also have an indirect influence on customer demand favoring the creation of network externalities. This is the case for technology and innovative products adoption, where the use and social acceptance by a broad majority opens up completely new markets and customer demands (e.g. eBay, Amazon.com, Starbucks, etc.).

In the context of industry and market, authors like Mason (1939), Bain (1956; 1968), Caves and Porter (1977), and Porter (1980) argued that the structure of the industry is crucial for higher profits, since it captures the firm's transactions with its stakeholders. Companies can decide three fundamental strategic choices: (1) in which industry they want to operate and when they want to enter in (e.g. Lieberman and Montgomery, 1988), (2) which position they want to have in that industry (e.g. Porter, 1985), and (3) if they can change the structure of the industry to obtain a more favorable industry structure, for instance by creating barriers of entry for newcomers (e.g. Caves and Porter, 1977).

In order to correctly assess whether the potential market will succeed or not, the customer perspective has to be taken into consideration in addition to the market structure. Customer behaviour constitutes an essential determinant for creating a new market by successfully blurring the boundaries between industries via disruptive technologies or business model innovations. Changes in consumption patterns, revenue increases and fashion changes are just some of

the possibilities. For instance, the shift from fixed-line to mobile telephony is a good example of change in customer demand.

A second-major pressure on a company's business model comes from its competitors. For traditional industry players adapting to changes in the competitive environment is especially crucial when new dynamic competitors rapidly dispute their market position as incumbents. In particular, companies with a well-designed BM approach (alignment with goals, complementary assets, consistent model, and sustainable effectiveness (Casadesus-Masanell and Ricart, 2011)) are assumed to react faster to changes in the dynamic environment because they have developed adaptative capabilities.

In short, markets, technology and regulation are key drivers of BM change. These factors can transform parts of the BM's activities concerning value creation and value capture, firm's positioning, value network, competitive advantage and open innovation or *collaborative entrepreneurship*[2] (Miles, Miles and Snow, 2006). BM change could be positive or negative, since it can diminish existing competitive advantage (negative), or it can generate new competitive advantage (positive). Additionally, Linder and Cantrell (2000) pointed out that changes in existing BMs are considered an essential component of BM management to survive in the market over the long run and adapt to changing conditions.

2.2.4.1 Technology driver: Web 2.0 phenomenon, Social Media

These subsections will address the drivers that influence the BM transformation in its activity system, particularly, the new pattern of customer participation by means of Web2.0 phenomenon. According to IBM Institute for Business Value (2007), almost all the companies of its sample make adjustments to existing BMs in order to deal with new technologies or customer needs. As an example, 70% of companies from this study stated that in many cases, the BM has to be radically changed in order to remain competitive.

At the beginning of 1990s, Berners-Lee, Cailliau, Luotonen, Nielsen and Secret (1994) described the web as a '*collaborative medium*', which allows information providers in remote sites to share ideas without boundaries. Initially, Internet was focused on the command and control of information itself that enabled daily communications and increasingly cheap ways to transmit large amount of one-directional information.

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[2] Similar to open innovation is *collaborative entrepreneurship*, which is defined as "the creation of something of economic value based on new jointly generated ideas that emerge from the sharing of information and knowledge" (Miles, Miles and Snow, 2006).

David Weinberger, one of the authors of the Cluetrain Manifesto (1999), suggested that a new wave of Internet would allow users keep conversations that they simply never could have done before. The main difference between this new wave of Internet and the 'old' one is based on users participation. O'Reilly (2005) officially introduced the term *Web2.0* that provides a new way to interact and collaborate and exchange knowledge among users. For instance, in Wikipedia people collaborate to create content, produce and update knowledge as opposed to the traditional encyclopedias where the information is static and predetermined.

O'Reilly defines Web2.0 as a set of online web-based collaborative tools, commonly referred as '*Social Media*', that enable people to communicate, participate, collaborate, share, create, add to and edit the information easily and in real time. For instance, social networks like Facebook are a hallmark of Web2.0, among others. This key characteristic has been described as an '*architecture of participation*' by O'Reilly (2005).

The Web2.0 is a term that designates the second generation of communities and services on the Internet. It encourages user participation by emphasizing interaction, community and openness by means of technologies such as blogs, wikis, RSS (*Really Simple Syndication*) feeds, etc. According to Young *et al.* (2007), Web2.0 fosters fundamental changes in consumer behaviour and enables business efficiency.

On one hand, Internet applications, social software among other tools are enabling consumers to interact with content and with each other whenever and however they like. Additionally, these tools enable firms to enhance stronger relationships with their customers, improve their loyalty and redefine their business relationships. On the other hand, Web2.0 technologies are making human-centric processes more efficient and flexible by providing easy access to data, content, and co-workers expertise. As a result, businesses can make better decisions. The ability to collaborate with users may be a competitive advantage as the ability to deploy the Web2.0 technologies.

Since 2007, Erik Brynjolfsson and Andrew McAfee pointed out that Internet would transform many aspects of the way businesses operate, from how goods are bought and sold to where work is done. It reduces transactions cost and thus stimulates economic activity by linking business with customers and the speed, the range and accessibility on the Internet and the low cost of distributing and capturing by means of Web2.0 technologies create new business opportunities. Web2.0 technologies can create a virtuous cycle by using information to attract more users, and learn more about them in the course of the business transactions.

Communities accelerate knowledge, competence transfer and replicability by sharing experiences and increasing peer-to-peer social interaction and communication. Users are willing to share a certain amount of themselves, and that sharing creates new opportunities. It's a situation where users who like the site will probably want to invite their friends to join, creating a group of potential marketers and followers. Keeping a vast number of users requires gaining their trust and providing them with what they have came to expect. The same networks that promote growth can destroy market share and build up competitors if they give users reasons to depart. In short, Web2.0 technologies could transform both people interaction behaviour and business knowledge base, even though businesses need to rethink their BMs and mobilize their resources within their organization.

Hence, Web2.0 is not only about the underlying technology, '*Social Media*', but also about the new ways that it enables large numbers of people to come together to work, share and build. This new scenario fosters interactivity between businesses and customers and connectivity, which enables new communication across organizations and customers, and also within groups of customers themselves. The dual aspects of interactivity and connectivity are transforming the BMs of organizations. However, only companies with a cohesive strategy for building a new set of capabilities allowing them to progress along integrating digital (reshaping customer value proposition) and physical elements (transforming operating models) can successful transform their business models (IBM Global Service, 2011).
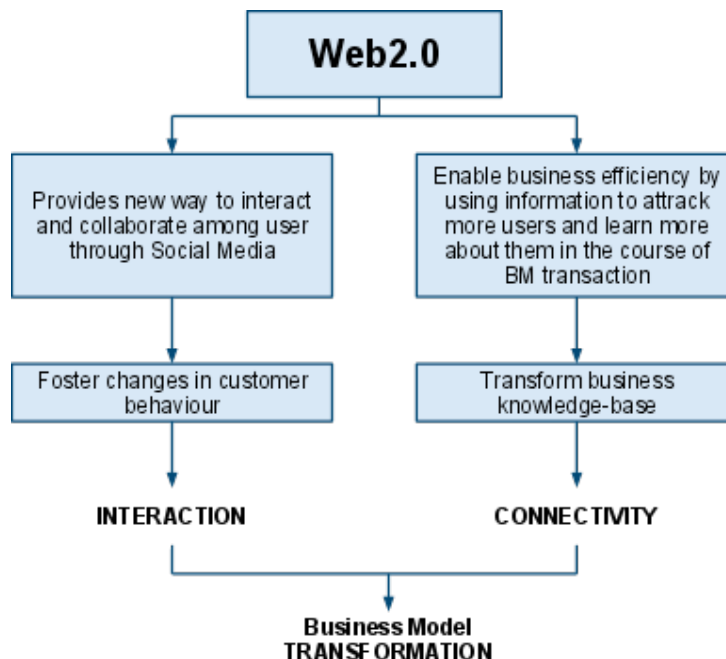
Figure 2.5 *Web2.0 fosters interaction and connectivity*

Figure 2.5 summarizes the main concepts of this subsection - which factors of the Web2.0 technologies foster the transformation of the business model-.

2.2.4.2 Disruptive technology

According to IBM report (2011), customers have become the primary force behind digital transformation in all industries, since they have higher access to online information through different channels increasing their expectations. On the other hand, according to Chadwick (2006) study, "*the industry will need to change to meet clients' demands. Will it be the industry that currently exists or will it be a new industry that rises up and usurps our existing position? [...] Will it go the way of other industries hit by disruptive technology or will it adapt to meet the needs of the new generation?*" (pp.18).

Do we consider Web2.0 technologies as a disruptive technology? According to Christensen, disruptive technologies describe a new technology that unexpectedly displaces an established technology. In "*The Innovator's Dilemma*", Christensen separates new technology into two categories: sustaining and disruptive. Sustaining technology refers to incremental improvements on an already existing technology. Large firms are designed to work with this type of technologies, since they allow them to stay closer to their customers and improve their existing technologies to meet their best customers' needs. Disruptive technology often has performance problems because it is new, appeals to a limited audience, and may not yet have a proven practical application. However, they are cheaper, simpler, smaller and more convenient to use. Additionally, a large part of the market did not need all the performance offered by the existing technologies to reach their customers (C. M. Christensen, Raynor, & Anthony, 2003; Gilbert, 2003).

Disruptive technologies are based on two general strategies: create a new market and disrupt the business model from the low end. In other words, disruptive technologies should either enable consumption by potential consumers excluded from the market (less-skilled or less-wealthy) or target customers at the low end of a market who do not need all the functionality of the existing products. Disruptive technologies compete against non-consumption since they allow people to do things they could not do in the past for lack of money or skill or they are already trying to do but cannot with the current products or services. The second strategy is aimed at disrupting the incumbent's business model by targeting the least-demanding tiers of the market, the customers that are "*over-served*" (C. M. Christensen, 2002; C. M. Christensen, Johnson, & Rigby, 2002; Gilbert, 2003).

As a result, Web2.0 could be seen as a classic disruptive technology, since the information and insights derived from Web2.0 could not be necessarily better (many would argue the opposite) but the technology offers greater utility at a higher speed and a lower cost (Chadwick, 2006). Additionally, the key to understanding the importance of Web2.0 is this ease of sharing, cooperating and co-creating and can be defined as a software that supports group interaction (Cooke and Buckley, 2008).

2.2.4.3 Disruptive changes or adaptative changes?

Is the industry suffering disruptive changes or adaptative changes? According to Cooke and Buckley (2008), the industry is not under the threat of disruptive change, but opportunities of adaptative change, since they observe an industry that is adapting to the rapidly changing social, economic and technical environment in which we work. However, Gilbert (2003) mentioned that opportunities are related to disruptions in the sense that sometimes managers in established companies fail to recognize disruptions as opportunities because they see them developing but they incorrectly conclude that they are outside their market.

We observe that many of the most significant environmental changes in recent decades can be related to the proliferation of the Internet, which has changed the way business is conducted in many ways, e.g. the global distribution of digital goods and services, and computer-mediated communications with customers. Additionally, Web2.0 technologies have also created new ways for customers to interact with companies operating on the Internet.

As a result, according to Teece (2010), when the underlying technology changes and an established logic for satisfying consumer needs is over tuned, the BM must change. He points out that technological change is not always a trigger to reshape the BM.

Hence, many traditional brick-and-mortar BMs need to adapt their value creation logic to remain competitive (e.g. Porter, 2001; Amit and Zott, 2001) and develop a serial of abilities that help them to interact with customers successfully (Teece, 2010). It is important for managers to understand how they can address environmental changes and adjust their BM so that their firm can gain or sustain a competitive advantage.

Firms need to possess strong sensing capabilities to identify the relevant changes in their environments, which needs constant environmental scanning, organization-internal resources that give evidence on the growing relevance of user-added value and interaction orientation.

The following subsection describes how social media is changing the pattern of customer participation and how it could transform the activity system of the business model.

2.2.4.4 Social Media revolution

Web2.0 technologies, social media, are currently undergoing a media revolution. The key to understand this media revolution, according to Cooke and Buckley (2008), is fourfold. *"First, there is the emergence of user-generated content that is blurring the distinction between professional and amateur content. [...] Second, that new media is increasingly being pulled by customers, rather than being pushed at them. [...] Third, today's media is micro-chunked, rather than monolithic. At blogs, consumers read posts; at Youtube, consumers watch micro-chunked videos; [...] Fourth, the social interactions that develop around the content are the key to understanding the importance of this bite-sized user-generated content. It is the facility to rate, rank comment on, review and respond to the new world of media that is driving the success of these new media properties"* (pp.274).

The Web2.0 rise in active consumers that are increasingly active in seeking out the information, opinions, products, and services that interest them. Their participation[3] or social interaction with the web changes at every moment. Related to the customer actors of a firm, it implies an action linked not only to the production and delivery stage of a product or a service, but also after the delivery process stage. The last action is underlined as the *prosumer* role of the customer since any customer can describe any pleasant and unpleasant experience with a product to anybody. Using social media they can interact with other customers by "tagging" pictures, blogging posts, articles, and web pages with key words and phrases that help other users find, sort and classify online material.

The participation or interactivity is probably the single most important attribute of Web2.0. On one hand, Web2.0 is all about consumers, and whether business products or services suit their needs, solve their problems, and does it in a special, innovative or remarkable way. And on the other hand, interactivity between people is a central part of the commercial Internet.

What is new about Web2.0 interactivity is that it now goes far beyond messaging. It's not just about people interacting with other people. It is people modifying websites in the process of interacting with other people, such as posting text commentary and opinions, uploading and tagging photos, creating

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[3] Participate means "*to take part in something, precisely, in its outcomes*" (Ple, Lecocq and Angot, 2011, pp.11).

videos, audio streams, online conferencing, and collaboration and visiting the 3-D virtual worlds of multiplayer online games.

People using the Web and publishing on it today have the power to create new content, effortlessly launch new websites, and make blog posts or comments. Call it the '*social web*', or the '*participatory web*' (Berners-Lee, Cailliau, Luotonen, Nielsen and Secret 1994). The customer himself is the main actor to be concerned by his participation. Under the values of the *participatory web*, consumers bypass the marketing department, cut through the hype, and talk to each other directly through user-submitted product reviews influencing customer perceived service quality and satisfaction, their intention of purchase and leading to new ideas of product. For instance, a number of studies have found that word-of-mouth endorsement – the recommendation and reviews of '*customers like me*' – are the single biggest influence on purchasing.

Successful companies are embracing the power of the people and using it to enhance everything they do online. Their Web2.0 websites empower their users to talk to each other, in straightforward and practical language. In the process that businesses create trusted content, and connect relevant products to the right customers in a way that no top-down marketing initiative ever could. However, the customer does not always participate in the same way, or even with the same intensity in the different firm stages (production and delivery).

2.2.4.5 Patterns of customer participation

This section will shed some light on the nature of customer participation and what leads that customer to participate with businesses by means of social media.

Not all the publications that deal with the nature of customer participation concept really acknowledge one clear definition of the concept (e.g. Kelley *et al.*, 1990; File *et al.*, 1992; Cermak *et al.* 1994). They have focused on service/product production. According to Ple, Lecocq and Angot, (2011), four important characteristics could be identified: (1) the nature of the production the customer participates with, (2) the moment this participation takes place, (3) who this participation concerns, and (4) the nature of customer participation itself. These characteristics show that customer can participate through different stages in the value chain of the firm (design stage, production and delivery stage and after the delivery stage).

Mills and Morris (1986) suggested that customer could be considered as a "*partial employee*", since customer participation may impact on the firm that build new experiences of consumptions (Prahalad and Ramaswamy, 2004), may influence other consumers satisfaction (Kellogg *et al.,* 1997; Youngdahl *et al.,*

2003) and may involve many other actors he interacts with that are concerned by customer participation (Parker and Ward, 2000).

According to Rodie and Kleine (2000) and other authors from the literature in the marketing and management field (e.g. Mills and Morris, 1986; Grönroos, 1984; 2001; Kelley et al., 1990; 1992), customer participation could take different forms from merely communicating information to making efforts to get the product. These forms are related to: mental, physical, emotional, financial, temporal, behavioural and relational inputs. These forms (Annex 1.2) make up customer participation behaviour. Not all of them may be mobilized every time the customer participates, since the customer does not always participate in the same way.

Additionally, Meuter and Bitner (1998) make a distinction between three customer participation scenarios that affect innovation processes of the firm: (1) firm production, (2) joint production and (3) customer production. In the first case, the product is produced entirely by the firm and its employees, without any participation from the customer. In the case of joint production, the customer interacts with the firm which contacts employees to participate in the production. And in the customer production case, it is a scenario in which the customer entirely produces the product, without any intervention by the firm's employees. This last kind of situation is increasingly frequent alongside with the development of more and more sophisticated Web2.0 technologies (e.g. Starbucks with my Idea (http://www.starbucks.com/coffeehouse/community/mystarbucksidea)).

Additionally, according to Gouthier and Schmid (2003) and Chervonnaya (2003), another customer participation that has become more important with the Internet is after the delivery stage. This customer role is underlined as the '*co-marketer*' role of the customer, which the customer can describe his experience to anybody by "tagging" or leaving their comment.

According to the literature (Bowen, 1986; Rodie and Kleine, 2000; Meuter et al., 2005; Lengnick-Hall et al., 2000; Goodwin, 1988), there are two determinants that explain the participation of the customer: the first one relies on the customer himself, whereas the second one depends on the firm that needs the participation by applying organizational socialization techniques (Ple, Lecocq and Angot, 2011)**.** Additionally, these two factors are related to each other.

2.2.4.5.1   *Determinant of customer participation: Customer-based*

The customer is a major source of uncertainty, even though he contributes to the firm's productivity through his active participation in the innovation process of production and delivery as other authors from the literature have pointed out. Additionally, customers can accelerate knowledge creation, skill transfer and

replicability by sharing their experiences and increasing their interactions and communications by means of social media.

Customers' participation is managed by means of organizational socialization techniques, which are used to reinforce the following customer-based determinants of customer participation. The following customer-based determinant is based on Ple, Lecocq and Angot's (2011) working paper, since not too much has been studied and their approximation fits with our work:

1. **Customer awareness** is a process of product socialization that includes learning, know-how and participatory behaviour adoption. There are three different levels of customer awareness: need for participation (customer has to be aware that his participation is needed in the process (Goodwin, 1988)); importance of participation (customer has to be aware about the practical details and his importance of participation in the process (Bowen, 1986)); and, customer motivation (customer has to be aware of the advantages he can get from his participation, otherwise he may not want to participate (Bowen, 1986)).

2. **Perceived role clarity** is related to the knowledge that enables the customer to know and understand what he has to do. It is 'perceived' since it depends on the way the customer understands the role the firm expects him to play. Additionally, it depends on other three factors: customer's own experience based on previous experiences with a specific firm or industry (Solomon *et al.*, 1985), accumulative experiences of the customer in a same context (Bowen, 1986) and brand new situations (Parker and Ward, 2000). It is a dynamic role since the customer progressively learns and redefines his role as he accumulates experience with the firm and the context (Bateson, 2002).

3. **Customer ability** refers to "*what a person 'can do' rather than what he or she 'wants to do' or 'knows how to do'*" in a context (Meuter *et al.*, 2005). This ability is bi-dimensional, the actual and perceived customer ability. Actual customer ability corresponds to what the customer can really do. Perceived customer ability concerns the perception the customer has of his abilities (McKee *et al.*, 2006). If the firm considers that its customers have the skills to participate, it will fail as long as the customer does not share the same perspective. In such a situation, the firm has to help customer to modify his perception by enhancing them through their experiences and their desire to learn from these experiences (Prahalad and Ramaswamy, 2000; 2004).

4. **Customer's willingness to participate**. If the customer does not accept participation, even his awareness of their need of participation, his clear role and skills of participation will be useless. Why do customers not agree to participate? 1) they do not identify what they could get from their participation,

2) individual characteristics (psychological, behavioural, etc.), and 3) they do not have the skills to participate (Bowers *et al.*, 1990; Bateson, 1983; 1985). To overcome these situations, it is imperative to identify the means of motivate the customer: 1) economical drivers, his participation will maximize the efficiency of the process and increase the quality process of the product (Bowen, 1986); 2) technological drivers, ease of use and interaction less time consuming (e.g. Bateson, 1985); 3) social drivers, get advantages from their interactions with other customers (Wiertz and de Ruyter, 2007); and 4) psychological drivers, as be part of the process, perceived level of control in the production process, etc (Bendapudi and Leone, 2003). This last driver may be drawn from interactions with other customers. For instance, online communities show that customer's commitment to the community positively influences the willingness of the customer to participate in knowledge generation for other customers. It is a variable process that depends on the extent of role identification by the customer.

2.2.4.5.2   *Determinant of customer participation: Firm based*

This second determinant depends on organizational socialization techniques that clarify customer participation, specify its importance, and help the customers to participate by enhancing their abilities and increasing their willingness. In the case of the customer, organizational socialization refers to a process aiming to develop customer skills, knowledge and attitudes that are relevant (Kelley *et al.*, 1990, 1992). The following firm-based determinant is based on Ple, Lecocq and Angot's (2011) working paper. Particularly, these organizational socialization techniques are used:

1. to **clarify** what and how the customer participates by improving customer's perceived role clarity (Halbesleben and Buckley, 2004);

2. to **help the customer understand what the firm's expectations** are through plan organizational withdrawal procedures of the customer (Wiertz and de Ruyter, 2007); and,

3. to **help customers participate by enhancing their abilities and increasing their willingness**. Firms transmit information and knowledge to customers once they have begun to interact so that they can improve their skills of participation (Bowen, 1986; Mills and Morris, 1986).

According to Lengnick-Hall et al. (1996), organizational socialization techniques are ways to increase customer willingness to participate, as a result of a better understanding of the tasks fulfilled by the organization. Additionally, firms have to adopt a transparent communication about their internal processes, so that the customer understands how and where he fits in to improve the efficiency

of the process and the quality delivered. However, there is a major difference between customers and employees; there is no contract between the firm and the customers, which makes things harder for the firm to control its customers' behaviour.

In sum, the previous literature sheds light on the nature of customer participation, their patterns of participation and how firms can reinforce customers participation in different activities of the businesses by means of organizational socialization techniques.
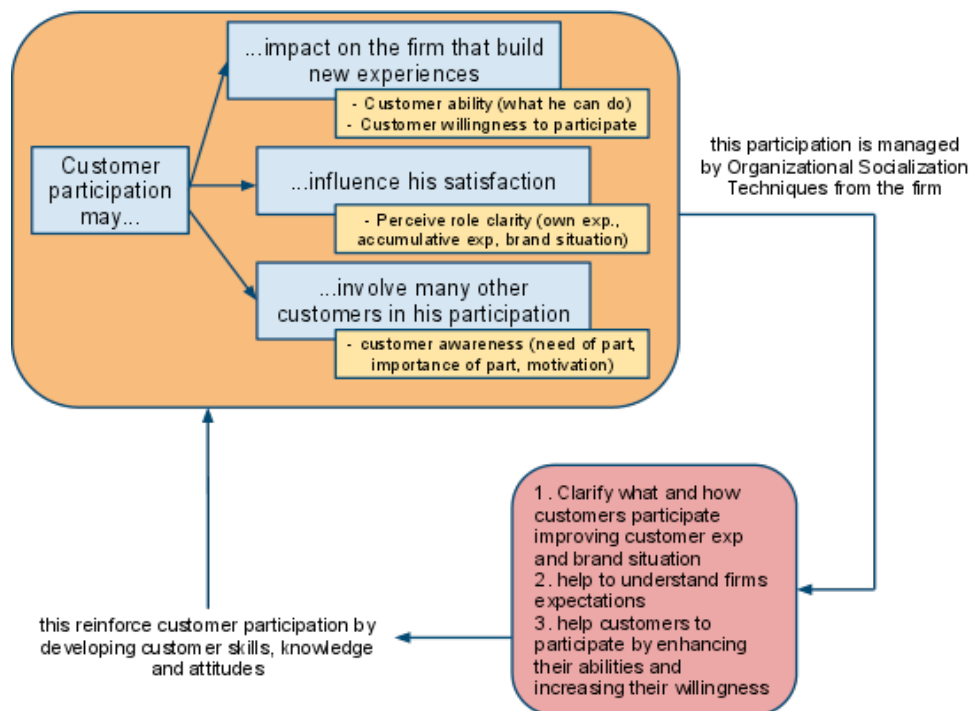
Figure 2.6 Customer participation cycle based on Ple, Lecocq and Angot (2011)

The following section will address the literature on activity systems in the Business Model, as well as the activity interdependencies. This will give an overview of how customers could be integrated inside the activity system of the business model according to their participation.

2.2.5 Activity system of the Business Model

Amit and Zott (2001) and Afuah and Tucci (2001) were the first authors to conceptualize a BM as a set of interdependent activities[4]. Particularly, Afuah and

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[4] An activity fulfills a specific need or objective, and involves human action and interaction. Organizational activity can thus be conceived as collective, goal-oriented action, a social process that is shaped by its context and that in turn shapes the context. This concept could be helpful to

Tucci (2001) define BM as a '*system that is made of components, linkages between the components, and dynamics*'. They added that the BM overall goal consists of satisfying consumers' needs and creating and capturing value for the firm and its stakeholders. This goal is reflected in the customer value proposition (Magretta, 2002; Johnson, Christensen and Kagermann, 2008), which is made up of both the firm's key partners and firm's key resources. Additionally, Zott and Amit (2010) defined the activity system as "*a set of interdependent organizational activities centered on a focal firm, including those conducted by the focal firm, its partners, vendors or customers*" (pp. 217). Additionally, they suggested two sets of parameters that employees need to consider in the activity system of the BM: *design elements* (content, structure and governance) that describe the architecture of an activity system; and *NICE design themes* (novelty, lock-in, complementarities and efficiency), which describe the sources of the activity system's value creation.

In sum, '*a BM can be viewed as a template of how firms conduct business, how it delivers value to stakeholders (e.g. focal firm, customers, partners, etc.), and how it links factor and product markets*' (Zott and Amit, 2009, pp.222). These authors concluded that the BM activity perspective is relevant for managers and academics because it is a natural perspective for managers to decide on BM design; it allows managers to view the firm in a holistic point of view. Additionally, the activity system concept allows researchers to focus on the focal firm that is related to the BM design.

Table 2.1 shows a list of different authors that talk about BM components and their description. Only authors such as Demil and Lecocq (2006), Osterwalder, Pigneur and Tucci (2005), Zott and Amit (2010) and Casadesus-Massanell and Ricart (2010) have emphasized the interdependencies between components showing insight on how they enable BM evolution over time to create and capture value. Those responsible for creating these interdependencies are the managers, who shape and design both the organizational activities and the links between activities (Zott and Amit, 2010).

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analyze and understand the origin and evolution of business model better, and the dynamics of business model change. (Blackler and McDonald, 2000; Jarzabkowski, 2005; Spender, 1995)

Table 2.1 *Review of authors that describe BM concept*

Author	Publication Year	Business Model Definition
Drucker P.	1954	The concept of business model understood as what the firm does to compete or essentially "the way the firm operates"
Paul Timmers	1998	He suggested that "a business model includes an architecture for the product or service, an information flows, a description of the benefits for the business actors involved, and a description of the sources of revenue"
Magretta	2002	He defines Business Models as "stories that explain how entreprises work" understood as the underlying logic by which the firm earns money so "everyone in the organization is aligned around the kind of value the company wants to create". Moreover, "a business model can become a powerful tool for improving execution (how all the elements of the system fit into a working whole)".
Wirtz	2000	He suggested "the term BM refers to the depiction of a company's internal production and incentive system. […] a business model therefore reveals the combination of production factors which should be used to implement the corporate strategy and the functions of the actors involved"
Hedman and Kalling	2003	"Based on the review of existing literature, we would define a business model as consisting of the following causally related components, starting at the product market level: 1) customers, 2) competitors, 3) offering, 4) activities and organization, 5) resources and 6) factor and production input suppliers. […] To make this model complete, we also include 7) the managerial and organizationl, longitudinal process component, which covers the dynamics of the business model and highlights the cognitive, cultural, learning and political constraints on purely rational changes of the model"
Afuah and Tucci	2003	They defined BM as "a business model can be conceptualized as a system that is made up of components, linkages between the components and dynamics". They identified eight areas (customer value, design scope, price setting, revenue sources, interrelated activities, implementation, capabilities and sustainability) as essential components of an integrated BM.

Ghaziani and Ventresca	2005	They stressed that the BM concept had essentially been related to value creation, revenue model, e-commerce, tacit conception and relationship management. Each of these represents a local interpretation of the global category of BM.
Amit and Zott	2001	They tried to highlight the drivers of value creation of a firm (novelty, lock-in, complementarity and efficiency) by analyzing a sample of 59 American and European e-businesses.
Shafer, Smith and Linder	2005	They uncovered twelve e-business model definitions published from 1998 to 2002 to develop an affinity diagram that identify four common major categories in all the definitions: strategic choices, creating value, capturing value, and the value network. They defined BM as "the representation of a firm's underlying logic and strategic choices to create and capture value within a value network"
Afuah	2004	He represents a comprehensive concept that contains perspective of both the company and industry. He described the determinants of a company's profitability on one hand and the differences between industry-specific and company-specific factors on the other hand.
Osterwalder, Pigneur and Tucci	2005	They defined BM as a conceptual tool that could be expressed as a business logic relating to the way in which businesses are being conducted. This ontological representation may be seen as a convention between partners concerning the generation and sharing of value between stakeholders.
Lecocq et al.	2006	BM is defined as the choices made by an organization (whether for profit or not) to generate revenues in a broad sense (turnover but also royalties, rents, interests, subsidies…). These choices encompass resources and competences to value, products and/or services supplied and the internal and external organization of the business.
Casadesus-Masanell and Ricart	2009	They defined a BM as "a set of choices made by the firm and the set of consequences derived from those choices"
Zott and Amit	2010	They define the activity system as "a set of interdependent organizational activities centered on a focal firm, including those conducted by the focal firm, its partners, vendors or customers"
Afuah and Tucci	2001	They define it as a 'system that is made of components, linkages between the components, and dynamics'

Demil and Lecocq's (2009) research attempts to reconcile static and transformational approaches to consider BM evolution. They build on the RCOV framework (inspired by a Penrosian view of the firm) to identify the BM's components (resources and competences, organizational structure and proposition for value delivery) and deduce how these components change at the organizational level (see figure 2.7).

The resources may come from external markets or be internally developed, while the competences refer to the abilities and knowledge managers develop, individually and collectively, to improve, recombine or change the services their resources can offer. The organizational structure encompasses the organization's activities and the relations it establishes with other organizations to combine and exploit its resources.

This organizational structure includes its value chain of activities and its value network (refers to the relation with external stakeholders). The value proposition encompasses the form of business products and services and to whom the offer will be marketed. As Amit and Zott (2001) define "*value proposition reflects the content of the transactions with customers, and the idiosyncratic deployment of resources that each organization manages so as to generate its offers*".

Demil and Lecocq's conception sets value proposition as the only sources of revenues. However, the different running activities such as acquiring, integrating, combining or developing resources are the BM's cost drivers. The difference between revenues and costs determines over time the sustainability[5] of the BM. It is the indicator of BM consistency.

According to Casadesus-Masanell and Ricart (2011), the BM concept provides the opportunity to describe the relevant activities of a company in a highly aggregate way. They define a BM as "*a set of choices made by the firm and the set of consequences derived from those choices*" (pp. 2) (see figure 2.8). As in the world of physics, causes have effects and choices have consequences. These relationships or links are fundamental in defining the way the firm operates. These authors developed a dynamic framework since they included choices and consequences in the BM definition. Choices drive consequences and, in turn, these consequences may reinforce the firm's ability to persist in those choices and even create conditions for new choices to emerge generating some amplifying or reinforcing feedback cycles.

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[5] Demil and Lecocq (2009) found that the *sustainability* of an organization depends on its ability to anticipate and reach to the consequences of evolution in any given component.
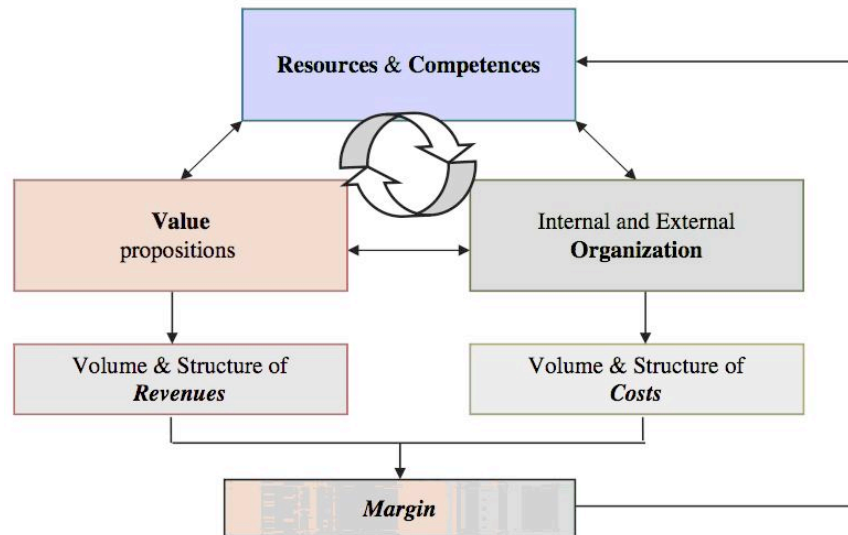
Adapted from Lecocq, Demil and Warnier, 2006

Figure 2.7 *RCOV framework adapted from Lecocq, Demil and Warnier (2006)*

As a result, the underlying dynamics can be easily represented in aggregation pictures. Casadesus-Masanell and Ricart (2009) refer to aggregation as a "*'zooming out' and looking at the real BM from a distance, 'building together' detailed choices and consequences into larger constructs*" (pp. 200). This dynamism creates causal loops that typically tend to reinforce or amplify a change in any of its elements. A causal loop has been described in the system dynamics literature as having a positive feedback loop (Baum and Signh, 1994). In particular, the identification of the main value loops that explain the value creation and value capture enable to understand the key basis of the business competitive strategy and its underlying competitive advantage.
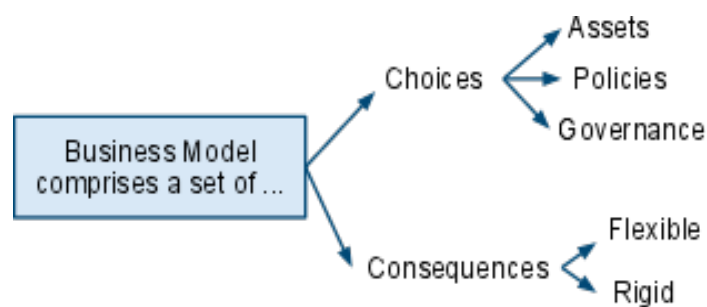
Figure 2.8 *BM components from Casadesus-Masanell and Ricart (2011)*

Osterwalder (2004) categorized the BM activities in nine building blocks - distribution channel, customer relationship, customer segments, value proposition, key resources, key activities, key partners, costs structure and revenue stream - that allow for conceiving a business model. These building

blocks cover four main areas[6] of a business that constitute the essential business model issues of a company: customers, offer, infrastructure, and financial viability (Osterwalder, Pigneur and Tucci 2005; Chesbrough and Rosenbloom 2002). These nine building blocks are based on a synthesis of the existing business model literature (see figure 2.9) and attempt to show the logic of how a company intends to make money through a set of transactions or interpedendencies as Amit and Zott (2001) pointed out. Additionally, the four areas describe how firms do business and the interdependency among these areas seeks to satisfy market needs creating and capturing value to BM participants.
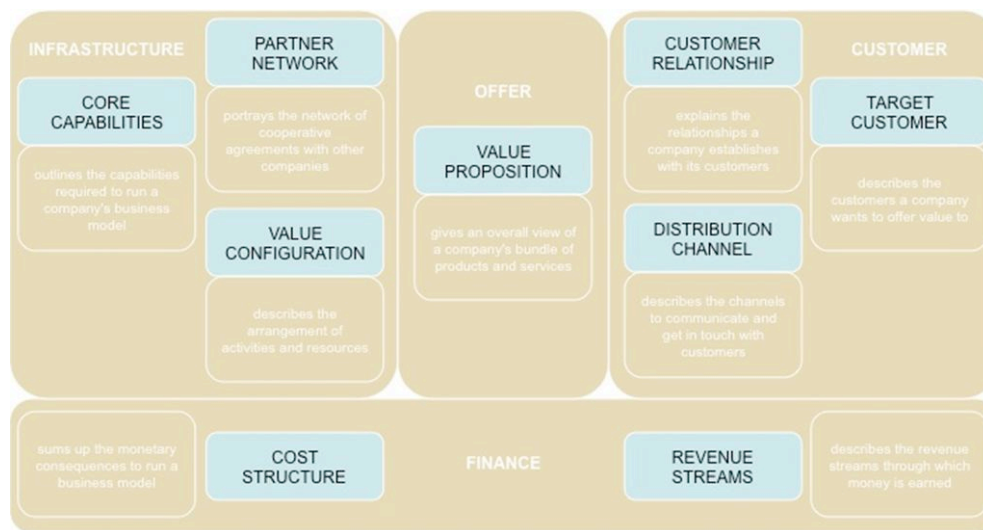
Figure 2.9 BM nine building blocks from Osterwalder, Pigneur and Tucci (2005)

In sum, a BM can be viewed as a blueprint of how a firm conducts business, how it delivers value to stakeholders (e.g. customers, partners, etc.) and how it links factor and product markets. The activity system of a BM addresses all the activity interdependencies, which address how the nine building blocks are linked to each other and how to both create and capture value with and from the market.

2.2.5.1 Activity Interdependencies

Penrose (1959) argues that the growth of the firm is a result of the interaction between its resources, its organization and its capacity to build up new value propositions in markets. So, firm's activities can help us understand how

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[6] *Customer interface* refers to who are the company's target customers, how it delivers them products and services, and how it builds a strong relationship with them. *Infrastructure management* refers to how the company efficiently performs infrastructural or logistical issues, with whom, and at what kind of network enterprise. *Offer* refers to in which business area is the company in, the products and the value propositions offered to the market. *Financial viability* refers to what are the revenue model, the cost structure and the business model's sustainability.

BMs operate and how a firm can generate revenues while changing its BM. Demil and Lecocq (2010) (figure 2.7), Osterwalder et *al.* (2005) (figure 2.9), as well as, Casadesus-Massanell and Ricart (2011) (figure 2.8) show the ongoing dynamics, which come from the interactions between and within components of the BM.

According to Demil and Lecocq (2009), interactions between components will follow choices to develop a new value proposition, to create new combinations of resources or to make changes in the organizational architecture, and the impacts that such adaptations will have on the other components and their subsidiary elements. For instance, development of resources or competencies may lead to changes in organizational structure, such as value network. Consequently, changes in the organizational structure will generate changes in the resources and competencies available and vice versa.

According to Osterwalder et *al.* (2005), interactions between activities will follow choices to develop a new offer or value proposition that will embrace customers and/or organizations and changes in the organizational infrastructure will lead to changes in value proposition. These changes impact on the firm's financial viability area. Additionally, the quantity of value capturing by the company depends on its revenue model (Zott and Amit, 2007). For instance, to deliver the value proposition to different customers, a firm must ensure that it possesses the range of core capabilities that underpin the proposed value. Those capabilities can even constitute the infrastructure management area that describes the necessary value system configuration to deliver the firm's value proposition (Gordijn et *al.*, 2001). Consequently, changes in the perceived customer's value generate changes in the firm's value chain[7] and as a result into its value proposition.

Casadesus-Masanell and Ricart (2011) argue that a BM should be conceived as a set of relations and feedback loops between choices made by managers about policies, assets and governance on how organizations must operate, and consequences of these choices (arrows based on causality theories link them). Additionally, consequences could be flexible or rigid. The flexible ones are highly sensitive to the choices that generate it, and the rigid one does not change rapidly with the choices that generate it. BM often generates virtuous cycles, which strengthen some components. As the cycles spin, rigid consequences become more significant and such virtuous cycles can develop valuable resources and capabilities. In particular, Demil and Lecocq (2009) framework represents the systemic interactions between the different

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[7] Value chain is often used for the analysis of value creation. Porter subdivides the value chain into primary and supporting activities. Primary activities are directly integrated into the physical process of value creation, while supporting activities guarantee the maintenance of both the primary activities and the complete value chain.

components of their BM (figure 2.7), and the sequences of causes or consequences they produce. These systemic interactions relationships create feedback loops.

Accoding to Casadesus-Masanell and Ricart (2011) and Demil and Lecocq (2009), the choices made by managers are a first and important source of BM dynamics. For instance, different choices (e.g. be embedded in a new technology and sell them, be a pure R&D firm model, commercialize intellectual property, sell to mass market, etc.) involve a fundamental different BM, that is, a different set of activities, transaction between them, as well as, resources and capabilities to perform these choices and create and capture value. Interdependencies among activities are central to the concept of an activity system, as Zott and Amit (2010) have described, because they "*provide insights into the processes that enable the evolution of a focal firm's activity system over time as its competitive environment changes*" (pp.218).

In sum, BM may evolve in response to both external and internal factors. External factors refer to environmental changes (see section 2.2.4), and internal factors refer to deliberate choices, independent paths in the development of an element (e.g. network externalities, economies of scale, bureaucratization, accumulation of reputation or experience accumulated by employees) and the dynamics within or between activities of the BM (e.g. the revenues generated from value proposition enable to acquire new resources).

According to Demil and Lecocq (2009), the observable sign of BM evolution is a substantial change in the structure of its financial area that firstly affects the BM structure (resources, partnership and value configuration) and may come from environmental triggers. Hence, the BM structure evolution helps new value proposition generation and modifies business to best exploit its resources by means of the firm's ability to learn.

2.2.6 Firm's ability of learning

Mintzberg (1994) points out that "*learning inevitably plays a, if not the, crucial role in the development of novel strategies. [...] We try things, and those experiments that work converge gradually into viable patterns that become strategies*" (pp.111). Additionally, according to Huber (1991), the ultimate purpose of learning is the change of behaviour. "*An entity learns if, through its processing of information, the range of its potential behaviors is changed*" (pp.89).

Starbuck and Hedberg (2001) differentiate among behavioural and cognitive learning. Behavioural learning is a mechanistic and involuntary process over which learners cannot apply control. Behaviour is explained without allowing

for conscious thought. In cognitive learning, individuals perceive, analyze, plan, and choose. "*Learners can choose what to perceive, how to interpret perceptions, and which actions to take. Thus, effectiveness of their behaviours depends on how well they read the environments and upon how rapidly they discover changes.*" (pp.333).

Additionally, according to Duncan and Weiss (1979), "*organization learning is an experiential process of acquiring knowledge about action-outcome relationships and the effects of environmental events on these relationships*" (pp. 84). Particularly, learning in chaos is an expanding and diverging process to discover possible actions, outcomes, and contextual settings. Learning in order is a narrowing and converging process of testing the action-outcome relationship.

If the outcome of that learning is negative a new course of action is undertaken until the response is a positive outcome. This basic model of adaptive learning "*has proven quite robust in situations where preferences are clear, alternative courses of action are specified in advance, and outcomes are unambiguous [but not] in more ambiguous organizational settings where goals are often vague and shifting over time, new courses of action emerge during the developmental process, and outcomes from the actions taken are difficult to assess*" (Van De Ven and Polley, 1992, pp. 93).

Learning also depends on the interpretation of feedback from experimentation by entrepreneurs and managers. According to Woo, Daellenbach and Nicholls-Nixon (1994), learning emerges from a process of interpretation, and the interpretations of the entrepreneur are idiosyncratic. Therefore, learning through experimentation requires obtaining feedback, giving interpretations, and making adaptative modifications. Since different activities offer different learning opportunities, the sequence of activities is critical to determine the characteristics of the learning. Interpretations can be understood within the context of the entrepreneur's beliefs about the environment, frames of reference, and past experiences, and the environment can be viewed as concrete, measurable, and determinant, or as emergent through interactions with actors and organizations.

2.2.7 BM innovation: Participatory business model

Business model innovation is about crafting new, original, unique, and different business models –or modifying the existing ones- with the purpose of reducing interdependence with competitors. Therefore, the process includes altering one's business model in response to the others' moves.

Companies innovate to avoid market erosion, commoditization, competitive convergence[8], and competitive destruction[9] (Porter, 1980). However, in the face of discontinuities, convergence and global competition, according to Doz and Kosonen (2010), companies now need to transform their BMs more rapidly, more frequently and more far-reachingly than in the past.

Mitchell and Coles (2003) apply the term business model innovation to changes in the firm's business model that make it possible to supply products or services that were previously unavailable. Other changes are considered business models improvements or replacements and do affect just a few or more elements but do not mean new offerings.

Johnson (2010) said that business model innovation has occured both by transforming companies through innovating products and by rethinking how a company delivers value to its customers and delivers value to itself through making profits. Additionally, this is done by not only thinking about the foundation but also how to address customers needs by changing the way business makes money, organizes its processes and resources, as part of delivering on the customer value proposition and making money. Many companies are facing events that are happening in their environment and sometimes there are situations that are not enough just to come up with next product innovation or packaging innovation, companies have to think to organize differently to deliver that opportunities or threats.

Participatory BM represents a BM transformation, in other words a BM innovation that attempts to characterize a new form of doing businesses that destroys the previous in a zero - sum game, because the Internet has changed the economics of business and collaboration. Companies can no longer develop their skills in isolation. They must learn to co-create them in a broader ecosystem, dynamic and without zero-sum games through their dynamic capabilities. Dynamic capabilities are defined as strategic skills of a company that can combine skills and cope with internal and external environments and confront volatile periods of rapid change (Teece, Pisano and Shuen, 1997).

Additionally, the new ways and forms of communication and interaction among users and businesses by means of social media recognize the emergence of a *participative Business Model*, since they need to rethink the BM. This participative BM will be achieved, if the firm creates a new way of

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[8] Competitive convergence occurs when companies copy each others' best practices and then become indistinguishable.

[9] Competitive destruction is the result of many companies offering the same products and services to the same customers by performing the same activities.

transforming its activity system that allows the business to organize and to interact with users in a different way than they were used to.

According to the literature, BM transformation can be achieved by:

1. **Adapting their value creation logic to remain competitive**. Companies have to deal with dynamic competitive strategy. Hutzschenreuter and Israel (2009) have identified three different types of organizational contingencies: strategic context (path dependencies in terms of past decisions); organizational structure (sources of inertia); and, organizational resources and capabilities (resources can be at the heart of inertia and persistence (Leonard-Barton, 1992)).

2. **Possessing strong sensing capabilities to identify relevant changes in their environment and embrace the power of people participation.** Particularly, Doz and Kosonen (2010) proposed three core meta-capabilities to make organizations more agile from their strategic agility framework: strategic sensitivity, adaptative leadership and resource fluidity. Strategic sensitivity allows firms to identify opportunities for new business models and also to be sensitive to the timely need for the renewal and transformation of their existing BMs. New adaptative leadership is essential to enable shifts in BMs and resource fluidity is called for to allow firms to redeploy and reallocate their resources to new opportunities or new activities in a transformed activity system. These core competences accelerate the renewal and transformation of BMs.

3. **Developing a series of abilities to interact with customers successfully since the most important attribute in the Web2.0 is customer participation**. According to IBM Global Service (2011), "a *business aiming to generate new customer value proposition or transform their operating models needs to develop a new portfolio of capabilities for flexibility and responsiveness to fast-changing customer requirements: deliver business model innovation; drive customer and community collaboration; integrate cross-channel; get insights from analytics; optimize the digitally enabled supply chain; and, enabled the networked workforce"* (pp. 11).

In sum, a successful activity system transformation will give business (1) new sources of value offering by changing the strategy development; (2) new channels of participation that help business to learn about customers in course of BM transactions; and (3) the development of new capabilities based on knowledge about customer's needs and market information (e.g. problems, satisfaction…) that allow business to adapt different ways of delivering and

receiving information. The successful transformation may be driven by BM innovation.

Additionally, the customer may acquire a new role inside the Business model due to his participation pattern by means of social media. This new role will impact on the activity system of the firm, particularly, in the infrastructure area (resource, partner and value configuration). The customer will be an actor that will participate by arranging activities, will be a partner influencing other customers' satisfactions by their comments and trust, and will be a participant since he may be involved in the value chain of the company and involve other actors in his participation. These changes in the infrastructure area of the business model will make changes in the offer area (value proposition) as well. To ensure transformation of the BM, this might exploit the firm's resources and learning ability.

3 CHAPTER 3: THEORETICAL FOUNDATIONS

The research conceptual framework is one of the outcomes of the theory building and covers both our research problem and research question. The purpose of this conceptual framework is to provide a better understanding about how our dissertation adds to, extends or replicates research already completed in the literature on Business Models. Additionally, it attempts to facilitate the reading of this dissertation. This research conceptual framework (figure 3.1) must be read as follows:

Environmental context includes environmental changes and market movements among other factors. Additionally, environmental changes include *technological changes*, specially, the Web2.0 phenomenon referred to as *Social Media*. Social Media evidences a *new customer pattern of participation* that impacts on the *activity system of the BM* and its activity interdependencies. The shift of the existing BM activity system as well as the adaptation of firms to the fast-changing environment by means of the ability to learn, allows for a better understanding of the *BM activity transformation*, called '*Participatory BM*'.
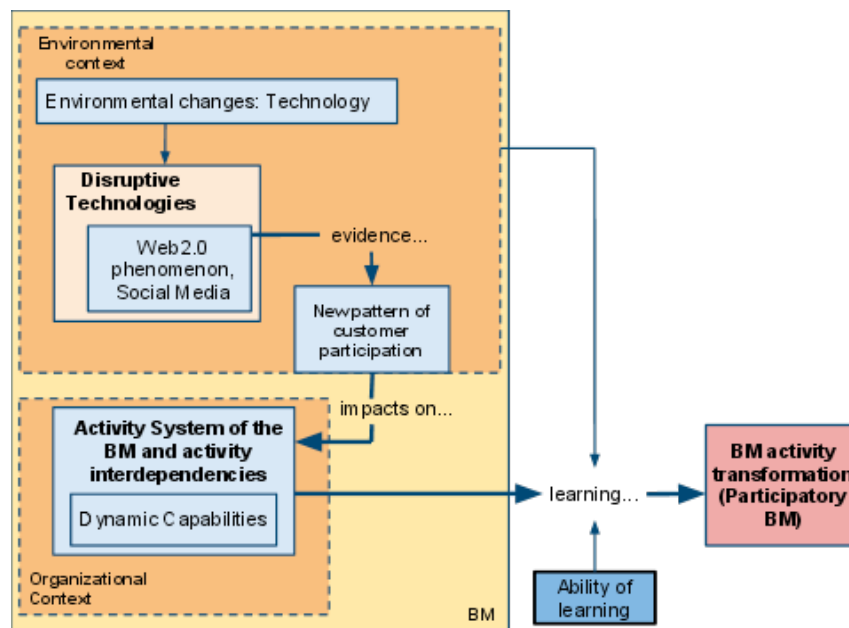
Figure 3.1 *Research Conceptual Framework*

In sum, the main constructs of the conceptual framework (figure 3.1) are: environmental context (specially technological changes, disruptive technologies and new pattern of customer participation), Social Media, Web2.0 phenomenon, Activity System of the Business Model and its interdependencies, the ability to

learn as a moderator and Business Model activity transformation (*Participatory BM*).

This chapter consists of a summary of the initial theory, which is the outcome of the literature review. This is the theory developed until now by several authors and it will be the basis for our research. This initial theory will be compared to the final theory (Chapter 6), a theory developed throughout the research. The difference between the initial and the final theory will be the contribution of this dissertation. This process is described in figure 3.2.

Literature
Review
↓
Theoretical foundation of
the Research Conceptual
Framework (RCF)
↓
Initial RCF (figure 2.2)
↓
PAR RESEARCH
↓
What is learned from
cases?
↓
Theoretical
contribution
↓
Final RCF
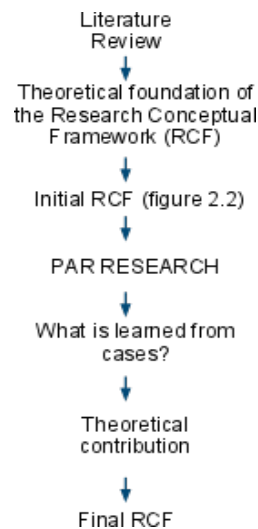
Figure 3.2 Research Strategy

The objective of the summary of this initial theory is twofold: (1) make the assessment of the research contribution possible by comparing the initial and the final theory; and (2) lead to theoretical propositions to be confirmed, challenged, or extended in chapter 4 (Research Design).

3.1 Initial theory of the Research Conceptual Framework

The statements of the initial theory come from the literature review and include the contributions of scholars who have previously worked on the dissertation research topic. The aim of this study is to understand the degree to which customer interaction affects the activity system of the Business Model (BM), since the customer acquires a new role in the BM. The research will be based upon an initial theory and will allow us to assess the extent of the research contribution.

This initial theory will yield us to the theoretical propositions to be confirmed, challenged, or extended in the Research Design (section 4.2.3). The initial theory states that:

Internal theoretical approach

- These are central paradigms that explain the configuration and deployment of distinctive competences of the firm and how the firm learns (Penrose, 1959; Teece, Pisano and Shuen, 1997).
- These are useful for a better understanding of how managers select different resources, practices and systems and resource configurations (Teece, Pisano and Shuen, 1997).

Dynamic Capabilities

- Dynamic capabilities are defined as strategic skills of a company that can combine skills and cope with internal and external environments and confront volatile periods of rapid change (Teece, Pisano and Shuen, 1997).
- Dynamic capabilities have become the real sources for sustainable competitive advantage and value creation, since they explore how valuable resource positions are built and acquired over time (Teece, Pisano and Shuen, 1997).
- Effective patterns of dynamic capabilities vary with market dynamism, resembling to the traditional concept of routines (1) in the case of moderately dynamic markets while tending to be simple, and (2) in the case of high-velocity environments where they tend to be experiential and unstable processes (Nelson and Winter, 1982).
- Dynamic capabilities are basically rooted in a firm's organizational and strategic routine processes, such as those aimed at coordination, integration, reconfiguration, recombination, selection or transformation, or learning in order to achieve competitive advantage (Eisenhardt and Martin, 2000).
- Dynamic capabilities are necessary but not sufficient conditions for the achievement of sustainable competitive advantage, as the real source of this advantage lays in the resource configuration those results and not in the capabilities themselves (Eisenhardt and Martin, 2000).

External theoretical approach

- Businesses are continuously subject to external pressures that force businesses to make adjustments to face the challenge of improving their competitiveness to deal with new technologies or customer needs (Porter, 1980; 1985; Caves and Porter, 1977).
- Markets, technology and regulation are drivers of BM change.

Environmental context: technology

- Technological context is a major force of business model innovation.
- Internet is transforming many aspects of the way businesses operate, from how goods are bought and sold to where work is done (Erik Brynjolfsson and Andrew McAfee, 2007).

Web2.0 phenomenon, social media

1. Web2.0 is a set of online web-based collaborative tools, commonly referred as '*Social Media*', that fosters fundamental changes in consumer behaviour and enables business efficiency (Young *et al.,* 2007).
2. Social Media are a set of technologies that enable people to communicate, interact, participate, collaborate, share knowledge, create, add to and edit the information easily among users in real time and make human-centric processes more efficient and flexible by providing easy access to data, content, and co-workers expertise (O'Reilly, 2005).
3. Web2.0 technologies could transform both people interaction behaviour and business knowledge base.
4. Web2.0 is a new scenario that fosters the dual aspects of interactivity and connectivity, which are the most important attributes of Web2.0.
5. Web2.0 could be seen as a classic disruptive technology, since the information and insights derived from Web2.0 could not necessarily be better (many would argue the opposite) but the technology offers greater utility at a higher speed and a lower cost (Chadwick, 2006).
6. The key to understanding the importance of Web2.0 is this ease of sharing, cooperating and co-creating and can be defined as a software that supports group interaction (Cooke and Buckley, 2008).
7. Web2.0 increases active consumers that are, themselves, increasingly active in seeking out information, opinions, products, and services that interest them.

Market context: Customer

- Customer behaviour constitutes an essential determinant for creating a new market by successfully blurring the boundaries between industries via disruptive technologies or business model innovations.
- Customers have become the primary force behind digital transformation in all industries, since they have higher access to online information through different channels increasing their expectations. (IBM Global Service, 2011).

New pattern of customer participation

- Under the ethos of the *participatory web*, consumers bypass the marketing department, cut through the hype and talk to each other directly through user-submitted product reviews. This influences customer perceived service quality and satisfaction and their intention to purchase and leads to new ideas of product (Berners-Lee, Cailliau, Luotonen, Nielsen and Secret 1994).
- Customers could be considered as a "partial employee", since customer participation may impact on the firm and builds new experiences of consumption (Prahalad and Ramaswamy, 2004); (2) may influence other consumers satisfaction (Kellogg *et al.*, 1997; Youngdahl *et al.*, 2003); and (3) may involve many other actors he interacts with that are concerned by customer participation (Parker and Ward, 2000).
- Customer role is underlined by the 'co-marketer' role of the customer, in which the customer can describe his experience to anybody by "tagging" or leaving their comment. (Gouthier and Schmid, 2003; Chervonnaya, 2003)
- There are two determinants that explain the participation of the customer: the first one relies on the customer himself (Bowen, 1986; Meuter et al., 2005; Goodwin, 1988), whereas the second one depends on the firm that uses organizational socialization techniques to clarify customer participation, specify its importance, and help the customers to participate by enhancing their abilities and increasing their willingness. (Bowen, 1986; Rodie and Kleine, 2000; Lengnick-Hall et al., 2000; Ple, Lecocq and Angot, 2011)**.**

Business Model

- "*A business model can be conceptualized as a system that is made up of components, linkages between the components and dynamics*" (Afuah and Tucci, 2003, pp.3).
- A BM represents a comprehensive concept that contains perspective of both the company and industry. This describes the determinants of a company's profitability on one hand and the differences between industry-specific and company-specific factors on the other hand (Afuah, 2004).
- BM is a conceptual tool that could be expressed as a business logic relating to the way in which businesses are being conducted. (Osterwalder, Pigneur and Tucci, 2005)
- BM construct refers to the description of the articulation between different areas of a business with its components designed to produce a proposition that can generate value both for customers and for the organization (Tikkanen, Lamberg, Parvinen and Kallunki, 2005).

Activity System of the Business Model

- Activity system is "*a set of interdependent organizational activities centered on a focal firm, including those conducted by the focal firm, its partners, vendors or customers*" (Zott and Amit, 2010, pp. 217).
- The BM activity perspective is relevant for managers and academics because it is a natural perspective for managers to decide on BM design; it allows managers to view the firm with a holistic approach (Zott and Amit, 2009).
- The activity system concept allows researchers to concentrate on the focal firm that is related to the BM design (Zott and Amit, 2009).
- Organizational activity can thus be conceived as collective, goal-oriented action, a social process that is shaped by its context and that in turn shapes the context. This concept could be helpful to analyze and understand the origin and evolution of business model better as well as the dynamics of business model change. (Blackler and McDonald, 2000; Jarzabkowski, 2005; Spender, 1995)
- BM activities are categorized in nine building blocks - distribution channel, customer relationship, customer segments, value proposition, key resources, key activities, key partners, costs structure and revenue stream - that allow conceiving a business model (Osterwalder, 2004).
- The nine building blocks attempt to show the logic of how a company intends to make money through a set of transactions or interpedencies (Osterwalder, 2004).
- These building blocks are covered in four main areas[10] of a business that constitute the essential business model issues of a company: customers, offer, infrastructure, and financial viability.
- The four areas describe how firms do business and the interdependency among these areas seeks to satisfy market needs creating and capturing value to BM participants (Osterwalder, Pigneur and Tucci 2005; Chesbrough and Rosenbloom 2002).

Activity system interdependencies of the Business Model

- Those responsible for creating activity interdependencies are the managers, who shape and design both the organizational activities and the links between activities (Zott and Amit, 2010).

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[10] **Customer** refers to who the company's target customers are, how it delivers them products and services, and how it builds a strong relationship with them. **Infrastructure** refers to how the company efficiently performs infrastructural or logistical issues (and with whom) and as what kind of network enterprise. **Offer** refers to which business area the company is in, the products and the value propositions offered to the market. **Financial viability** refers to what the revenue model is, the cost structure and the business model's sustainability.

- The growth of the firm results from the interaction between its resources, its organization and its capacity to propose new value propositions in markets (Penrose, 1959).
- The development of resources or competencies may lead to changes in organizational structure and vice versa (Demil and Lecocq, 2009).
- Choices made by managers are a first and important source of BM dynamics (Casadesus-Masanell and Ricart, 2011; Demil and Lecocq, 2009).
- Interdependencies among activities are central to the concept of an activity system (Zott and Amit, 2010).
- Activity system transformation of the Business model occurs when the underlying technology changes and an established logic for satisfying consumer needs is over tuned, the BM must change (Teece, 2010).
- Only companies with a cohesive strategy for building a new set of capabilities that allows them to progress along integrating digital (reshaping customer value proposition) and physical elements (transforming operating models) can successfully transform their business models (IBM Global Service, 2011).
- BMs need to adapt their value creation logic to remain competitive (e.g. Porter, 2001; Amit and Zott, 2001) and develop a serial of abilities that help them to interact with customers successfully (Teece, 2010).
- An observable sign of BM evolution is a substantial change in the structure of its financial area that affects, firstly, BM structure (resources, partnership and value configuration) and may come from environmental triggers (Demil and Lecocq, 2009).
- BM structure evolution helps the new value proposition generation and modifies business to best exploit its resources by means of the firm's ability to learn.

Business Model innovation

- Business model innovation has been able to both transform companies through innovating products and rethink how a company delivers value to its customers and delivers value to itself through making profits. (Johnson, 2010)
- Many companies are facing events that are happening in their environment and sometimes there are situations in which it is not enough just to come up with next product innovation or packaging innovation, companies have to think to organize differently, to take advantage of opportunities or deal with threats. (Johnson, 2010)
- *Participatory BM* represents a BM innovation, in other words a BM activity system transformation that attempts to characterize a new form of doing business that avoids the previous in a zero - sum game, because Internet has changed the economics of business and collaboration.

Ability of learning

- Changes in existing BMs are considered an essential component of BM management to survive in the market over the long run and adapt to changing conditions. (Linder and Cantrell, 2000)
- In cognitive learning, "*learners can choose what to perceive, how to interpret perceptions, and which actions to take. Thus, effectiveness of their behaviors depends on how well they read the environments and upon how rapidly they discover changes*" (Starbuck and Hedberg, 2001, pp.333).
- Learning consists of acquiring knowledge about action-outcome relationships (Duncan and Weiss, 1979)**.**
- Learning depends on the interpretation of feedback from experimentation by entrepreneurs and managers. (Woo, Daellenbach and Nicholls-Nixon, 1994)
- Since different activities offer different learning opportunities, the sequence of activities is critical to determine the characteristics of the learning. Interpretations can be understood within the context of the entrepreneur's beliefs about the environment, frames of reference, and past experiences, and the environment can be viewed as concrete, measurable, and determinant, or as emergent through interactions with actors and organizations (Woo, Daellenbach and Nicholls-Nixon, 1994).

4 CHAPTER 4: METHODOLOGY

This chapter has two parts. The first part attempts to introduce the reader into the Participatory Action Research (PAR) methodology, which is used as the researcher is both researcher for the research process and participant for the change process (figure 4.1. The second part will develop the action process steps in figure 4.1.

4.1 Participatory Action Research (PAR) Methodology

Kirk and Miller (1986) said that qualitative research is "*a particular tradition in social science that fundamentally depends on watching people in their own territory and interacting with them in their own language, on their own terms. As identified with sociology, cultural anthropology, and political science, among other disciplines, qualitative research has been seen to be 'naturalistic', 'ethnographic' and 'participatory'*" (pp.9).

We are engaged in a field in which knowledge accumulation and learning take place through participation in changes of social systems. The assumption of the research paradigm is epistemological, since the researcher interacts with what is being researched over a prolonged period of time. According to Karlsen (1990), the role of researcher involves the dual aim of theorizing and taking action, with the action based on the theorizing. Hence, the researcher is not only a researcher and responsible for the research process, but also a participant and jointly responsible for the change process.

However, the role of the researcher is not a permanent part of the business development. So, as soon as the project-defined portion of the action process has been concluded, the researcher withdraws. The changes do not have the same degree of proximity to the researcher since the observer does not need to live with them as the other participants do. There is a distinction both in proximity and in responsibility, which means that the research process has a number of peculiarities that make it useful to consider it separately. Therefore, it seems reasonable to make a distinction between the processes of research and of action. Karlsen (1990) said that "*the research process has to be understood especially as an instrument and a special responsibility in relation to the main task of the process*" (pp. 154).

Whyte (1989) defines PAR as a process, in which some of the people in the organization being studied actively participate with the professional researcher throughout the research process from the initial design to the final presentation of results and discussion of the action implications. However, he distinguishes three types of research in the action research methodology,

depending upon the degree of user participation throughout the research process. The first type is the preparation of reports and theoretical analyses of a fairly general problem-oriented nature. The second type is an attempt to make changes to an organization. the participation of the users will often consist only of making decisions about solutions developed and proposed by researchers. Whyte's third type, which he calls "*participatory action research*" (PAR), engages users in all phases of a research project.

4.1.1 Differences between traditional and action research

Yin (1984) discusses the limitation of the experimental model and emphasizes case studies as an alternative. He maintains that the case study strategy is an independent research strategy with its own design criteria and its own methods. However, this strategy assumes a traditional research process with a non involved researcher.

In classical experimental research, therefore, the researcher goes through all the stages alone (or as a part of a research group) and comes into contact with the persons studied only when data are being collected and then in an alienated manner. In a PAR process, the researchers and those who are affected by the research/action process will be fully contributory at every step of the research process.

There are some differences between traditional and PAR research. According to Baum, MacDougall, and Smith (2006), PAR, unlike traditional research, is based on (1) enabling action (2) trading off the power between the researcher and the researched, moreover, the researcher has an impact on the phenomena observed and (3) contrasting with less dynamic approaches that remove data and information from their context.

As Karlsen stated "*PAR stresses participation in common learning in which action, reflection, and theorizing are part of the same process and take place as a dialogue between equal partners*" (pp. 148).

This research adopts PAR methodology, because the objective is to assess the transformation generated by means of social media tools when they are integrated into the activity system of a company. Additionally, this transformation may entail changes in the four areas of the business model (infrastructure, offer, customer and financial viability) and the interactions of the nine components of the system activity. According to the researcher, this transformation can be identified through four increasing levels of interaction that enhances the social media tools to generate the change in the business. I will return to this point in chapter 6 (theoretical contribution).

Figure 4.1 provides the steps followed in the action process, which are relevant to both research and action with different objectives. What characterizes the situation of the researcher is that he or she has a responsibility for both sides, in contrast to the practitioner.
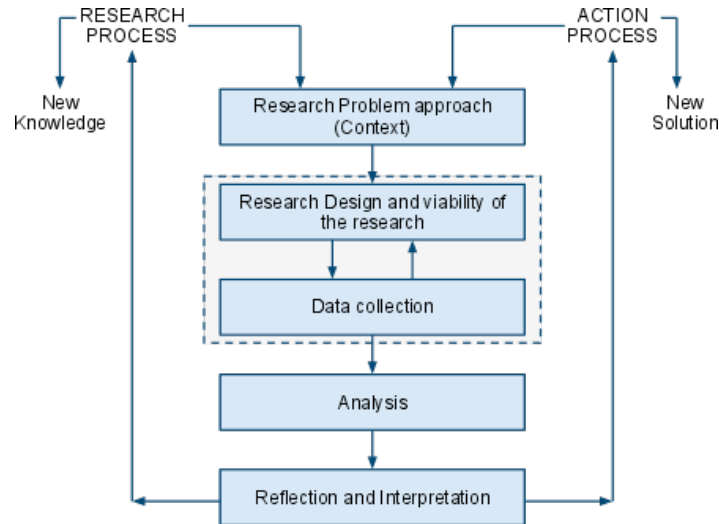
Figure 4.1 *Steps followed in the action process based on Karlsen (1990)*

We use PAR methodology to shed light on how the activity system in a business model is transformed. Our business innovation is related to how companies reorganize their abilities to identify the relevant changes made in their environment embraced by the new pattern of customer participation and how they rethink their value creation logic by integrating the customer as a new actor in the business.

The following section will develop the action process steps (figure 4.1). First, we will define the study. Later we will address the research design, which covers almost all the stages in a development process from the conceptualized idea of the detected problem approach through to developing and adapting it in the different studied cases. Finally, we will gather data in the implementation stage. Later, we will describe how the data have been collected in the different parts of the research design implementation and what validity the PAR research process has.

4.2 Research Design

We have decided to conduct an epistemological study that attempts to describe and understand the effects of social media on family micro-retailers (2-3 persons) by actively participating in the research process and designing and monitoring the implementation of the situation.

As there is a lack of theory of the previous research on that phenomenon, this research attempts to describe how consumer interacts with the activity system of family Catalan micro-retailers by means of social media, understand how customer could be integrated into the activity system of the business according to their participation and describe how the activity system of the business model is transformed by customer participation.

In participatory action research the researcher is involved in all phases of the study. The researcher's background can be useful and positive to the research rather than detrimental (Locke *et al.*, 1987). From September 2007 to September 2009 the researcher has been working with Professor Joan Enric Ricart and has had the opportunity to learn about business models by co-authoring a book with him (*Models de Negoci per una nova organització industrial*) and writing cases and articles. Most recently, from 2009 to 2011, the researcher has been working with Professor Gabriel Giordano and has had the opportunity to learn and be involved in research related to Web2.0 technologies topic, focused on group collaboration. Additionally, this year 2011 the researcher has been involved actively in the research process implementation part for one of the studied cases.

As a research assistant for these two professors the researcher was involved in different research projects related to these topics. The researcher believes this understanding of the context and role enhances her awareness, knowledge and sensitivity to many of the challenges and issues encountered as a junior consultant for the Catalan family micro-retailers. She is bringing knowledge of both the business model area and the Web2.0 topic. Particular attention will be paid to the use of social media in transforming the activity system of the business model, evaluating customer interactions, and integrating the role of customer into the activity system of the business model.

Due to her involvement in the project and close friendship with the President of the Local Commercial Association involved, she may bring certain biases to this study. Although every effort will be made to ensure objectivity, these biases may shape the way she views and understands the data she collects and the way she interprets the strategy implementation experiences. For this reason, a second researcher has been involved in the transcription of the interviews with the micro-retailers and results discussion.

4.2.1 Study Definition

This research is focused on businesses in the municipality area of Cerdanyola del Vallès. Cerdanyola is a small town near Barcelona, Spain, with nearly 59,000 residents. Currently it has four Local Commercial Associations, one of them being part of our research, called l'Eix Comercial Estació Centre

Cerdanyola. Its main aim is to change the perception of consumers of all the shops that belong to the Association and see them as an open shopping center and bring consumers closer to the shops that belong to the Association by offering promotions and actions within the metropolitan area of Cerdanyola.

At the end of 2009, due to the crisis and exacerbated by the new buying trends of the user, l'Eix along with other Catalan institutions - Generalitat de Catalunya & la Cambra de Comerç de Catalunya -, have signed a collaboration agreement to promote actions to improve competitiveness and business services for SMEs in the town of Cerdanyola. To promote these actions, the Association has designed an action plan that seeks to stimulate commercial activity in Cerdanyola, including training courses, individual and personalized expert assessment for the interested retailers of the Association.

To carry out these activities - design, implementation and assessment of the social media strategy -, the assistance of the researcher was requested, assistant lecturer at the Technical University of Catalonia, UPC, specifically from the School of Industrial and Aerospace Engineering of Terrassa, ETSEIAT. The researcher's task is based on instructing, advising, assessing and motivating l'Eix, as well as its interested retailers in the design, implementation and monitoring of the social media strategy. Specially, the Association came to the researcher because it was concerned by both the fast-changing environment due to the appearance of the Web2.0 phenomenon and the new trends in customer purchasing. Specifically, the study involves four micro-retailers (2-3 employees) and the Local Commercial Association, l'Eix.

4.2.2 Context of the Study design: Catalan family SMEs

A large number (around 85%) of Spanish Small and Medium Enterprises (SMEs) are family businesses and some 66% of them are located in Catalonia. These SME's are very important to the Catalan Economy because they account for 81% of Gross National Product (GNP) compared with only 19% for large companies. Due to Internet expansion, the Web2.0 phenomena and the new pattern of consumer participation, companies should promote a change in their operative processes in order to adapt to those changes.

Catalan Family Businesses need to adapt to the fast-changing environment. Specifically, the retail sector is changing its economic strategy, focusing sales on the medium-high segment of the population through increased product prices and the freezing of employee's salaries. These measures have generated an increase in their profits, but these are only short-term actions. If small family businesses want to survive and remain the engine of Catalonia`s Economy, they should rethink their business model, which does not mean starting from scratch, but defining a business model that may allow them to easily

adapt to these new environment and adapt their value creation logic by reorganizing their resources and capabilities and developing an ongoing learning ability.

According to the study "*Barometer of Catalan Family Businesses*" from Callado, Cañizares, Muñoz, Utrero and Xabadia (2008), employers recognize the importance of innovation and adaptation to new market environments and the lack of definition in their business model management. Although the research is focused on Spain, specifically Catalonia, this situation is similar across the world. For instance, it was in 1999 when The Economists (June 1999), entitled "*Business and the Internet: The rise of the infomediary*", article said that "*most bosses know what they should be doing regarding having presence on Internet, but have not yet got around to it. It is easy to understand why. Knowing that you need a coherent e-business strategy is one thing, getting one is altogether more difficult. And until you decide precisely what your strategy should be, it will not be clear what kind of IT infrastructure investments you will need to make.*"

Currently, the special report on social networking at The Economists (January 2010), entitled "*A peach of an opportunity, small businesses are using networks to become bigger*", highlighted a survey of 500 small businesses in America conducted by Citibank on October 2009 found that most of them had not use online networks at all because they thought they would be a waste of time.

Some of these thoughts are common today in Catalan micro-retailers as well as small American companies. These also could be explained through the literature, since SMEs are perceived as being limited by resource constraints (Carson, 1990), especially in terms of human, organizational (size and lack of procedures) and financial (Bjerke and Hultman, 2002; Schindehutte *et al.,* 2008). According to Huang and Brown (1999), although SMEs are being limited in terms of resources they rely on the personal involvement of the entrepreneur to effectively deliver their business concepts and the meaning of their transformations to the market.

4.2.3 Research design: Social Media Strategy

The researcher/observer in this study is assistant lecturer of the Technical University of Catalonia, specifically ETSEIAT-UPC. On one hand, she will be conducting a serial of training activities related to Web2.0 and social media strategy design, giving expert advice and collecting data (forms, surveys and interviews) in all the different steps of the PAR process (see figure 4.2).
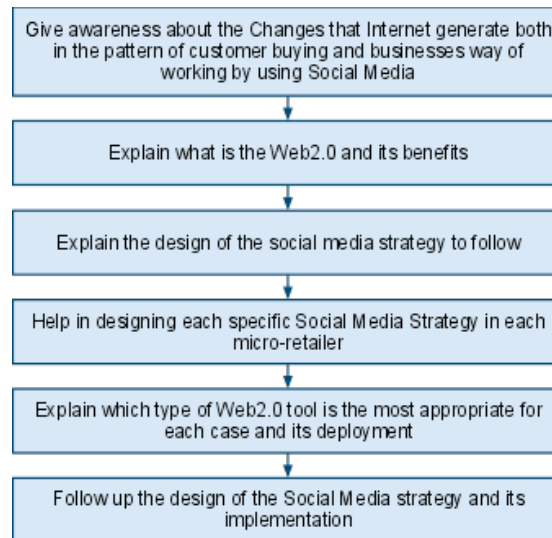
Figure 4.2 *Participatory Action Research process*

Specifically, the training activities are related to: (1) raise awareness about the changes in the pattern of customer participation and how companies are changing their way of doing businesses through the use of Social Media; (2) explain what Web2.0 is and its benefits; (3) explain the design of the social media strategy to follow; and (4) explain which type of Web2.0 tool is the most appropriate for each case and its deployment.

The expert advice attempts to (1) help in designing each specific Social Media (SM) Strategy in each micro-retailer, and (2) follow up on the design of the SM strategy and its implementation. Finally, the data collection will be conducted along the 6 steps of figure 4.2 (see 4.2.3.2 Data collection).

The following section covers all the stages in the social media strategy deployment process. From the conceptualized idea of the problem detected in the Catalan family micro-retailers because of the Web2.0 phenomenon, through developing, adapting and monitoring it in the different businesses and also gathering the data through the implementation stage.

4.2.3.1 Design of the Social Media Strategy

Based mainly on Forrester's research (2009), the researcher has designed a general SM Strategy which encourages businesses to start with a specific initiative, a well-defined audience, specific goals, choosing a realistic strategy, and selecting appropriate technological tools. Nobody has yet established a general design for it.

This section attempts to explain the eight steps required to design the SM Strategy including: identify online audience, specify online objectives, choose a

realistic strategy, select appropriate Web2.0 technology and measure the achieved objectives (figure 4.3).

The designed strategy is a back and forward process, as each business requires its own strategy based on a trial-and-error learning (Argyris, 1985). The strategy follows the Deming cycle (Plan-Do-Check-Act), since the businesses have to follow four stages: (1) design the strategy, (2) select the social media tool and implement the designed strategy, (3) measure the proposed goals, and finally (4) compare the desired goals with the attained results and suggest improvements.

Additionally, some authors emphasize the importance of clearly defining what is wanted to be achieved before designing the strategy to choose Web 2.0 technologies. Companies which do not properly plan their strategy are quite likely to fail when executing the implementation of social media tools.

Figure 4.3 *Design of the Social Media Strategy (source by the author)*

According to the designed Social Media strategy (see Annex 1.3), there are eight steps:

1. Audience definition

In this step, entrepreneurs should identify who are the current customers and define who would be the potential customer at Internet. This is required to decide which goals the entrepreneur can reasonably expect to achieve by means of social media.

The researcher suggested to the entrepreneur to create a list between 10 and 20 persons that represent the typical customers who came to the store. From that list the entrepreneur has to explain the profile of the current customers based on the region or country of the audience, the market segment this audience belongs in and the factors which influence the customers' decisions such as

technological trends, age, incomes, personality, motivation, etc. From this previous list the entrepreneur would observe the interests of its current customer and would predict which the interests of the online customer will be.

On the one hand, the entrepreneur should consider their specific audiences in a specific region or country, since customers do not always use the same social media. For instance, in Brazil people use Orkut as a social network instead of Facebook. On the other hand, the business goals, strategy and social media will be different depending on the customer segment orientation. For instance, the European youth target (12-24 years old) is not an easy brand target as their primary motivation is entertainment and being connected to friends. However, in older people their primary motivation is driven more by family and social factors, and less by entertainment and career objectives.

2. Internet position

In this step, entrepreneurs should search for themselves on the Internet and see what their position right now is, who is talking about them and their products, what they are saying, if this audience matches the desired audience, what their interests, age, and expectations are. The researcher has provided them with several online search engines such as Yahoo!, Google, Gennio, 123people, Mooter, Youtube, etc. to consider different sources of information.

3. Leader detection

In this step, entrepreneurs should look for which people could provide a better experience or knowledge about their specific field. Their main task is to influence the decision-making of other customers with their information. They could be located inside or outside the firm such as suppliers, providers, employees, etc.

In the previous two steps, audience profile and Internet positioning only tell entrepreneurs where they are and what their customers' interests are. To proceed with the Social Media Strategy implementation, entrepreneurs should decide which goals they want to accomplish.

4. Goal definition

According to Forrester Research (2009), the implantation of the social media would mean a deep change in the entire organization affecting all business units, departments and way of working. Consequently, entrepreneurs should take into consideration that: (1) employees agree with the social media strategy definition, (2) employees agree with the established goals at this strategy and (3) internal roles, processes, policies and stakeholders are aligned with business

goals. The above points are necessary to continue with the social media strategy definition.

To continue with the definition of the social media strategy, entrepreneurs should establish which goals they want to attain. To perform this step, the researcher has suggested a set of achievable goals by means of social media to entrepreneurs. For instance, brand awareness and brand building, increasing Internet presence, acquiring new consumers, improving customer service and support, reducing time-to-market product, etc. Later, entrepreneurs should point out which ones would be in the short term and long term. Additionally, entrepreneurs should summarize the main goals with their own words.

Once entrepreneurs have decided which goals they want to accomplish are, they may continue with the social media strategy definition. Particularly, how would they accomplish their goals? What is the proposed added value?

5. Strategy planning

As social media are new channels of communication which complement the traditional ones, the social media strategy entrepreneurs are defining has to offer some different added value of the current website or the physical place.

In order to create added value by the social media strategy definition, the entrepreneurs have to set up a story on their interests which motivates customers' participation. This story has to be related to emotions and feelings, as the customers use social media primarily to express their feelings and be engaged in communities which offer them trust and relevant information. If the story is well-made, it will capture new customers, engage consumers, and increase presence on the Internet.

The researcher does not have a rule to design the story, even though she has suggested several examples which show how other micro businesses have differentiated themselves from the others.

Additionally, entrepreneurs should think about what the main benefits to participate in the community are. For instance, meeting other people, learning from others how to use the product or the offered service, having a better connection, finding information contributed by other members, engaging experts of your topic, ...

Last but not least, entrepreneurs have to align their goals with customers' goals, assign resources to implement the social media strategy and decide how much time they would like to invest in the deployment.

On the one hand, entrepreneurs have to take into consideration that the defined community objectives do not represent the company but rather the members of the community. On the other hand, entrepreneurs have to take into consideration that the social media strategy implementation takes time and requires commitment from the employees.

The following three steps are related to what businesses need to do and to develop by means of social media on the business.

6. Choose a social media tool

In this step, entrepreneurs should select the Web2.0 technology which best aligns with their designed social media strategy, objectives and the audience they want to reach. Depending on the audience, entrepreneurs have to redirect their social media strategy definition and select the social media. Additionally, according to Hubspot cases (2009), entrepreneurs might recognize what social media they are using and understand that is a trial-and-error strategy.

Once entrepreneurs have defined the audience, goals, and the story, selecting the social media might not be as obvious. Entrepreneurs might choose a few and see where the potential audience is and which generate interaction or achieve the desired goals.

For instance, **blogs** are key drivers of organic search engine traffic. They drive new visitors to business websites and improve scope. Through them entrepreneurs may demonstrate thought leadership and facilitate feedback through comments. **Social networks** will drive prospects back to compelling content on your blog or website while improving customer engagement. Additionally, it could generate support and attendance for offline events because thousands of people can see the updates. **Twitter** is used to conduct searches to see what people were saying about companies. Additionally, it is also used to push simple messages and redirect readers to further detail in blogs or other Web content.

7. Strategy implementation

In this step, entrepreneurs should have created a relevant content and mix social and traditional media in order to get the desired goals and to deliver their consistent messages by means of blog posts, portfolios, white papers, websites, social networks and tweets. We should note that social media complement the business strategy, but they are not substitutes. Many entrepreneurs approach social media strategy in the wrong way, choosing Web2.0 platforms like blogs or communities first instead of focusing on what they want to accomplish. Companies which do not properly plan their strategy are more likely to fail.

On the one hand, entrepreneurs have to appeal to the potential audience using relevant content which addresses their needs around specific issues such as community outreach, citizen self-service, etc. Additionally, entrepreneurs have to make sure the generated content is consistent with the audience objectives. On the other hand, entrepreneurs should deliver their content via familiar and acceptable mechanisms to reach their audience.

According to Hubspot (2009) article "How to Generate Small Business leads" and Forrester (2009) article "Start your Global Social Media Strategy", the following issues might be taken into consideration by small businesses before starting the implementation of the social media strategy:

- Listen to your audience profile and their social trends to satisfy their needs and interests.
- Make sure that your business and product are ready for attention before you start social media marketing, since social media platforms will only amplify the failures of bad products.
- According to the needs of your business you might incrementally implement your strategy, measuring the returns on investment in each phase.
- Be aware of the competence copy what has worked for others might not necessarily work for you.
- Focus your strategy on your business needs and goals. The technological platforms have to be flexible as they do not have to be the bases of the social media strategy.
- Use your audience vocabulary. Audience will participate more if content and discussion is easily accessible, relevant and dynamic with an adapted vocabulary.
- Be consistent with the spread information. What you say has to be consistent with your image as the customer will relate your content to your brand image. This factor has been an important key to success for businesses.

8. Strategy validation

In this step, entrepreneurs should validate the evolution of their social media strategy by looking at forums, blogs or communities where customers express their thoughts regarding the product and/or service engagement. Additionally, entrepreneurs could monitor the engagement of their potential customer by using Google Analytics which helps them to determine the origin and visits of the web site visitors or the customer mentions by using the Google Alerts. All this information informs the entrepreneur of the overall business strategy.

Once they have an understanding of what customers are saying online, entrepreneurs have to find a common interest and begin some conversations with the audience by means of the social networks or communities used. Entrepreneurs should track the results of each tactic to determine the best way to dedicate time and effort into their strategy.

4.2.3.2 Data collection

The collected data will help us to understand and redefine the social media strategy and, if necessary, to follow up with its implementation.

Data was collected from April 2010 through June 2011. This included one questionnaire after each training activity, three recorded face-to-face interviews during the SM strategy implementation (one at the beginning and two at the end of the process) and an active observation of their social media actions through their Web2.0 tool of communication. The researcher proposed in figure 4.4 the timeline and activity scheduled during the 15 months of the research process.

April 2010	May 2010	June 2010		July 2010
2 Training courses: Internet awareness and pattern of customer participation (2 surveys Internet usage)		2 Training courses: 1st part of designing of Social Media Strategy and Web2.0 tool possibilities (2 forms) 2 expert advice business visit to start the SM strategy implementation		

Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011
		1 Initial recorded interview of the business story 1 expert advice business visit to follow up the SM strategy implementation			

Feb 2011	March 2011	April 2011	May 2011	June 2011
1 Training course: measure Social Media Strategy objective achievement (1 forms)			1 recorded interview of the employers' SM strategy implementation	1 recorded interview of the employers' SM strategy implementation 1 expert advice business visit to follow up the SM strategy implementation

Figure 4.4 Timeline and schedule of the research design

As figure 4.4 shows, the type of data collected is mainly structured and unstructured open-ended interviews, which have been recorded and transcribed. The interviewed actors were the employers of the businesses. From those interviews the research obtained information about the story of the micro-retailer both before and after the research process was implemented. Additionally, the researcher has been an active observer of the SM strategy implementation through the Web2.0 tools used by the businesses studied. Figure 4.5 shows how the data analysis procedure was conducted.
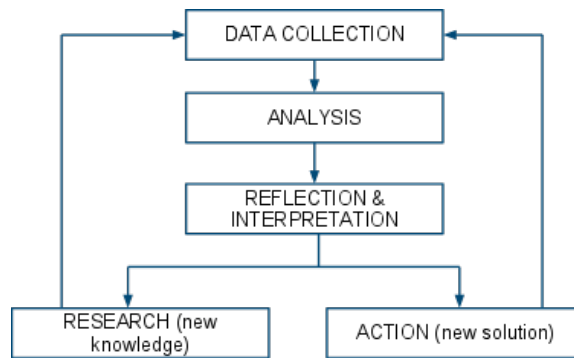
Figure 4.5 *Data analysis procedure*

Some of the research questions from the last interview are related to the theorizing and knowledge accumulating process itself, reflecting about and understanding what the action process is all about, documenting and analyzing it, and making use of technical knowledge to confirm the assumptions made. These assumptions fall within the researcher's sphere of responsibility.

4.2.3.3 Validity of the research

It is important to be aware of the practical limitations that are inherent in a PAR research. These are real situations in which people are absorbed with solving immediate and pressing problems. The pressures to achieve results is great, and the researcher can seldom grant him long pauses to think or extensive data collecting without the utilitarian value being clear. According to Karlsen (1990), this suggests selecting simple designs and methods that serve several ends, as in our research design.

Developing criteria for reliability and validity, and presenting the results to the scientific community are still the responsibilities of the researchers, since part of the researcher's task consists in collecting data and undertaking analyses that help participants to understand the situation and lay the basis for formulating new measures. Additionally, the implementation of the measures will lead to new requirements for analysis and so on. According to Karlsen (1990), "*this process in itself contributes to corroboration because the assumptions about the causal relationships on which measures are based will continuously be tested when one is occupied with expected effects and is investigating whether they materialize*" (pp. 155). It is a kind of spiral design of action and research that closely integrates the two processes through common methods and interpretation.

However, the spiral process may often be disorderly, and it may be difficult to trace a clear connection between data sets, assumed causal relationships, and implemented measures. According to Karlsen (1990), "*the type of data and assumptions that it is used as a basis in real-life changes are not only those that have resulted from observable and controlled processes. [...] There is a third*

source for corroboration [...] that the practitioners take part in evaluating, interpreting, and reflecting on the data generated through the research process" (pp. 155). This validation through consensus corresponds to an epistemological view of knowledge as partial and local (Gustavsen and Engelstad, 1986).

Additionally, involved researchers can often be so trapped by the situation and it may be difficult to get an adequate perspective on what is happening. In such cases, it is an advantage to have ready-established structures that ensure that one is confronted by other experienced researchers. This research has confronted this case interpretation with an experienced researcher who makes contributions, provides and contrasts the assumptions and interpretations and addresses the unestablished structures.

5 CHAPTER 5: STUDIED CASES

This chapter is devoted to the written cases in which all the relevant information is compiled - design, development and monitoring the social media strategy - about the five Catalan family micro-retailers (*Torre del Pi* Ironmongery Store, *Grau Gent* Shoe shop, *Morera* Florist, *Centre Optic Cerdanyola* and *L'Eix Comercial Estació Cerdanyola* local Commerce Association). The first four cases are establishments which are part of the local Commerce Association, *L'Eix Comercial Cerdanyola*.

The aim of this chapter is to set the information of the collected cases into a workable format prior the cross-analysis and interpretation of the data (see chapter 6).

The data is taken from employers' surveys, questionnaires and structured and unstructured interviews. These interviews clarify the understanding of some aspects of the surveys. The four surveys used to design and follow up the social media strategy implementation in these cases can be found at the end of the chapter. The order of data collection is taken from figure 4.4, which shows the timeline and schedule followed throughout the entire research process, and figure 4.5, which shows the steps followed for the data analysis in an ongoing and iterative process.

The written cases included the particular company history before implementing the social media strategy, the design of the social media strategy they planned to carry out and the follow-up of the designed strategy and preliminary results. Additionally, at May 2011 (Annex 1.6) a survey with a structured interview was held with the aim of achieving a better understanding on how retailers perceive the use of social media in the activity system (according to Osterwalder *et al.* (2005) BM building blocks) of their businesses. An additional questionnaire was required to find out which mediator factors influence the micro-retailer Business Model change. This last survey with a structured interview was carried out at the end of June 2011 (Annex 1.7).

Two interviews were held during the data collection process. The first one was unstructured and carried out at the beginning. The second one was structured and carried out at the end of the process.

In the first interview, the researcher seeks to understand how micro-retailers operate before starting to use the social media. This interview was necessary as no other type of information regarding their business plan is documented. The original questions have been adapted to each type of retailer.

In the final interview, the researcher seeks, in a structured way, to understand how these micro-retailers use social media, explain how social media change the way they operate and discover which activities have been more affected and why. The survey was sent to the employers several days before.

The transcription of these interviews has been carried out manually. In the case of the second interview, a more objective and unbiased story has been transcribed by a second researcher. The transcriptions have direct quotes of informants, which are indicated in italics.

As explained in the research design (section 4.2) and according to the PAR methodology (section 4.1), the data analysis is an ongoing and iterative process. The cases, however, have been written at the end of this iterative process. These written cases are separate and each one shows the final analyzed and interpreted data as well as the research findings ('Lesson learned' section).

Each case follows figure 5.1, which shows the different phases of the social media strategy implementation.
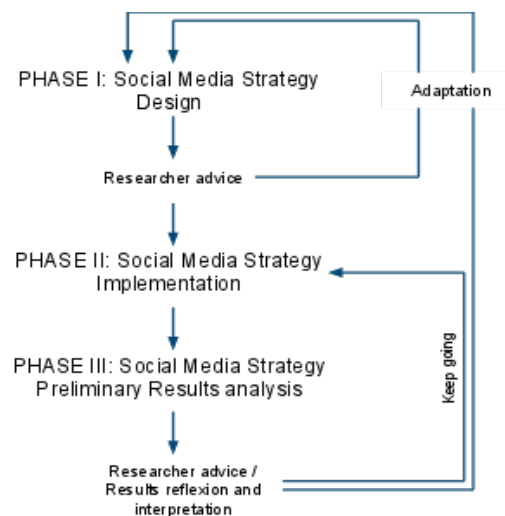
Figure 5.1 *Social Media strategy implementation phases*

Before starting the social media strategy design, two introductory training courses were held: (1) changes the Internet generates both in the pattern of customer buying and the way in which businesses work; and (2) what Web2.0 is, including its technologies and benefits. At this previous stage of knowledge, the researcher conducted two anonymous surveys to find out what employers know about social media and what they wanted to achieve in their businesses following the implementation of the social media strategy. The sample of participants was

very low. A quantitative study, therefore, could not be made as a significant number of samples were not reached.

In the initial session (on awareness about the changes the Internet generates both in the pattern of customer buying and business working methods) 7 participants, with an average age of 42, took part.

Before starting this introductory session, an initial survey was conducted in order to identify Internet use and usefulness according to participants' experience. The results showed a limited use of the Internet, on average around 3 hours a day 3 days a week. They mainly used email and the web page for professional communication. Although they were not using Social Media, they all intended on using it in the future and 62.5% thought it would be useful.

Additionally, they all agreed that social networks refer to a set of resources which allow businesses to be in contact with a group of people and also act as an Internet meeting point (definition extracted through the different comments of the participants of the sample). Additionally, in the future they expected to use those technologies to "*let people know about our business and products; develop our business activity; discover new distribution channels; maintain a closer contact with people; and see market trends*".

In the second introductory session (to explain what Web2.0 and its technologies and benefits are), 5 participants from the first previous 7 participants took part. They will be the cases of this research. These participants will carry on with the design of the social media strategy. At the end of the process one participant withdrew from the research. One participant represents two businesses (President of the Local Commerce Association and employer of the Morera Florist).

Before starting this second session, the researcher requested information about the benefits of the Web2.0 technologies perceived by the employers. The results showed their perception regarding social media benefits are to "*create online communities, generate new business opportunities, increase firms' visibility, share information with customers and suppliers, listen to customers' needs, and advertise the business*".

The following data was collected over a period of one and a half years (figure 5.2). At best, the social media strategy was not implemented until late September 2010. It should be noticed that the majority of cases studied in this project did not have any previous Internet presence.

April 2010	May 2010	June 2010	July 2010
2 Training courses: Internet awareness and pattern of customer participation (2 surveys Internet usage)		2 Training courses: 1st part of designing of Social Media Strategy and Web2.0 tool possibilities (2 forms) 2 expert advice business visit to start the SM strategy implementation	

Aug 2010	Sept 2010	Oct 2010	Nov 2010	Dec 2010	Jan 2011
		1 Initial recorded interview of the business story 1 expert advice business visit to follow up the SM strategy implementation			

Feb 2011	March 2011	April 2011	May 2011	June 2011
1 Training course: measure Social Media Strategy objective achievement (1 forms)			1 recorded interview of the employers' SM strategy implementation	1 recorded interview of the employers' SM strategy implementation 1 expert advice business visit to follow up the SM strategy implementation

Figure 5.2 *Timeline and schedule of the research design*

It was foreseen that, during this research period, significant results concerning the deployment of the social media strategy would be achieved. However, due to the fact that micro-retailers above all spend their time in daily business activities, a designed deployment schedule was not satisfactorily followed. Outcomes of the project are thus less significant than previously expected although relevant enough so as to be presented in this dissertation.

Among several future activities, a one year follow-up of the developed strategy would give a better understanding of some aspects related to why and how changes occur in the activity system of these businesses. This is, however, an ongoing research process which will continue as shown in Chapter 6.

The following sections provide information about the cases and their analysis of every step of the research design process (figure 4.2). The steps to be analyzed are: (1) each employer's description of the established social media strategy design, (2) the implementation of the designed social media strategy, and (3) the analysis and interpretation of the preliminary results extracted using both assessment measures and the final surveys (May-June 2011).

5.1 L'eix Comercial Estació Cerdanyola Centre

The following sections will cover: (1) the company description, (2) the description of the established social media strategy designed by the local Commerce association called *l'Eix Comercial Estació Cerdanyola Centre*, (3) how the designed social media strategy started its implementation, and (4) the analysis and interpretation of its preliminary results.

5.1.1 Company description (1987 - 2009)

Historically, associations were founded to solve specific problems in the town (such as Christmas lighting or the effects of cutting off a street). "*l'Eix Comercial Estació Cerdanyola Centre*", a local commerce association so-called *l'Eix*, stems from the desire to give solutions to the needs and concerns of the retailers in Cerdanyola. It started as a small closed association, later as a federation of commerce and finally as an association within an established urban area. Previous steps explain the current nature of the association. The proximity and an expected partnership with a common goal have currently grouped more than 100 establishments together. After several years of activity, an economic interest group has been formed seeking resources to carry out various professional promotion campaigns keeping in mind the collective benefits and not the individual activity of any one employer.

To publicise the problems of the municipality of Cerdanyola, the Presidents of the associations are participating in the Municipal Council of Commerce, organizing talks, meetings and conferences with the administration within their area. "*Although the proposals for improvement are taken into account, they are adapted to the local sensitivity of the moment*", says the President of *l'Eix*.

L'Eix has two fundamental reasons for existence: (1) to strive for Cerdanyola to become an area of commercial excellence, thus meaning the administration should take care of attractive and friendly urban areas, provide pedestrians with suitable priority, services and street furniture making them feel safe, etc. and, (2) to stimulate trade in the urban area (promotion, energisation of *l'Eix*, running campaigns to raise awareness of the association).

To achieve this goal, time must be dedicated to attending the City Council, municipal council meetings, committees and social events in the town and resources must be had to carry out all foreseen actions. This is only achievable by means of subsidies. These subsidies are received from public revitalization plans as long as they meet certain requirements.

These grants are aimed at (1) issues of communication and promotion of a cohesive brand which identifies the associated commerce with a mall, (2) campaigns to create sustainable trading, mobility and parking, (3) "*blue areas*" prioritizing pedestrian access and (4) the training of said associated commerce in the use of new technologies. The revitalization plans are no longer staffed and this has meant *l'Eix* has to outsource part of its campaigns (e.g. Christmas) to make them possible.

There are five associations in Cerdanyola, four of which are active. Each one has different realities. There is no competition amongst them, but entities carrying out and planning the association activities at times have a more individualistic view, defending not local needs but a more closed area.

More specifically, *l'Eix* follows some administration-defined criteria which need to be transformed into specific criteria relating to goals and schedule. In order to spread this information among the partners, *l'Eix* is organizing meetings to announce the collective actions, review the criteria and settle the objectives. Other communication channels are via two or three events in the town, all of which are communicated on paper.

The daily activity of the associated commerce is invariably time-consuming making communication amongst the partners a very difficult issue. For this reason, the communication of promotional activities is concentrated in a few specific actions. Via email, the President of the association could reach 60% of its associated commerce whilst statements in paper format reach only 10% of commerce. Despite the previous figures, the email response ratio is considered to be low. The partners only respond to campaigns which expressly raise interest by giving something in return. For example, in campaigns in which gifts are given, they have to respond whether they want the gift, such as a bag or bookmark, or not. With new Internet technologies this communication has been improved but as the President says "*we need a structure that we can't afford*".

The *l'Eix* brand has been spread through a general format on paper, internal reports and local press for its partners. The internal reports are intended to make partners feel closer to the brand and the promotional campaigns. *l'Eix* later created the need to be known within the various public bodies (Chamber of Commerce, City Council...) and different establishments in the area. For that reason, a web page was created to explain in a simple form who they are and what they do. The President of *l'Eix* says that "*the return of interaction from the user through the local press is 10-12% whilst sporadic activities based on mobile phones had a return of 50%. We have yet to identify what return we have through the web page and new Internet technologies*".

Figure 5.3 shows the specific actions developed by the micro-retailer for each activity system, according to Osterwalder *et al.* (2005).
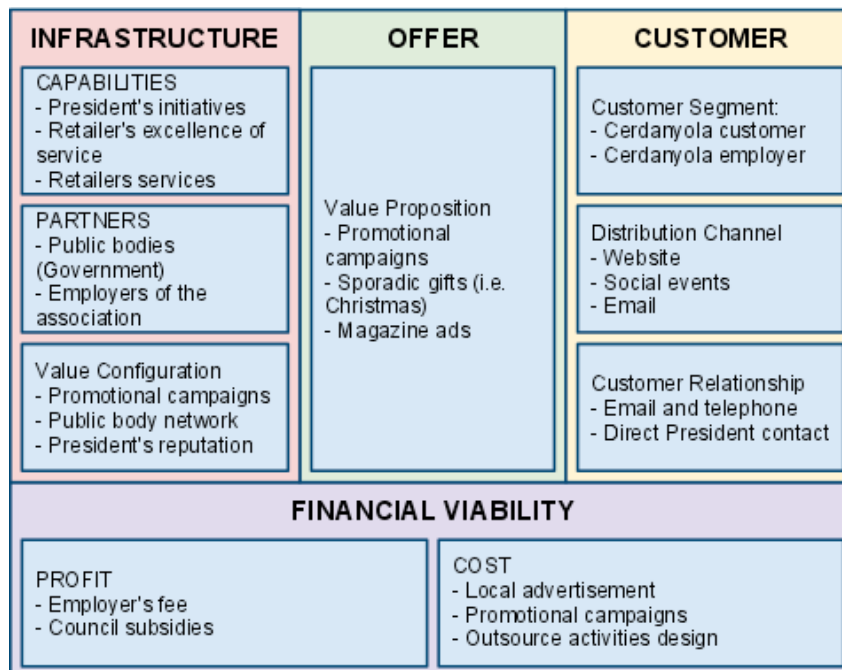
Figure 5.3 *Activity System of the l'Eix Association Business Model*

5.1.2 Phase I: Social Media Strategy Definition

At this first stage, we will explain the initial requirements of the social media strategy definition. According to Magretta (2002), the development or evaluation of a business model can be done through three different questions: (1) Who is your customer? (2) What do you want to offer? and (3) How would you like to do it?

In our case, we will develop a new social media strategy for the micro-retailers based on: (1) explaining what their current goals are, (2) describing their present customers and their expected online customers, (3) describing the goals they want to achieve through the Internet and the goals their online customers are expecting and (4) describing how to carry out the alignment of objectives with their online customers, and explaining the resources to be used for it. This strategy definition will be the same for all studied cases.

What are the objectives and goal of the local Commerce association?

Table 5.1 *Aim and goal of* l'Eix

GOAL	To give solutions to the needs and concerns of the retailers in Cerdanyola.
OBJECTIVES	1) to strive for Cerdanyola to become an area of commercial excellence. 2) to stimulate trade in the urban area.
ACTIONS	To carry out professional promotions and campaigns keeping in mind the collective benefits and not the individual activity of any associated retailer.
HOW	1) by devoting time attending the City Council 2) by finding resources through public subsidies to carry out the foreseen actions.

Who are l'Eix's customers? What are they trying to achieve through the Internet?

The customers of *l'Eix* are the retailers belonging to its influence area. Most of them are family micro businesses with an average age of 30-45 years. According to the President of the Association, the field of activity of *l'Eix*, the way of dealing with the associated retailers, the promotion actions and the price are the main factors which make these retailers decide to take part in this Association.

Using social media, *l'Eix* wants to reach the middle-low class population living in Cerdanyola or the surrounding counties. This is because one of its aims is to bring the consumers to the stores within its influence area and make them perceive this area as an open-air shopping centre. The President had originally thought of a two-fold action when designing the strategy through the Internet (1) to approach the citizens of Cerdanyola and surroundings and (2) to reach the retailer in order to offer them professional advice.

What are the objectives to be achieved by l'Eix through the Internet?

During the design of the social media strategy, the President defined the main objectives of the strategy as (1) to promote the brand, (2) to increase its reputation within the retail sector and (3) to increase the confidence of the employer. He believes these objectives will allow the Association to increase the visibility of the brand and grow consistently within its catchment area. These objectives relate only to employers who are within the scope of *l'Eix* and not to the inhabitants of the municipality.

To meet these objectives, *l'Eix* should consider (1) the interests of the current and potential employers, (2) the alignment of its objectives with the

employers' interests and (3) the design of actions which motivate employers into participating in its online community.

Aligning l'Eix's objectives with the interests of employers

Figure 5.4 shows three aspects of its social media strategy: (1) the objectives of *l'Eix*, (2) the interests of the employer (according to the President of the Association) and (3) the actions *l'Eix* will promote in order to align objectives and interests. According to the President, "*experts*" refers to reference speakers such as Pedro Nueno or associations such as the Chamber of Commerce or Gencat Trade.
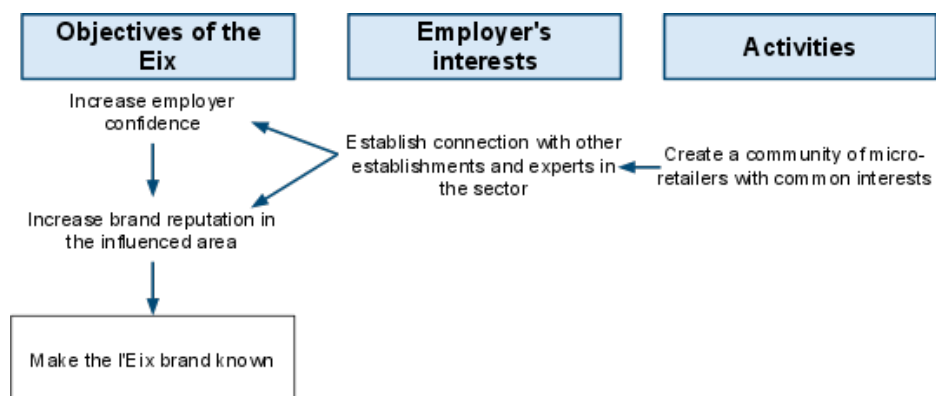
Figure 5.4 *Alignment of l'Eix's objectives - interests - activities*

L'Eix's resources available to perform these activities

L'Eix seldom has resources and the researcher has therefore involved herself in leading and implementing the project. The President initially considers two hours a week to be enough to carry out the implementation and follow-up of the strategy.

5.1.3 Phase II: Social Media Strategy Redefinition and Schedule

In the preliminary phase, the entrepreneur has designed a temptative strategy by following the steps recommended by the researcher during the training sessions. In this second phase, the researcher attempts to assist entrepreneurs by fully defining any unclear points or by even redefining them when a lack of consistency with some of the arguments expressed arises. To accomplish this redefinition, the researcher will raise different questions about the designed social media strategy so the employer may propose an alternative which best suits their objectives.

Specifically in the case of *l'Eix*, its President designed a social media strategy oriented to the employer. The President of the Association, however,

wanted the Internet to address consumers in Cerdanyola, as one of the main objectives of *l'Eix* is to bring them to the various businesses which are part of the urban area of the association. This approach will be developed by different promotion measures.

Thanks to the advice arisen, some commercial activities could be conducted from social media, such as promoting the various establishments which form part of *l'Eix* through activities enabling consumers to gain vouchers or use the product or service being promoted by the retailer.

During the initial stage of implementation of the social media strategy at *l'Eix*, only those establishments which are unique will be considered, i.e., those which are unique for the offered product and which do not enter into direct competition with any other establishment in the influence area of *l'Eix*. For example, *l'Eix* has an entertainment park called Naturpark which combines outdoor fun and adventure in a natural environment and it also has only one video club.

In a more advanced stage of implementation and after considering a correct functioning of previous actions, the President proposes lucky draws over the Internet of packs for two people. These packs will be made up of products from specific establishments (e.g. an entertainment package where the user is offered a set of activities which can only be found at *l'Eix* such as Naturpark, ModelCar (a modelling circuit) and cinema) or theme packs (e.g. gourmet pack).

To adapt the new social media strategy to these objectives and actions, the President forwards his social media strategy to a single potential customer, the consumers living in Cerdanyola. The establishments in the catchment area are affected positively by these actions in an indirect way as the promoted activities of *l'Eix* through social media encourage the incidence of consumers in Cerdanyola to the establishments which are part of *l'Eix*.

Table 5.2 shows the revised objectives, the revised online audience to be involved, the mid and long term actions and the benefits the potential customer wants to be offered through social tools with the new social media strategy.

Table 5.2 *Social Media Strategy Redefinition*

OBJECTIVES	1) to encourage users' experiences and emotions 2) to listen to customers' needs to promote new self-involving ideas
POTENTIAL CUSTOMER	User looking for enjoyment with family and friends in activities within the Cerdanyola area
ACTIONS	Integrating social tools on the web page, promoting user

	participation, making the user learn more about the different activities which fall within the catchment area of *l'Eix* and sharing photos and videos with customers of the different promotional activities offered by *l'Eix*.
BENEFITS	Entering into a community offering gifts, benefits, special offers and new experiences within the Cerdanyola metropolitan area.

To pursue this strategy, the researcher suggested to the President of *l'Eix* that the social tool best suited for carrying out the proposed actions is the Facebook social network. Moreover, most potential customers searched by *l'Eix* are already present in this channel.

During the training course in which the most common use and benefits of social media (June 2010) were explained, the President had to set out a plan of action. This was to be developed during these early months in order to carry out its strategy and achieve objectives. The proposal of *l'Eix* was as follows (Table 5.3):

Table 5.3 *Upcoming events to develop the social media strategy of* l'Eix

Objective	Task	Who	Date
Increase brand awareness	Create a new web page incorporating a new design and image.	Macromedia	June 2010
Listen to customers' needs	Create a Facebook profile to communicate the stimulated actions.	Researcher	July 2010
Push users' experiences and emotions	Think of activities to be stimulated.	President	July 2010
Push users' experiences and emotions	Generate Packs	President + employers	September 2010
Push users' experiences and emotions	Create a profile to share YouTube videos.	Researcher	August 2010
Push users' experiences and emotions	Make videos of unique shops	External	August - September 2010
Increase brand awareness	Promote the Friends of Cerdanyola (unique establishments) through the web page and the local press "*Tot Cerdanyola*" and "*Cerdanyola al dia*"	President + Researcher	September 2010

Many of the actions set out in the planning of the strategy have been met, albeit not following the calendar schedule shown in table 5.3. In addition, secondary tasks have arisen which were not present during the definition of this schedule, including a set of structured activities throughout the year (e.g. tag your name, business dynamics such as Father's Day, etc.) and which have been adapted to the specific needs of the Association or the return to the first editions, when stimulating actions such as hanging pictures have failed. In contrast, those

which have generated higher consumer participation, such as labelling activities, are still going on.

5.1.4 Phase III: Preliminary Social Media Strategy Results

To evaluate the preliminary results of the implementation of the social media strategy, the researcher proposed the measurement of the results of the initial months of experience. This assessment will enable the reflection on which actions have a greater impact on the interaction of community members and which not. Those with satisfactory results can still be used with some adaptation to further motivate the user. However, those that did not have the desired impact will be removed and redesigned according to the new experience (Figure 5.1).

This section consists of three parts. Part one shows an assessment on the achievement of objectives when implementing the SM strategy. The assessment is made by analyzing the results of an online survey (see Annex 1.4), conducted in December 2010. This survey deals with two elements: (1) to make the employer reflect on the initial strategy design and the strategy running and (2) the awareness of the actions the employer wanted to implement and which have finally been implemented. Part two is an overall assessment on the implementation of the SM strategy through a new survey conducted in February 2011 (see Annex 1.5) and extending the analysis to the results collected in a third survey (see Annex 1.6) conducted in May 2011. The evaluation of the BM system transformation activities is explained in part three of this section and is again based on the results of the above-mentioned third survey (see Annex 1.6).

5.1.4.1 Achievement of the SM Strategy objectives

In late December 2010, early perceptions of the President of *l'Eix* on his own experience during the implementation of social strategies in the Association were collected. The President of *l'Eix*, Jordi Morera, said the main objective of the strategy so far was to listen to the needs of community members. It seemed to have been achieved as it had entered into the world of social networking and seen an increase in communication with consumers in order to meet their needs.

The President of *l'Eix* positively describes the initial experience of implementing the social media strategy. In particular, he says social networks have been a starting point to finding out, coming and identifying the concerns of online users in Cerdanyola. In order to cope with some consumer concerns and to demonstrate the added value of the associated retailers, *l'Eix* has designed the pack concept, i.e., provide a set of services or products under the same theme, such as restaurant or leisure packs.

The web page launch was originally scheduled (see Table 5.3) although it has not been completed because of external agents. This was caused by the lack of effective results from the service provider therefore the decision was made to change to another provider, who is now looking to develop the web page with much less resources and budget.

Summarizing, one of the objectives set out in the strategy is being achieved whilst the other is in a stand-by situation.

5.1.4.2 Global evaluation of the SM Strategy implementation

In recent interviews, the President said the way *l'Eix* has implemented social networking has affected the way in which activities are stimulated, consumers are reached and the way the road map of activities of *l'Eix* is managed. Previous activities were plugged on specific dates, at one particular place and were announced through the general media (e.g. local newspapers) but now social networks have made this all more flexible. Activities can be advertised throughout the year and processes and communication costs can be simplified.

Specifically, *l'Eix* uses social networks to energize activities with direct incentives, such as "tag your name", which are aiming (1) to promote the retailers in the *l'Eix* catchment area by promoting an Open-Air Centre brand, (2) to encourage consumer participation by making them aware of the location of the shops forming part of *l'Eix* and (3) to increase consumer loyalty.

The President believes social tools complement the traditional activity of *l'Eix*. These allow them (1) to provide new contents which were previously impossible with a general format and (2) to expand, improve and streamline business processes and administration. However, the President of *l'Eix* points out the general form of communication should still continue, albeit on a lesser scale, to reach all Cerdanyola consumers.

Among all the stimulation activities launched, those with a higher return based on participation, understood as a way to gain interaction through some kind of incentive, are those in which the user has only to click once or twice to get such an immediate incentive

The researcher developed a final training session on metrics (early February 2011) to assess whether entrepreneurs' perceptions towards the expected results of the social media strategy implementation were correct or not.

In this session the entrepreneurs were provided with several metrics extracted from the Forrester Research Inc. study 2009[11].

Specifically, *l'Eix* had measured the impact of launching promotional messages (e.g. direct gifts) to the Facebook community through: (1) the number of visits when starting a promotional activity, (2) the number of new users when the promotion was launched, (3) the number of comments and likes made, and (4) by identifying the most viewed promotional activity.

According to statistics from the *l'Eix* fan page, the number of visitors and new fans has increased during the weeks energized with direct incentive campaigns. These campaigns have been used to attract new users and encourage their participation. New users added to the *l'Eix* website are those who share a common interest, namely in leisure activities within the catchment area of the promotional activities for *l'Eix*. This is as long as promoted actions were related to cinema tickets, the leisure park, etc.

Figure 5.5 shows statistics taken from the Facebook campaign for Christmas. Over this period, *l'Eix* tends to promote street activities for children, activities which are energized through local newspapers. This year, Facebook has been used to boost these activities as a complement to the local press. As an example, *l'Eix* has uploaded a collection of pictures and videos with information of interest to the people of Cerdanyola during the festive period. This new channel has thus enabled more people to be reached.

The origin of the visitors to Facebook is shown to the left of Figure 5.5. It can be seen that they have mostly been directed from the *l'Eix* website. Below it are the most visited tabs by users. It can also be seen that the wall is the most popular followed by the section of notes and finally the pictures. On the right, two additional graphs show the evolution of visits to Facebook and the likes and comments made during those days of the campaign. Most visitors gathered on 9th January 2011 after pictures of the event's Twelfth Night Likes were hung and comments from fans were continuous throughout Christmas.

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[11] Forrester Research Inc. 2009. Three Steps to measuring social media marketing.
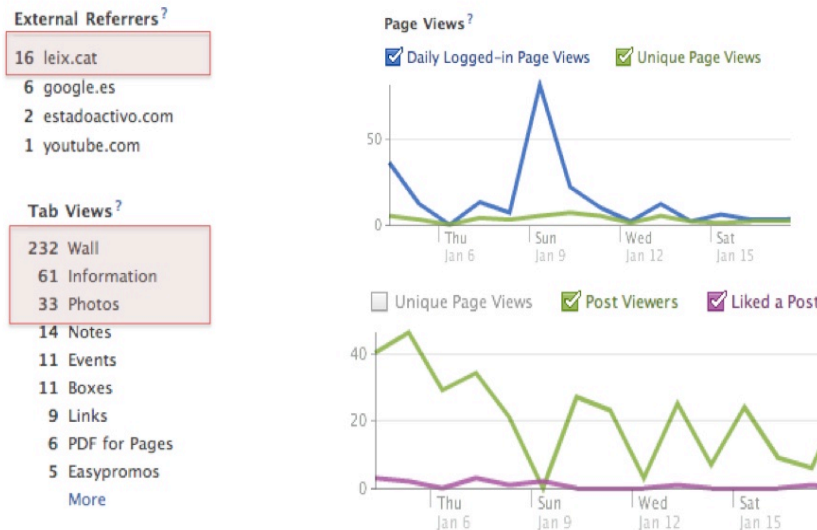
Figure 5.5 *Statistics of the* l'Eix *Chirstmas Campaign*

As a result, figure 5.5 confirms that: (1) most people entering the Facebook feed did so through the *l'Eix* website, (2) the promotion of the activities of *l'Eix* is made through its wall, with this being the most visited tab, and also (3) graphs confirm the peak traffic time after the uploading of photos during the Christmas Campaign and the interaction i.e., the involvement of community members through their comments.

5.1.4.3 Evaluation of the Business Model transformation

In this section, the President describes and evaluates the degree of interaction perceived between the user and activity system of the business model, described as the nine building blocks of Osterwalder et al. (2005). The only non-evaluated block is resources & capabilities. The results can be seen in Table 5.4 and Figure 5.6.

DISTRIBUTION CHANNEL: (intermediate level)

The President believes social networks have enabled the communication of actions, participation and interaction with users in Cerdanyola to be made in an easier and quicker way. This was previously unthinkable.

The ease of use and immediacy of social tools has facilitated new initiatives and generated attractive contents with a direct incentive to catch the interest of consumers with an average age of 20 to 40 years. This has attracted new customers.

CUSTOMER RELATIONSHIP: *(intermediate level)*

The President considers the participation and interaction caused by the implemented dynamics in the social networks have enabled him to approach the consumer and perceive their interests and concerns. He points out users are moved only by impulses, illusions and immediate answers. He feels he has not received the expected return, despite activities intended to create excitement, as the variation ratio of people involved in the driven dynamics is very low. The participation ratio in the energized activities, however, is high.

CUSTOMER SEGMENT: *(intermediate level)*

The President believes that *l'Eix* consistently encourages user participation through different dynamics, but return from consumers is less perceived considering the effort made towards them. Specifically, when an activity has no direct incentive the user does not participate in the same way as when there is a direct incentive. He believes this is mainly due to (1) not being a big brand like Nike, (2) most entrepreneurs able to help create more interesting content still being analogue[12] and (3) the younger segment of the population usually going to Barcelona to make their purchases.

VALUE PROPOSITION: *(low level)*

The President said *l'Eix* could both add a greater value to their content on Facebook and also promote the brand of an open air shopping centre if most establishments actively participated in the activities promoted by *l'Eix* (such as packs) through the Facebook feed.

Currently, with existing resources and the involvement of participating retailers, only the various retailers in the area can be publicized (accessible prices, immediacy proposals, proximity and speciality) and user participation incentivised through different singular activities done in the catchment area of *l'Eix* (such as cinema, naturpark,...).

CAPABILITIES: *(---)*

Within the factors valued from the survey launched at May 2011 (see annex 1.6), the President stressed some important factors which influence the adoption and implementation of social media: ease of learning, willingness to learn, staff flexibility in changing environments and willingness to adapt to changes. These factors can be included within the ability of learning and dynamic capabilities of the company.

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[12] Analogic people stand for entrepreneurs not used to making the most of Internet as a communication tool.

VALUE CONFIGURATION & PARTNERS: *(low level)*

The President points out the non-interaction with the user. Interaction is understood as the dialogue established with the consumer able to express their opinion. According to the objective perception of the President, an incipient introduction point of social tools still exists in the establishment of a dialogue with consumers and the drawing of their opinions regarding the improvement of processes or activities boosted through the Facebook feed. In addition, he points out local trade is still operating under word-of-mouth as entrepreneurs can add value to their product and service through personal care.

COST REDUCTION: *(intermediate level)*

The President says social networks have reduced the costs of advertising and communication management. The reduction was lower than expected due to the difficulty in changing the habits of analogue media people, which include participating employers.

INCOME INCREASE: *(very low level)*

The President has observed no increase in revenues. This also means he has observed no increase for competitors, that is, entrepreneurs who may form part of the catchment area of the *l'Eix* association. There has been an increase in communication and this increase has improved consumer participation in social networks.

Figure 5.6 shows the degree of transformation of each activity within the *l'Eix* business model according to the description, evaluation and perception the President has made in each business area. Specifically, the area of capabilities cannot be drawn into an assessment towards the degree of interaction as the consumer is not considered a player within the afore-mentioned model. Table 5.4 shows the level of consumer interaction in quantitative terms.

The colour code in Figure 5.6 tries to explain the level of interaction with consumers in each building block. Fluorescent green means a very high level of interaction (100-86%), dark green means a high level (85-70%), yellow means a moderate level (69-51%), pink means a low level (50-41%) and red means a very low level (40-0%). White means not tested.
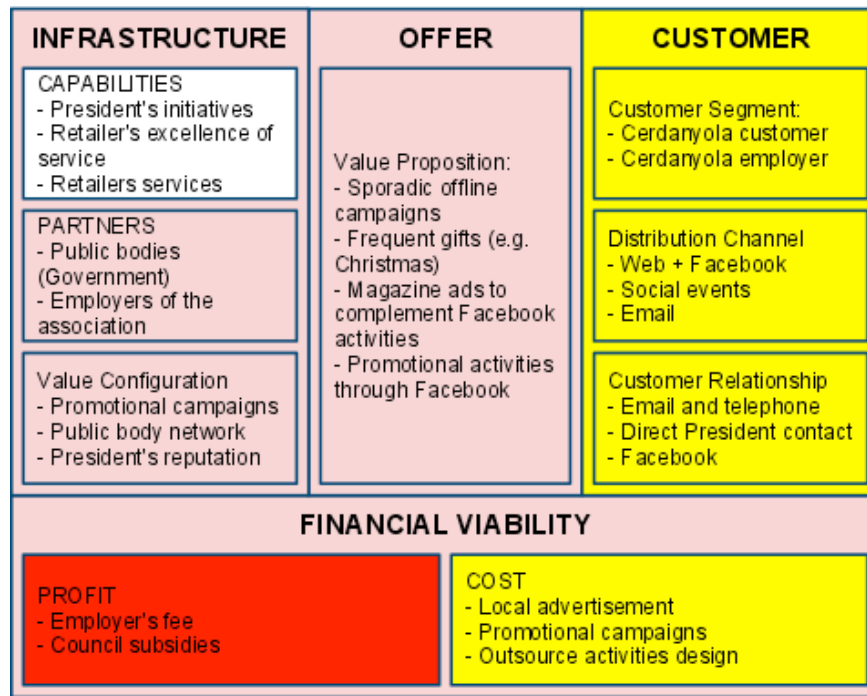
Figure 5.6 *Transformation of the Activity System of the l'Eix Business Model Association Business Model regarding customer level of interaction and social media adoption*

Table 5.4 below shows the percentage of each building block in Figure 5.6 as an average of the results drawn from all the questions referring to a single building block (see annex 1.6).

Table 5.4 *Customer level of interaction on each activity system*
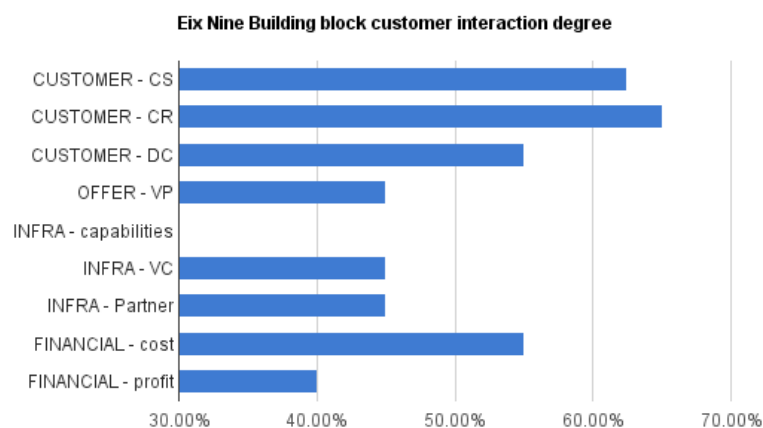
5.1.5 Lessons learned

In the case of *l'Eix*, social media have been the starting point in getting to know and reaching the consumers in its catchment area. This has been down to the fact they have enabled more flexibility and offered contents in a more dynamic way and simplified the processes and communication costs.

Sporadic actions established by *l'Eix* have generated an initial level of communication with consumers. Other factors which have also hampered the attainment of a higher level of interaction, such as the degree of sporadic involvement and based especially on "*gift with a click*" campaigns, the lack of a thread to drive the consumer's emotions towards common elements and the changes and modifications of the objectives with no key objectives have made the implementation of the social media strategy more difficult and the results achieved less encouraging.

As a consequence of all these factors together with neither using an acquisition technique able to identify a customer segment nor providing a value offering which encourages and promotes the associated retailers of the *l'Eix* dynamics, it is difficult to promote the centricity of the consumer within the business model. Centricity refers to the definition of the consumer as the central player in the business model by incorporating them or promoting activities. This centricity must facilitate the improvement of services offered by *l'Eix* and its associates.

It concludes the objectives of the SM strategy implementation must be clearly defined by considering the user to which it is aimed.

5.2   "Floristeria Morera" Florist

The following sections will cover: (1) the company description, (2) the description of the established social media strategy designed by *Morera Florist*, (3) how the designed social media strategy was implemented, and (4) the analysis and interpretation of its preliminary results.

5.2.1   Company description (1949 - 2009)

Morera florist is currently in its fourth generation. At the time of Jordi Morera's grandparents, the current owner of the florist, men worked in the fields and vineyards while women planted, harvested and exhibited flowers in the streets around the town waiting for the textile company employers who spent the summer in Cerdanyola. During the period of Jordi's grandparents, a number of changes occurred in the town such as the arrival of the train or the birth of a new industry (e.g. *Euralita*). These events, between the years 1945-1946, transformed the economic activity in the area and the present stores were founded. They are a closed place where customers can go in to do their shopping. This made the men in Morera's family leave the vineyards to dedicate themselves to gardening and the women to be in charge of carrying out the economic activity in the store. At that time the store offered gardening services, worked for the local undertaker's and offered fresh flowers.

The current generation has left the undertaker's and now offers natural and artificial floral products together with household surfaces and has added new services which provide higher value-added (transport and product delivery, interior design for shops and houses, floral art and organization of private events (e.g. weddings), among others). This change in strategy has taken place in the past 10 years due to a consumer behaviour pattern change. Consumers currently look for substitute products which bring about the same emotion as flowers. This has seriously affected the flower sector. Jordi pointed out that St. Jordi is the only date which continues to arouse emotions through flowers.

The factors differentiating the florist are focused on excellence of service, location, word of mouth, direct contact with owners and trust. This trust focuses on the trade-off in quality price design (a fresh product lasting up to more than a week), an integral service (raw material manufacture, delivery and home staging) and a direct deal with the store owner. Thanks to the integrated service delivery and decoration service, the florist is able to cover the business structure costs.

Jordi, the florist's entrepreneur, points out there are very few competitors. In big stores this service does not exist nor is consolidated in urban areas, as Jordi says, "*Competition may exist* in *the heart of Barcelona but not in towns. The*

Cerdanyola florists allocate their work and help each other mutually". They do not compete for price but for the staging of the final products. This final product staging generates emotions and hopes which thus increase the consumer's willingness to pay.

There are three types of consumers: those in front of the store with impulsive buying, those who call explaining what they want and those who want something for a special event. Jordi says phone and face-to-face sales are very similar, at 45% a piece. He also says there is a change in the pattern of consumption, which is focused on the immediacy of buying products, and this requires having final products available at a fixed price. On the other hand, Jordi points out consumer loyalty is mediated by a fast service and a direct contact with the florist owners as they do not depend on any other entity because "*the customer calls me, Maribel or Mar, he decides what he wants at that precise moment and we deliver it*".

The word-of-mouth channel of communication has been the most important and effective in spreading the brand of the florist. This word-of-mouth has been strengthened through its presence at social events in the town of Cerdanyola (e.g. sports, festivals, human towers, etc.). These social events facilitate the interaction with other entities and people who make an association between the business and its owner. Therefore, when they think of the product, they think of the brand. Jordi says, "*The model of the Catalan family business is known through the social events of the municipality*".

The florist's economic activity, however, is sustained by customers such as the Autonomous University of Barcelona and the Vallès Technology Park who came at the beginning when they started their economic activity in the town of Cerdanyola. Although sales volume is not very high as orders are not great, it is on-going. From having to remain in touch with them and updating offers to the florist came the need to create a web page.

Figure 5.7 shows the specific actions developed by the micro-retailer for each activity system, according to Osterwalder *et al.* (2005).
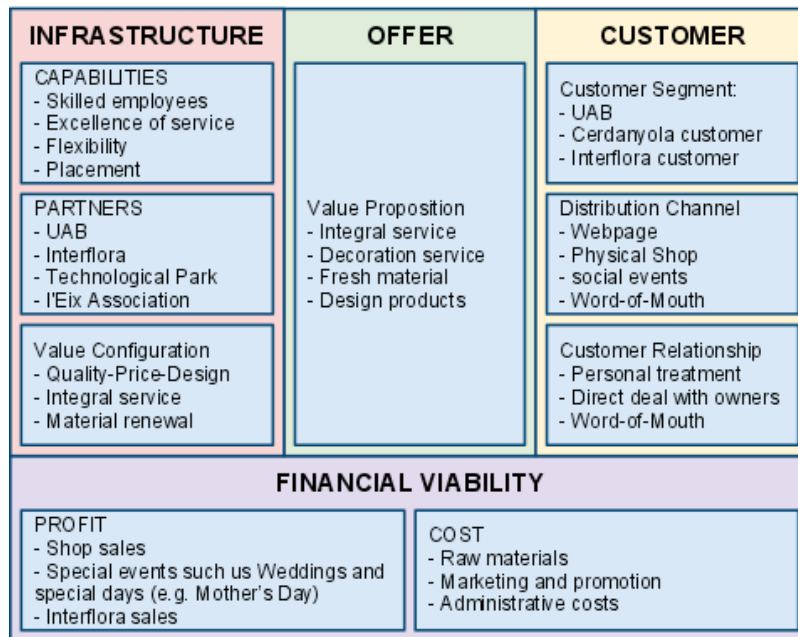
Figure 5.7 *Activity System of the Florist Business Model*

5.2.2 Phase I: Social Media Strategy Definition

In this initial phase, as in the definition of the strategy of *l'Eix* and the following cases, we will explain the first steps in the design of Morera florist's social media strategy. Specifically in this case, we will develop the new social media strategy by: (1) listing their differentiating factors, (2) describing their current customers and who they want to aim at through social tools, (3) describing their desired objectives from using the Internet and what their online customers expect and (4) explaining how they will achieve the alignment of their objectives with their online customers and resources used to carry it out.

What are the objectives and differential factors of the florist?

Table 5.5 *Objectives and differential factors of the florist*

GOAL	To generate emotions and hopes through selling flowers.
DIFFERENTIAL FACTORS	An excellence of service, location, Word-of-Mouth (WoM), trade-off among Quality-Price-Design, direct contact and trust.
SERVICES	An integral service (raw materials manufacture, delivery and home staging)
ADDED VALUE	Product creativity, competitive price, personal dealings, flower treatment, INTERFLORA service (county of Vallès and BCN)

Who are Morera Florist's customers? What are they trying to achieve on the Internet?

Morera florist's customers are young independent consumers who are looking for an immediate purchase of a final product ranging from a fixed price to the guidance of the product maintenance. Another key group of consumers are middle-aged women who are looking for emotion and hope in the product without paying so much attention to the price (e.g. brides).

They mainly come from the Vallès area (Cerdanyola, Sant Quirze, Sabadell...). In particular, those people who come from out of Cerdanyola have either previously lived there, like it or have had it recommended to them.

According to the florist's owners, the factors which influence the purchase of flowers from their establishment are the guidance, transparency and personal dealings. As commented by the owner, *"Most consumers in this type of sector consume from an impulse preceded by a fixed idea. These consumers, specifically, look for a product fulfilling what is good-pretty-cheap"*.

Through social media, the florist aims to reach a young audience, over the age of 20, living in Cerdanyola and the surrounding areas with a mid socio-economic level. The owners believe this potential audience is interested in getting information on plant care, decoration of the home, knowledge of different plant and flower types and the accessories needed for their optimal care. To summarize, they want to receive information about flowers and their care and accessories.

What are the Florist's proposed objectives through the Internet?

Although the florist has a web page, it is not currently indexed anywhere on the Internet. The owners have searched for their shop on different search engines and have seen themselves indexed on the Yellow Pages, Interflora, Cerdanyola Commerce, the UAB Friends Association and their two pages (.com and .net). The Morera family comments, with exception to their own pages, the other sites are all within the sphere of the Cerdanyola commerce in which the retailers in the area are advertised but do not offer extra value nor direct visibility of the businesses. The family also adds their pages only show photos of their various designs and products but do not have a great audience.

In the design of the social media strategy, the Morera family comments the main objectives are: (1) to make their brand known in order to increase its presence on the Internet, (2) to promote the brand through competitions, events, etc. and (3) to encourage interactivity. They believe these actions will increase the florist's brand on the Internet.

To achieve these objectives, the florist wants to design an emotive idea which can be easily implemented on the Internet. This idea aims to educate the consumer on plant use and introduce them to the possibilities the world of flowers offers. A first initiative is to promote workshops in the florist through social media. This would allow them to take their online customers home and show them plants can be used both for decoration of the home and for culinary art.

To achieve these objectives, the Morera family needs to consider: (1) the interest of current and potential consumers, (2) the alignment of their objectives with the interests of consumers and (3) the design of actions which encourage the consumer to take part in their online community.

Aligning Morera Florist's objectives with the interests of customers

Figure 5.8 shows the objectives of the florist, the interest of the consumers according to the Morera family and the actions the florist will carry out on the web page to align them both.
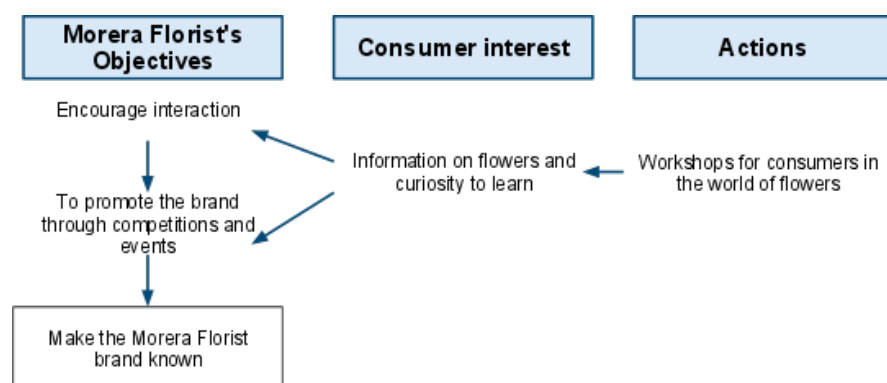
Figure 5.8 *Alignment of Morera florist's objectives - interests - activities*

The Morera family believes the consumers who take part in their community will share experiences with other users with similar interests and meet experts who will be able to advise them on the care of their plants. Regarding these experts, the owners are considering influential people in the sector such as the florist Dani Santa Maria, the Floral Art School (decoration and advice), the Florist Association of Catalunya (Mª Angels Foneca and Enric Llovera) or themselves.

At the florist specifically, this community will allow them to both listen to and observe the comments, interests and tendencies of the users who take part and also receive opinions and suggestions on the florist's products.

The Florist's available resources to perform these activities

The florist is made up of three people from the same family, one of which, Mar, will be in charge of stimulating their activities through social tools. The strategy definition has originally been carried out by the owner who considers as much time as necessary will be dedicated to its implementation and continuation.

5.2.3 Phase II: Social Media Strategy Redefinition and Schedule

In the previous phase, the owners have defined a temptative social media strategy and in the second phase the researcher will to try to advise them on any unclear points. To achieve these clarifications, the researcher sets out the doubts arisen from the designed strategy so the owners can propose an alternative with a view of improving their objectives.

Specifically in the case of the florist and thanks to the advice given, the content of the workshops and the way in which they were to be promoted through social media was set.

The following table depicts the revised objectives, the revised online audience who will be aimed at, the mid and long term actions and the proposed benefit for this potential customer through social media.

Table 5.6 *Social Media Strategy redefinition*

OBJECTIVES	1) To make the product known, 2) To position the product on the Internet (increasing its visibility), 3) To gain new clients and 4) To support the customer (advice and information on the sector)
POTENTIAL TARGET	Consumers interested in the world of flowers.
ACTIONS BENEFITS	To promote the florist through workshops and competitions. Being informed of events (workshops) and how to care for flowers...

In order promote the workshops and carry out the social media strategy, the person in charge of energising the project, i.e. Mar, chose the social network Facebook. The researcher believed it adapted quite well to the audience profile it was aimed at and it was also where the entrepreneur felt most at ease. Facebook would allow them to upload photos, plan get-togethers with people from their communities and comment on the events.

When the most frequent use and benefit of social media were explained in the course (June 2010), the head of the project, i.e. Mar, set out the following action schedule to carry out her social media strategy and achieve the proposed objectives.

Table 5.7 *Action schedule to carry out Morera Florist's social media strategy*

Objective	Task	Who	Date
Increase visibility on the Internet	Create a Facebook profile	Mar	June 2010
	Familiarize themselves well with Facebook	The Morera family	June 2010
Make their product known	Introduce photos of products from the shop	Mar	June 2010
Support the customer (advice and information on the sector)	Give information on herbs, recipes, history, care ...	Mar	July 2010
Gain new customers	Launch a pilot workshop	Mar	July 2010
	Create materials for the workshop	The Morera family	Sept 2010
	Do the workshop	Mar	Sept 2010

Everyday pressures have hampered the development of most of the planned activities as the person in charge of their stimulation has not been able to apply either the resources or the time needed. The florist now has a Facebook profile which has been energized with very few activities.

5.2.4 Phase III: Preliminary Social Media Strategy Results

To evaluate the preliminary results of the implementation of the social media strategy, the researcher proposed measuring the results of the first months of experience. This assessment will enable the reflection on which actions have a greater impact on the interaction of community members and which not. Those with satisfactory results can still be used, albeit with some adaptation, to further motivate the user. Those, however, which did not have the desired impact will be removed and redesigned according to the new experience (Figure 5.1).

This section consists of three parts. Part one gives an assessment on the achievement of objectives when implementing the SM strategy. It is made by analyzing the results of an online survey (see Annex 1.4), conducted in December 2010. The survey deals with two elements (1) to make the employer

reflect on the initial strategy design and the strategy currently running and (2) the awareness of the actions the employer wanted to implement and which have finally been implemented. Part two is an overall assessment on the implementation of the SM strategy using a new survey conducted in February 2011 (see Annex 1.5) and extending the analysis to the results collected in a third survey (see Annex 1.6) conducted in May 2011. The evaluation of the BM system transformation activities is explained in part three of this section and is again based on the results of the above-mentioned third survey (see Annex 1.6).

5.2.4.1 Achievement of the SM Strategy objectives

The entrepreneur's perceptions on the start up of the social media strategy in the florist were collected in late December 2010. The entrepreneur and the person in charge, i.e. Jordi Morera and Mar, comment the main objective of the strategy until now was to promote the Morera florist brand through workshops and competitions.

Due to a series of technical problems the entrepreneurs of the project have had with various initiatives, it has not been possible to develop these actions. They have, therefore, concentrated exclusively on using the Facebook feed to give visibility of the different products they design and have in the shops. As a consequence, these entrepreneurs do not describe their initial experience of the social media strategy implementation as positive. They are, however, motivated and would like to try again.

Jordi points out the Interflora sales channel has helped increase the visibility of the store and its products as more people can be reached than previously with the generalist format. He suggests the social media strategy is still in a fledgling stage due to a lack of resources, time, a difficulty to adapt to new technologies and customers who are non-users of new technologies.

5.2.4.2 Global evaluation of the SM Strategy implementation

In recent interviews, the entrepreneur of the florist, i.e. Jordi, has commented their presence on the Internet through Interflora has affected them little commercially, although slightly more on an administrative level such as correspondence, payments and transfers, etc. He points out, specifically, the online channel Interflora combined with the florist's web page enables him to speed up the decision-making of customers and/or consumers (e.g. UAB) as they already have the information beforehand.

Bad experiences had regarding the use of new technologies and failed expectations have made the development schedule of the SM strategy take longer to implement.

For example, he comments they have opened a Facebook profile of Morera florist when in fact they should have opened a fan page. When they attempted to migrate the friends of the profile page to the florist's fan page to stimulate the planned actions, the response ratio from friends was very low or almost null. Specifically, only 2 of the 96 profile friends have become fans.

Another bad experience was due to the low, if not to say null, ratio response ratio of the consumer via the Facebook feed to the advisory workshop on saving water for indoor and outdoor plants organized with an external contributor.

Since the promotional actions through the Facebook feed to promote user participation were low at the time of data collection, it is difficult to assess the results achieved against the objectives set during the initial strategy design.

The entrepreneurs say, however, as future project lines they intend (1) to continue to insist on the migration of profile friends to the florist's fan page and (2) to hold a workshop with an external contributor to incorporate the aesthetic and medicinal side of herbs enlivened with a culinary taste.

Despite being in a fledgling stage, the entrepreneur believes social media complement the florist's daily activities by allowing them to receive information regarding other florists in order to keep up-to-date with developments in the sector. Particularly in his area, he believes them to be media which better help share information between professionals rather than consumers. This is in fact because their product is a product which generates queries (colour, size, shape ...) so the consumer needs to see it to get excited over it and then purchase it.

5.2.4.3 of the Business Model transformation

This section contains a description and evaluation of the degree of interaction perceived between the user and activity system of the business model, described as the nine building blocks of Osterwalder et al. (2005). The only non-evaluated block is resources & capabilities. The results can be seen in Table 5.8 and Figure 5.9.

CUSTOMER RELATIONSHIP: (very low level)

Jordi points out participation and interaction made through the Facebook feed was with other professionals rather than consumers, which was the target fixed in the design strategy. He says Facebook helps professionals share their work and affinities.

CUSTOMER SEGMENT & CUSTOMER RELATIONSHIP: *(very low level)*

Jordi points out that Facebook has not helped attract new customers or transmit information as they were not able to implement any dynamics through its channel. He does confirm, however, visibility has been gained on the Internet thanks to it being an establishment adhered to Interflora, as mentioned previously.

CAPABILITIES: *(---)*

Within the factors valued from the survey in May 2011 (Annex 1.6), Jordi highlights as important those which influence the adoption and implementation of social media: i.e. the willingness and motivation to learn from the team, effort made and previous experience as well as readiness for change and team flexibility in situations of change. These factors can be encompassed within the skill of learning, cognitive framework and the dynamic capabilities of the company.

VALUE CONFIGURATION & PARTNERS: *(very low level)*

Jordi points out there is no involvement with the user, that is to say, the way of achieving interaction with the consumer by offering a direct incentive, nor an interaction, understanding interaction as a dialogue established with the consumer following previous involvement by expressing an opinion. This is because the florist did not stimulate any actions which encourage this type of participation or interaction within the Facebook feed. There is, however, an interaction between professionals enabling them to be informed of changes and developments in the sector.

REDUCE COSTS & INCREASE INCOME *(very low level)*

On the one hand, the only reduction in spending Jordi points out is in administration and paper saving from working with Interflora. On the other hand, despite not having observed a substantial increase in income through the social media strategy media, the entrepreneur still points out increases do indeed exist thanks to Interflora's new online sales channel. It can, therefore, be said although small, revenue from Interflora's online channel is still enough to cover the fixed costs of the business.

Figure 5.9 shows the degree of transformation of each activity of the micro-retailer's business model according to the description, evaluation and perception the entrepreneur has made in each business area. The area of

capabilities, specifically, cannot be drawn into an assessment of the degree of interaction as the consumer is not considered a player within the afore-mentioned model. Table 5.8 shows the level of consumer interaction in quantitative terms.

The colour code in Figure 5.9 tries to explain the level of interaction with consumers in each building block. Fluorescent green means a very high level of interaction (100-86%), dark green means a high level (85-70%), yellow means a moderate level (69-51%), pink means a low level (50-41%) and red means a very low level (40-0%). White means not tested.
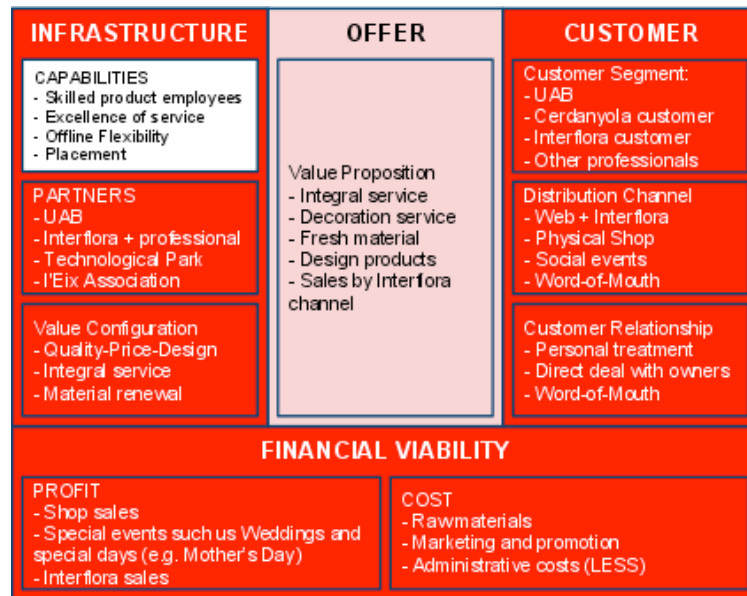
Figure 5.9 *Transformation of the Activity System of the Florist's Business Model regarding customer level of interaction and social media adoption*

Table 5.8 below shows the percentage of each building block in Figure 5.9 as an average of the results drawn from all the questions referring to a single building block (see annex 1.6).

Table 5.8 *Customer level of interaction on each activity system*

Florist nine building blocks customer interaction degree
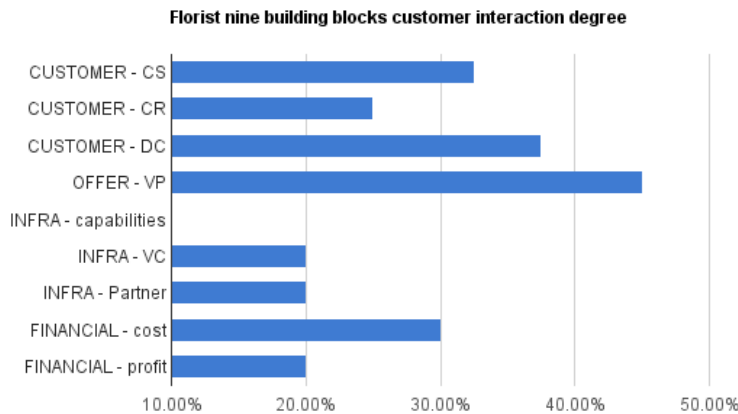
5.2.5 Lessons learned

As seen in the description of the strategy implementation, there were a series of technical problems and internal factors within the company which hampered its execution. The envisaged levels of interaction with the user, therefore, cannot be observed.

The florist had an enthusiastic team but a lack of personnel with technical skills has prevented the implementation of social media from being carried out in the anticipated time. This was not the only factor as time and resources are also repeated to a greater or lesser extent in the other cases thus also hindering the implementation and continuity of the strategy.

As a result of this outcome and what is learnt in the following cases, we have observed the level of consumer interaction with the business is not the only factor in helping us understand how a change comes about within the business models of micro-retailers. According to literature, the ability to learn was a necessary factor to moderate the change/transformation of a business model. As a result of this case, we have found there are other factors such as effort made, including time and expertise put in and the capacity to adapt to change, among others. These also moderate this change or transformation. They should be taken into account and see how they impact within the micro-retailers. In late June 2011 a last structured interview with a survey was carried out which asked about each of the factors the researcher expected to be change mediators. Chapter 6 explains which factors seem to moderate changes within the micro-retailers dealt with.

A friend base has also been seen to have arisen from a circle of mostly professional friends. This audience has nothing to do with the audience the

strategy originally focused on. If we therefore put together a team with a lack of technical skills with an audience with different interests, it will be difficult to stimulate the defined actions.

Another aspect to be drawn from this case is the need to use techniques to attract consumers with similar interests to those being energized in the social channel. For example, user groups and/or communities must be searched within the channel to be used, that is to say, a search for those who the same interests as what wants to be stimulated in said channel. Once they have been found their attention has to be captured by participating in their community and encouraging their participation in the channel. As observed in other cases, it will be of little use having a technique to attract customers if there is no emotional connection within the community to promote user participation. They must trust and want to share their experiences.

The positioning the florist has at present is conditioned by their web pages where they basically have photos of their designs and the new Interflora online channel. This Interflora channel has enabled them to reach more people and increase their visibility on the Internet. In particular, they have seen an online sales channel may affect the business on an administrative level (correspondence, payments, transfers, etc.) and encourage the immediacy of consumer decision-making by giving them the information beforehand.

5.3 "Torre del Pi" Ironmongery store

The following sections will cover: (1) the company description, (2) the description of the established social media strategy designed by 'Torre del Pi' Hardware store, (3) how the designed social media strategy was implemented, and (4) the analysis and interpretation of its preliminary results.

5.3.1 Company description (1965 - 2009)

In 1965, *Torre del Pi*, a family business, consisted of three establishments around Cerdanyola del Vallès (Ripollet, Cerdanyola and les Fontetes). It originally focused on the industrial sector but then began to take on the mass market. In the 1980s, Miquel, alongside his brother, bought one of the *Torre del Pi* stores located in the heart of Cerdanyola del Vallès. The other two stores remained open for three more years after the sale.

Over the last 30 years, the store has developed its business in the domestic sector by maintaining an industrial style but over the counter. Miquel, the manager and owner of the store, stresses the personalized advice of the shop. According to him, "*Torre del Pi doesn't sell drills, it sells media to make holes for hanging paintings on the wall*". In other words, they advise and solve problems. He also states, "*When customers enter the store, they ask what to do and what advice they need*". This personalized feature increases the loyalty of its customers and it makes, as he says, "*the customer thinks of us when they have a problem*".

The main competitors are malls rather than proximity stores, as these stores compete for price and a local and personalized service. In this case, they form part of a cooperative, i.e. *COFAC*, which sets prices. These prices are competitive since they are lower in seasonal sales than in department stores. The differences between malls and proximity stores are mainly in service and skilled employees.

Currently, the *COFAC* cooperative is a central computerized sales system located in Mollet, where all members have access to their stocks in real time. Being a member of *COFAC* means better product prices can be set without the need for a store; *COFAC* does not force a minimum number of units for a reduced price and in addition provides a portfolio of customized products. Meanwhile, members of *COFAC* provide market information, offer new products and detect market needs. As Miquel says, "*If COFAC works well, they also work well*". The communication channels for making orders have evolved over the years. Currently, the products are requested via email. Miquel says in the future this could be done through the existing social media.

Figure 5.10 shows the specific actions developed by the micro-retailer for each activity system, according to Osterwalder *et al.* (2005).
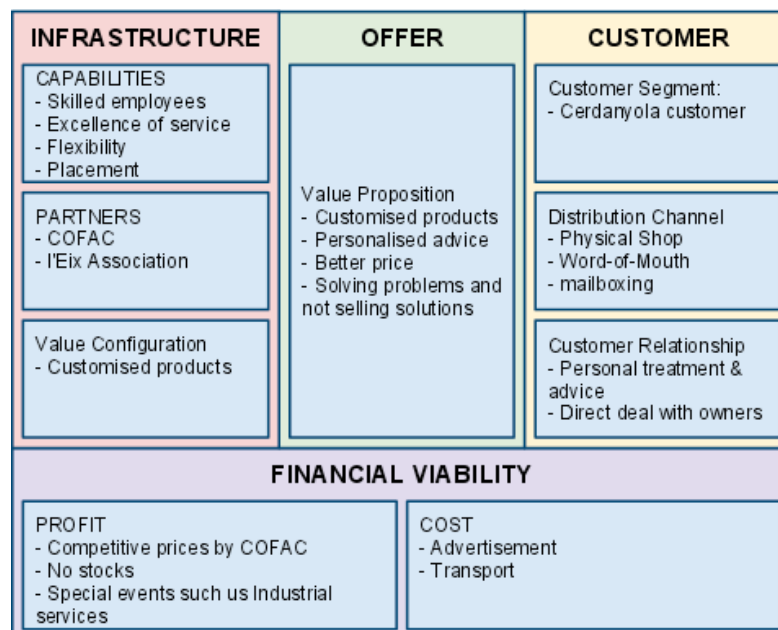
Figure 5.10 *Activity System of the Hardware store Business Model*

5.3.2 Phase I: Social Media Strategy Definition

In this initial phase, as in the social media strategy definition of the previous case, we will explain the first steps in the design of *"Torre del Pi"* hardware store's social media strategy. Specifically, we will develop the new social media strategy by: (1) listing their differentiating factors, (2) describing their current customers and who they want to aim at through social media, (3) describing their desired objectives from using the Internet and what their online customers expect and (4) explaining how they will achieve the alignment of their objectives with their online customers and resources used to carry it out.

What are the objective and differential factors of the hardware store?

Table 5.9 *Objective and differential factors of the hardware store*

OBJECTIVE	To sell solutions and not products.
DIFFERENTIAL FACTORS	Personalized advice, problem-solving, service and skilled employees.
ADDED VALUE	Transparency, advice (they sell solutions and not products), belonging to COFAC which enables them to offer more competitive prices and fulfil orders in less than 24hrs.

Who are "Torre del Pi" hardware store's customers? What are they trying to achieve on the Internet?

Torre del Pi's customers are self-employed in technical professions (carpenters, plumbers, builders... from basically small businesses), heads of households in for small repairs (middle-aged men and women), housewives in for household goods (men and women), and young couples doing up their first home. They are middle-aged with a mid to low income. Most are wage-earners with social and empathic tendencies who mainly come from the local area of Cerdanyola and Ripollet (its catchment area).

According to the store owner, the factors influencing the purchase of household items are proximity, service and prices. Those consumers who make repeat purchases do so as they receive good advice for their problems.

Using social media, the hardware store wants to reach the same type of audience it now has offline but which comes from within Cerdanyola and the surrounding area but which are still unaware it exists. The owner wants to find a nearby local audience with common interests (ideas, tips, recipes...) and which has time to do things at home.

What are Torre del Pi hardware store's proposed objectives through the Internet?

The store owner has searched for the shop on different search engines and has seen it indexed in the Yellow Pages and the listed companies within Cerdanyola Commerce. He has not, however, found any comments referring in particular to the store.

During the design of the social media strategy, the entrepreneur of the hardware store said the main objectives of the strategy are: (1) to increase consumer confidence, (2) to promote the brand and (3) to present the store's new features to the local market in an easy way. The ultimate goal is to increase market share.

To achieve these objectives, the hardware store is designing an emotive idea which can be easily implemented on the Internet. This idea aims to encourage users to share experiences of different subjects (e.g. cooking, gardening...) by providing small gifts if they take part in promotions or competitions boosting this initiative. These themes are indirectly related to the hardware sector. This makes the client (1) gain confidence, (2) feel part of a community by awakening a sense of belonging because of common interests and (3) be themselves the consumers who finally convey the emotions of the community.

By using social media to implement this idea, the entrepreneur wants to create a useful live community which enables its members to share tips, useful links and a showcase of media and tricks about the concerns and needs of the members. It can also occasionally announce the latest news in the store in a convenient and immediate way.

To meet these objectives, the entrepreneur has to consider: (1) the interests of its current and potential customers, (2) align his objectives with the interests of consumers and (3) design actions which motivate consumers to participate in their online community.

Aligning Torre del Pi hardware store's objectives with the interests of customers

Figure 5.11 shows the objectives of the hardware store, the interest of the consumers according to the entrepreneur and the actions the store will carry out on the Internet to align them both.
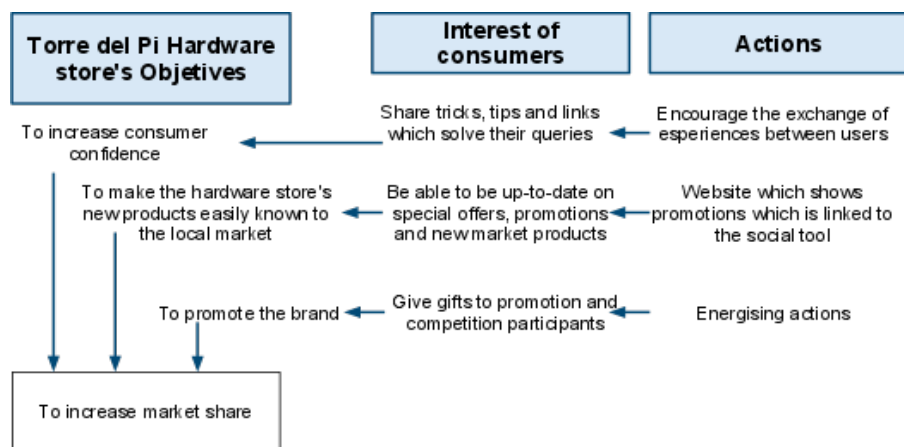
Figure 5.11 *Alignment of Torre del Pi's objectives - interests - activities*

On the one hand, the entrepreneur believes consumers who take part in the community will be able to keep up to date with all the offers, promotions and new products on the market as well as share tricks, tips and links to resolve their concerns. On the other hand, the store will be able to retain existing customers, gain new ones and simplify the presentation of the latest news as well as getting to know (existing and potential) customers' interests through surveys or by observing the ratio of people who take part in events increasing sales.

The hardware store's available resources to perform these activities

The hardware store consists of three people who make up the Torre del Pi family, two of which will be in charge of promoting the store's activities through social media. The entrepreneur believes they will need to dedicate 30-40 minutes a day to carrying out the implementation and continuity of the strategy.

5.3.3 Phase II: Social Media Strategy Redefinition and Schedule

In the previous phase, the entrepreneur defined a temptative strategy and in the second phase, the researcher will try to advise him on any unclear points. Specifically in the case of the hardware store, the target audience, actions and the way in which the proposed social media strategy is carried out seem to be well-aligned with the goal and objectives of the company.

Table 5.10 summarizes the revised objectives, the revised online audience to which they are targeted, mid and long term actions and proposed benefits for this potential customer through social media:

Table 5.10 *Social Media Strategy Redefinition*

OBJECTIVES	To position themselves within social networks to strengthen the position of their business in the hardware market.
POTENTIAL CUSTOMERS	People aged between 16 and 45 (men or women) with little free time who may find the information useful and of interest.
ACTIONS	To take advantage of the external effect of the Internet to make the business more well-known to the community.
AVANTATGES	Providing online information: latest news, applications, offers, promotions and knowledge of their product.

To spread information online about latest news, applications, offers, promotions, etc., the entrepreneur chose Facebook as a social tool to implement the social media strategy. The main factors which made him choose this tool are its flexibility, its convenience at being the most utilized by the potential customers it is aimed at, its simplicity and its ability to reach more people quicker. In addition, the entrepreneur is certain he wants to combine Facebook with a web page to let the target audience know about the benefit of the strategy and also to gain greater visibility on the Internet.

During the course in which the most frequent use and benefit of social media were explained (June 2010), the entrepreneur set out the following action schedule to carry out his social media strategy and achieve the proposed objectives.

Table 5.11 *Action schedule to carry out Torre del Pi hardware store's social media strategy*

Objective	Task	Who	Date
To position themselves on the Internet	Create a web page: - contact the designer - contact COFAC so they respect the corporate image - define the sections and contents - launch the web page	Entrepreneur	June'10 July 2010 Jul'10 Sept'10
To position themselves on social networks	Create a Facebook profile: - search for consumers with common interests - look at its running and established contacts - launch the first stimulating actions	Entrepreneur + employee	August 2010 Sept'10 Oct'10

Most of the objectives set out in the strategy have been met but with some mismatches in the actual implementation dates. In addition, secondary tasks which were not considered during the definition of the schedule have arisen, bimonthly activities (e.g. the green corner of your home) among others. These actions have been adapted according to the response ratios of the community members.

5.3.4 Phase III: Preliminary Social Media Strategy Results

To evaluate the preliminary results of the implementation of the social media strategy, the researcher proposed measuring the results of the first months of experience. This assessment will enable the reflection on which actions have a greater impact on the interaction of community members and which not. Those with satisfactory results can still be used, albeit with some adaptation, to further motivate the user. Those, however, which did not have the desired impact will be removed and redesigned according to the new experience (Figure 5.(1).

This section consists of three parts. Part one gives an assessment on the achievement of objectives when implementing the SM strategy. It is made by analyzing the results of an online survey (see Annex 1.4), conducted in December 2010. The survey deals with two elements (1) to make the employer reflect on the initial strategy design and the strategy currently running and (2) the awareness of the actions the employer wanted to implement and which have finally been implemented. Part two is an overall assessment on the implementation of the SM strategy using a new survey conducted in February 2011 (see Annex 1.5) and extending the analysis to the results collected in a third survey (see Annex 1.6) conducted in June 2011. The evaluation of the BM system transformation activities is explained in part three of this section and is again based on the results of the above-mentioned third survey (see Annex 1.6).

5.3.4.1 Achievement of the SM Strategy objectives

The entrepreneur's perceptions on the start up of the social media strategy in the hardware store were collected at the end of December 2010. The entrepreneur and the person in charge, i.e. Miquel and Felix, comment the main objective of the strategy was to position themselves on the Internet and within social networks, specifically Facebook. To achieve this goal, they say they have had to design a web page to be used together with Facebook and its database. Both believe they have managed to have an impact on the Facebook user community thanks to the combination of the web page and their policy of attracting potential customers through the Facebook feed.

Miguel, the store owner, describes the initial experience of implementing the social strategy as positive. He notes, however, his initial stance against Facebook was somewhat negative and has conditioned the initial development of the social media strategy.

The hardware store's Facebook profile currently has around 650 friends. These were obtained through a search of previously known people or who either had common hobbies or interests with the shop owners or who could go on to be potential customers by belonging to interest groups (e.g. football clubs, gardening, etc.).

Miguel says Facebook, in particular, has enabled him to: (1) speak and listen to the user immediately, (2) increase its presence on the Internet reaching more people in an easy and fast way, something which was previously impossible, (3) perceive the evolution of the sector through consultations on the Internet, (4) channel financial efforts into gaining online customer loyalty and (5) to build a database with profile friends' email addresses. This database can be used to email about the latest news or special promotions of their products.

Miguel also emphasizes how social media complement a classical management of the establishments and suggests these complements modify the relationship with the customer and channel part of the business management over the Internet. Miguel says, *"Facebook and the web page are complementary. On the one hand, Facebook is a channel of emotions which makes a stronger emotional bond possible with the user. On the other hand, the web page together with the database is a more formal channel which complements the immediacy of* Facebook." But this, as Miguel points out, has an additional cost and involves more work and time.

5.3.4.2 Global evaluation of the SM Strategy implementation

Miguel describes the process of implementing the social media strategy in two parts. In part one the information received from the courses is analyzed and the initial contact with online consumers is established. He notes *"the Internet is totally unknown to* him." Part two of the process has focused on finding support in the immediate surroundings to ensure the continuity of the project.

In recent interviews, the store's team, Miguel and Felix, have commented the main pillar of the strategy focused on creating the web page to then implement the Facebook profile. Miguel tells us *"the web page is a more formal letter of introduction enabling you to create events or information which is passed automatically onto Facebook, but it is this web page where the different activities are given continuity Facebook is one more channel of opinion and emotions where the life of a "novelty" or "news" is very* short."

In late December 2010, the Facebook profile along with the web page was set up. Despite a late start in its implementation, the drive and enthusiasm being placed in the project have given it positive results. The project entrepreneurs point out, among all the stimulating activities launched, the one with a greater return based on participation has been that in which the user has easily achieved an incentive via a comment.

Through Facebook and the web page, they promote various low-risk trials such as outlets, exclusive offers for friends, COFAC well-priced stock clearances and so on. These channels have made these stock clearances possible, actions which were previously unthinkable in the traditional format. They do believe, however, they are in a fledgling stage of strategy implementation and consider it normal not to have had the desired results or the expected response ratio. They do not, therefore, feel discouraged.

However, they consider these two channels of communication not to have brought about a significant change in how they manage their business as it will always be a customer-counter format but they have indeed altered the way in which they channel their financial efforts to retain their local customers. In the past they published catalogues which they then distributed throughout the districts of Cerdanyola but now information is channelled through their web page. The number of catalogues, which are given out in the store, has therefore been reduced. Miguel says *"the reduction of catalogues is proportional to the increase of our presence on the Internet and this reduction in publication costs has been invested in increasing the number of special offers, specifically from 4 to* 14."

Miguel says he has had to spend many hours in being able to implement these changes but hopes to reduce or at least rationalize the time. To do this, he comments, criteria for action on the web page need to be defined.

The result of all this work is the response generated by different events promoted on the web page and Facebook such as lucky draws, contests, outlets, specials offers, gifts, etc, either by participating or as a passive follower. These promotions and other comments related to cultural interests of the entrepreneur (e.g. books, historical events in the area or gastronomy, etc.) generate empathy, promote interaction between users by sharing emotions and promote customer loyalty.

To assess Miquel's perceptions at the beginning of the strategy implementation, the researcher provided him with a set of metrics[13] explained in the final course (early February 2011).

The hardware store wants to specifically measure the scope of its information on the social networks through the number of friends and the impact of the message through web page analytics.

Miquel says having created a store profile instead of a fan page on Facebook makes it difficult to extract data to control the movements which take place in the various stimulated activities. Then again, the profile set up created the possibility of making many more friends, which means a larger percentage of information-spreading and therefore a greater radius of action.

The evaluation of the first results was made in early February 2011 with, as Miquel points out, a rather scarce activity, according to statistics gathered from the web page. There were a total of 119 visits in January and 165 in the first 10 days of February. On 3rd February there was a peak of 87 visits due to an email announcing the opening of a new section on the web page. Miquel says the average length of visits is around 7 minutes although many last for less than 30 seconds. He states only the longer visits contribute any value as it means they had an interest in the content offered. As for the Facebook feed, he suggests the greater the incidence in the area of feelings and emotions, the greater the growth in comments and likes from friends.

Miquel points out there are two ways of interaction between the business and consumers which have been affected by the implementation of social media. The first is strictly commercial and the other emotional. The way achieved commercially is through communication and interaction in the latest news, catalogues, queries and alerts via the web page or Facebook. The emotional way

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[13] Forrester Research Inc. 2009. The three Steps to measuring the social media marketing.

is stimulated through Facebook and the web page. Facebook facilitates the circulation of comments with fair and independent criteria, without however forgetting humour, and the web page makes it easier to create events which forge a relationship of complicity with real and potential consumers. The emotional way is through interaction with the user.

5.3.4.3 Evaluation of the Business Model Transformation

This section contains a description and evaluation of the degree of interaction perceived between the user and activity system of the business model, described as the nine building blocks of Osterwalder et al. (2005). The only non-evaluated block is resources & capabilities. The results can be seen in Table 5.12 and Figure 5.12.

DISTRIBUTION CHANNEL: (moderate level)

Miquel believes social networks used together with the web page have enabled more communication and the promotion of participation and interaction with users from Cerdanyola in an easier and quicker way. This was previously unthinkable. He points out, however, that they are at a fledgling level as social media have basically enabled them to increase the spread of information (e.g. brochures, news and offers). Using this communication he aims to build a user community with common interests. There are currently already around 650 friends in the profile.

CUSTOMER RELATIONSHIP: (moderate level)

Miquel believes the Internet has affected the way of relating with customers as (1) customers consult the product information via the Internet, (2) suppliers make orders via email and (3) he can now also consult consumers and suppliers via email.

Furthermore, social networks and the web page have made the increase of communication and activities stimulated through Facebook possible. These dynamic activities seek consumer participation and interaction, although he notes they are still in a very fledgling stage of response.

CUSTOMER SEGMENT: *(high level)*

Miguel says the population segment the social media are aimed at is between 25 and 35., He specifically searches Facebook to find user groups who share common interests such as the friends of a neighbourhood association, a gym, a football club, cinemas, etc. To capture these user groups through social networks, Miguel says he takes part in their communities by providing specific

information or sending personalized messages. He says it is an audience profile which can be influenced most directly by providing specific information. He believes Facebook is vital in strengthening the ongoing effort to expand information.

VALUE PROPOSITION: *(moderate level)*

Miquel says he has seen an increase in inquiries via email. This has brought about an improvement in the quality of information by being able to include photos, videos, demos and characteristics. Another distinguishing feature of social media is the ability to communicate in a more direct and appealing way. This has enabled him to become known more quickly and easily which, along with the emotional component, has made him gain customer loyalty. He perceives these components as important for the customer although there is as yet little interaction as it is hard to make them participate.

CAPABILITIES: *(---)*

Within the factors valued from the survey in May 2011 (Annex 1.6), Miquel highlights as important those factors which influence the adoption and implementation of social media: the willingness and motivation to learn, the involvement and commitment of the team, the effort made, team flexibility in situations of change and the willingness to change. These factors can be included within the learning skill, team commitment and dynamic capabilities of the company.

VALUE CONFIGURATION & PARTNERS: *(very low level)*

Miquel says they have not planned on collecting suggestions and proposals. It is, therefore, an unexplored area. A customer may randomly ask, however, for a certain new product not known about but it is then sought and, if possible, incorporated. He believes the business line of action is defined by observing the market and it is a mistake to ask the market what it wants if it cannot be offered.

COST REDUCTION: *(very low level)*

Miquel says the main contribution regarding cost reduction has been in the area of advertising and communication. Other aspects, however, have increased costs as a little effort has had to have been made precisely in this sense in the promotion and encouragement of interaction.

INCOME INCREASE: *(very low level)*

Miquel has seen the increase in communication skills has generated only a small increase in sales but enough to offset the negative trends resulting from the economic downturn. He specifically points at an improvement in the overall trend for the 200 COFAC hardware stores.

In other business concepts there is no direct impact on sales but there are on the impacts generated. It can be considered a sign hanging on the brain in which their sub conscience takes the customer to the store.

Figure 5.12 shows the degree of transformation of each activity of the micro-retailer's business model according to the description, evaluation and perception the entrepreneur has made in each business area. The area of capabilities, specifically, cannot be drawn into an assessment of the degree of interaction as the consumer is not considered a player within the afore-mentioned model. Table 5.12 shows the level of consumer interaction in quantitative terms.

The colour code in Figure 5.12 tries to explain the level of interaction with consumers in each building block. Fluorescent green means a very high level of interaction (100-86%), dark green means a high level (85-70%), yellow means a moderate level (69-51%), pink means a low level (50-41%) and red means a very low level (40-0%). White means not tested.
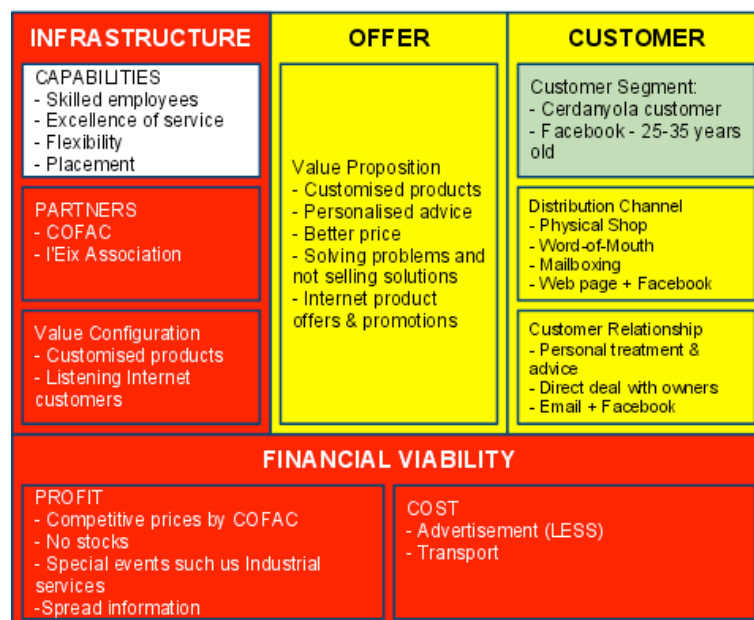
Figure 5.12 *Transformation of the Activity System of the Hardware store's Business Model regarding customer level of interaction and social media adoption*

Table 5.12 below shows the percentage of each building block in Figure 5.11 as an average of the results drawn from all the questions referring to a single building block (see annex 1.6).

Table 5.12 *Customer level of interaction in each activity system*
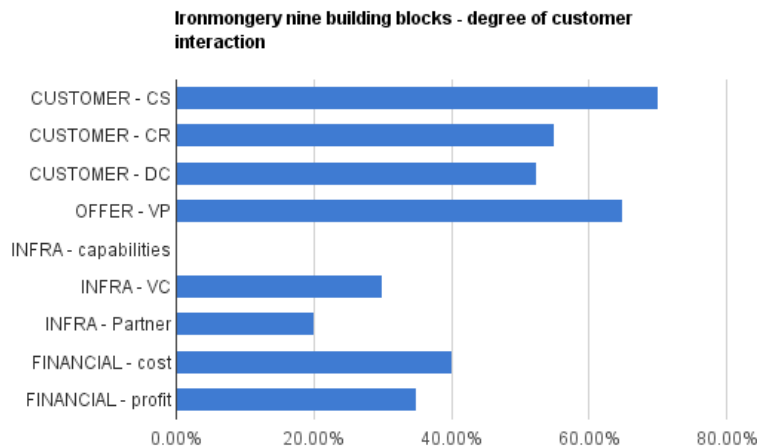
5.3.5 Lessons learned

The actions established by the hardware store have made the generation of a second level of interaction with consumers possible. These actions are related to the communication and diffusion of information and participation through competitions or dynamics with a direct incentive. The degree of involvement by the store's team is relatively large and has led to the achievement of the objectives set out in the strategy definition.

Miquel defined the social strategy in order to position themselves on the Internet and social networks. To achieve this he set three strategic pillars. The first was the creation of the web page, the second was to find support within the company which would give continuity to the defined strategy and the third was the search for a thread to generate empathy with community members and promote their participation and interaction.

Miquel believes the web page is their letter of presentation where the events and content are created and which gives continuity to the activities, whereas Facebook is more a channel of opinion and emotions. As a result, he decided the central pillar of the strategy should focus on the web page. Moreover, the internal support had to come from someone within the company to give the defined strategy continuity. This person had to of course complement this with their attitudes, that is, a more technical stance and share common interests to coordinate the tool following the same philosophy. Another important part of the

strategy is the emotional thread generated in the social channel as this is what stimulates participation and interaction with community members.

Many of the strategies developed in the different cases have lacked an emotional thread within their social channel. This has caused a less than fluent participation by community members to be observed making them lose the desire to continue in the community.

On the one hand, social media have enabled the hardware store to channel their financial efforts derived from advertising and promotions into increasing their positioning on the Internet and offset the negative trend of the economic downturn. As Miquel points out, this change is not conditioned by the degree of interaction established with the consumer but is rather motivated by other agents. On the other hand, he believes, as do others without explicitly saying so, the business lines of action should be decided by the owners and not the consumer. This is due to the lack of resources which enable the consumer to be classed as a central player within the business model. Social media at best allow micro-retailers to observe market trends and/or the interests of consumers.

As Miquel says, they are still in a fledgling stage of the social strategy implementation and have only seen some initial degrees of consumer interaction with the business. He believes, however, the Internet has changed the way of interacting with consumers as: (1) products are consulted online, (2) suppliers make orders via email and (3) consumer queries can be attended to online. Furthermore, he says many of the queries made by consumers have improved the quality of the information provided.

There is a need to establish a schedule based on dynamic actions. This can be expanded with specific offers arisen through new products and such.

5.4   "Grau Gent" Shoe shop

The following sections will cover: (1) the company description, (2) the description of the established social media strategy designed by '*Grau Gent*' Shoe Shop, (3) how this social media strategy was implemented, and (4) the analysis and interpretation of its preliminary results.

5.4.1   Company description (1986 - 2009)

Grau Gent is a family business which originates from a small family-run shoe store with a large warehouse in Ripollet in the 1960s. Later, in 1986, the family business was expanded into two other stores, *Grau Gent* and *Teipe*, rented in the centre of Cerdanyola del Vallès. The owners are the Roca brothers, Salvador and Josep respectively.

Grau Gent store offered an attended service, also called open stores. At that time the stores purchased and sold in a very different way. They attended the general public through a *bureau* and bought a large number of items from a manufacturer. These items were stored in a warehouse. They were characterized by being small and having a big warehouse.

In 1986, *Grau Gent* decided to change their philosophy and have big shops without assistants. This was novel for that time based on a system imported from France. The philosophy of this shop was to exhibit the three most common shoe sizes so the customer could test them without having to ask. This system has been adapted over the years and currently offers a product aimed at a young modern audience aged between 25 and 35. It is inspired on open stores with visual merchandising (illuminated signs) and a uniform image conveying youthfulness, joy and dynamism. This type of system has been encouraged by the change in pattern of consumer consumption. This change is conditioned by the current purchasing power of the consumers, the emergence of malls and the behaviour of fashion consumers. On the one hand, it means the user wants to own a cheaper shoe to change every season, and, on the other hand, the stock within the store has to be minimized and maintain a high rotation to continually provide what the consumer wants.

To cope with the new trends of the following season, *Grau Gent* has to attend trade fairs (e.g. Milan, Madrid and Barcelona, among others) where these trends are decided. Additionally, it is the manufacturers themselves who advise *Grau Gent* via email and report on the new trends of the coming seasons. Salvador, the shop owner, says, "*There has been a process of concentration of companies moving from large factories making the entire production to small workshops making the up-coming fashion. We are currently returning to large*

global companies (e.g. Mustang) which have moved into low cost countries to cope with globalization". These global companies enable intermediaries to disappear, costs to go down, and small retailers like the shoe shop to ask for smaller quantities of items and maintain an acceptable rotation of materials.

Salvador pointed out "*the model of a local shop does not require storage or a logistic system like in larger stores and this makes for a lighter cost structure*". Additionally, being smaller has the advantage it does not have the need to focus on specific sizes (which has more rotation) and they are able to attend a segment of the population (40%) neglected by large stores and shopping centres. This is also motivated by the standard numeration of packages manufacturers produce. That is to say, if only one size from this package is purchased, all the numeration provided by that package has to be purchased. To cover the unattended part of the population, *Grau Gent* works with national manufacturers from who they can buy any number. They also offer high quality products.

The added value of the *Grau Gent* store is based on the careful selection of brands they offer (different from other shoe stops in the area, thus resulting in no direct competition), a personalized care towards the customer, its location, advice and also a pleasant environment. Its personalized advice to consumers especially creates loyalty, which is reinforced by interaction with them (giving them space to look at the products and the freedom to try on what they like) and the special attention to children (like a mammoth they can swing on in the middle of the store and the balloons they offer children on Saturdays). As a result, customers feel comfortable and cared for while making their purchase. The store also carries out campaigns aimed at the participation of the general public (e.g. giving gifts of photos with the winners and publishing them in the local council magazine). Regarding location, being in a central area where there are large stores acts as a magnet attracting more people and increasing store sales.

The store brand has been spread mainly through mouth-to-ear and advertising. From the offset they have allocated a percentage of sales to advertising campaigns through local media or social and cultural events in the municipality of Cerdanyola (e.g. a billboard in basketball pavilion). In the period the shop has been closed for holidays or refits, they have also carried out local advertising to revive consumers. There are no specific out-of-season promotion policies. An exception to this would be very special events such as the anniversary of the store.

Figure 5.13 shows the specific actions developed by the micro-retailer for each activity system, according to Osterwalder *et al.* (2005).
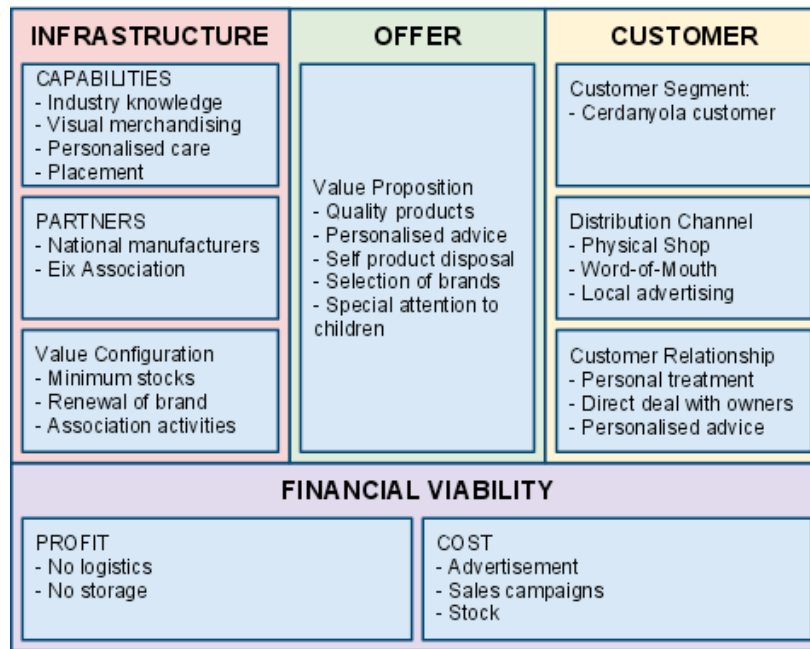
Figure 5.13 *Activity System of the Shoe shop Business Model*

5.4.2 Phase I: Social Media Strategy Definition

In this initial phase, as in the strategy definition of the previous case, we will explain the first steps in the design of *"Grau Gent"* shoe shop's social media strategy. Specifically, we will develop the new social media strategy by: (1) listing their added value, (2) describing their current customers and who they want to aim at through social media, (3) describing their desired objectives from using the Internet and what they expect from their online customers and (4) explaining how they will achieve the alignment of their objectives with their online customers and resources used to carry it out.

Which are the aims and differential factors of the shoe shop?

Table 5.13 *Aims and differential factors of the Shoe Shop*

GOAL	To sell shoes to a segment of the population neglected by large stores or shopping centres.
DIFERENTIAL FACTORS	Personalized advice, selection of brands and shoe numbers, service (open store) and consistent image focus on its target.
ADDED VALUE	Careful selection of brands, personalized advice, location and pleasant environment.

Who are "Grau Gent" shoe shop's customers? What are they trying get on the Internet?

The shoe shop's customers are young modern women (20-25 years old) looking for mid-low prices (up to €49.95), more mature adults looking for convenience and, on a smaller scale, children and men.

They mostly from the local area of Cerdanyola del Vallès and the surrounding towns who come by train or look for an offer they cannot find elsewhere. According to the shoe shop owners, the factors influencing their purchase are: (1) fashion and price, (2) personal treatment, advice and suggestions, and (3) attraction for the location of the store.

Through social media, the shop aims to reach a young female audience, in particular students. This is the same kind of young audience it now has offline but with the peculiarity that many of them are still unaware the shop's exists. The owners want to find an audience searching for new products, fashion, brands and products which cannot be found in big chain stores.

What are Grau Gent shoe shop's proposed objectives through the Internet?

The owners of the shoe shop have searched for the shop on various search engines. They have seen they are indexed in the Yellow Pages, in the companies listed within Cerdanyola Commerce and appear as the "official distributors" in some of the websites of the brands they sell. They have not, however, found any comments referring to their store.

During the social strategy design, the owners say the main objectives of the strategy are: (1) to increase the visibility of the brand, (2) to attract new customers and (3) to increase the loyalty of these new customers.

To achieve these objectives, the shop aims to design an emotive idea which can be easily implemented on the Internet. Through this they aim to create a sense of belonging in the community by encouraging the innovative spirit of the members through the creation of drawings and photos. This means the customer can gain confidence and feel part of the community.

To implement this idea through social media, the owners want to create a community which offers information on trends in the shoe market and provide promotional activities, gifts, discounts and even loyalty cards.

Aligning Grau Gent shoe shop's objectives with the interests of customers

Figure 5.14 shows the objectives of the hardware store, the interest of the consumers according to the owners and the actions the store will carry out on the Internet to align them both.
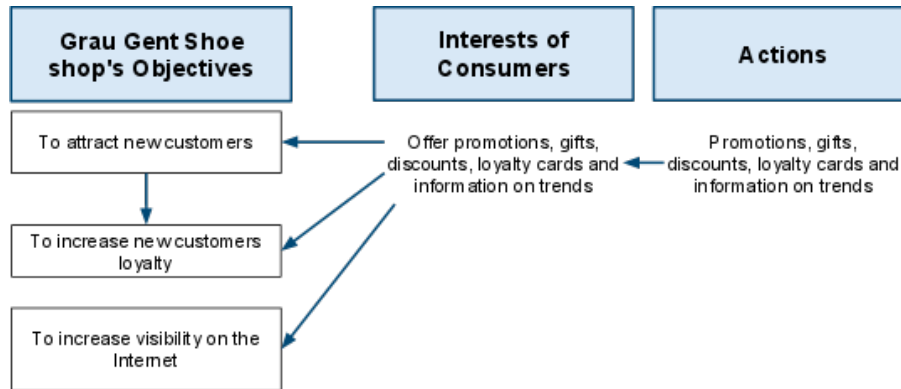
Figure 5.14 *Alignment of Grau Gent's objectives - interests - activities*

On the one hand, the owners believe consumers who take part in their community will have the chance to (1) find out about promotions, gifts and discounts, (2) meet other consumers with common interests, (3) keep up to date with new catalogues and special offers, and (4) get information about the care of different types of shoes. On the other hand, the shoe shop will be able to (1) attract and retain new customers, (2) keep current customers satisfied and find out the comments, needs and concerns of their community and (3) relate to an audience which is not in the street but on a screen.

Grau Gent's available resources to perform these activities

The shoe shop consists of three workers, i.e. the owners and a part-time girl. In particular, the owner, Salvador, along with his daughters Silvia and Marta, will take charge of implementing the strategy and providing it with contents. The owners believe they will need to dedicate an hour a day to carrying out the implementation and continuity of the strategy.

5.4.3 Phase II: Social Media Strategy Redefinition & Schedule

In the initial phase, the owners defined a temptative strategy and in the second phase, the researcher will try to advise her in on any unclear points. Specifically in the case of the shoe shop, the target audience, actions and the way in which the proposed social media strategy is carried out seem to be well-aligned with the goal and objectives of the company.

Table 5.14 summarizes the revised objectives, the revised online audience to which they are targeted, mid and long term actions and proposed benefits for this potential customer through social media:

Table 5.14 *Social Media Strategy Redefinition*

OBJECTIVES	(1) To increase their visibility on the Internet, (2) To promote the brand through competitions, gifts, etc, and (3) To provide customer support and retain them.
POTENTIAL CUSTOMERS	Mothers, young female audience (aged 17-35), audience specifically seeking convenience and specific areas such as trekking, flamenco and sardana dancing, human towers...
ACTIONS AVANTATGES	Gain visibility on the Internet and gain new customers. (1) Offers, gifts, discounts... loyalty cards, (2) keeping customers informed of new catalogues and products, (3) entertaining young children and young people with on-line activities and (4) giving advice on footwear use and care.

To spread information on online promotions, gifts and discounts as well as new products and catalogues, etc, the owners believe Facebook is the best social tool to implement these actions and reach their target audience. They have observed it is where they will find a more participative audience who will be interested in the dynamics they propose.

During the course in which the most frequent use and benefit of social media were explained (June 2010), the owners set out the following action schedule to carry out their social media strategy and achieve the proposed objectives.

Table 5.15 *Action schedule to carry out Grau Gent shoe shop's social media strategy*

Objective	Task	Who	Date
To increase visibility on the Internet	Create a Facebook profile	Entrepreneur	July 2010
	Promote the shop's Facebook profile	The Roca family	July 2010
To promote the brand	Promotional dynamics : -.Lucky draw of the tropical bike - Lucky draw of the surfboard - "Back to school" campaign - "Fashion" campaign	The Roca family	July - August 2010
To support the customer and gain their loyalty.	- Advice on use - Link to brands - Announce new products on the wall - Ask customers for their suggestions on tendencies.	The Roca family	From July 2010 onwards

Most of the objectives set out in the strategy have been met although not following the anticipated schedule dates in table 5.15. Many of the proposed dynamic promotions were not carried out such as the lucky draw of the surfboard and the "Fashion" campaign whereas others have arisen from the owner's observations in relation to the interests of the consumer community members and resources available to carry out these actions.

5.4.4 Phase III: Preliminary Social Media Strategy results

To evaluate the preliminary results of the implementation of the social media strategy, the researcher proposed measuring the results of the first months of experience. This assessment will enable the reflection on which actions have a greater impact on the interaction of community members and which not. Those with satisfactory results can still be used, albeit with some adaptation, to further motivate the user. Those, however, which did not have the desired impact will be removed and redesigned according to the new experience (Figure 5.1).

This section consists of three parts. Part one gives an assessment on the achievement of objectives when implementing the SM strategy. It is made by analyzing the results of an online survey (see Annex 1.4), conducted in December 2010. The survey deals with two elements (1) to make the employer reflect on the initial strategy design and the strategy currently running and (2) the awareness of the actions the employer wanted to implement and which have finally been done so. Part two is an overall assessment on the implementation of the SM strategy using a new survey conducted in February 2011 (see Annex 1.5) and extending the analysis to the results collected in a third survey (see Annex 1.6) conducted in June 2011. The evaluation of the BM system transformation activities is explained in part three of this section and is again based on the results of the above-mentioned third survey (see Annex 1.6).

5.4.4.1 Achievement of the SM Strategy objectives

The entrepreneur's initial perceptions on the start up of the social media strategy in the shoe shop were collected at the end of December 2010. The entrepreneur and his daughter, i.e. Salvador and Sílvia, comment the main objective of the strategy was to make the brand known through dynamic activities (e.g. competition, gifts, etc) which encourage user participation and interaction.

Although the shoe shop began to define their social strategy later than other businesses, around September 2010, Salvador describes the initial experience of implementing it as positive. He says despite its success, they have found it difficult to find contents which generate emotion and then to periodically

update them. He believes he should have devoted more time in ensuring community continuity, participation and interaction.

Salvador has analyzed the statistics of the Facebook feed and seen they show a high visit ratio from people with a certain interest for their product from outside the catchment area of Catalonia. As a result, he considered offering his entire stock through a website from early May 2011. This website is a new sales channel which (1) is linked up to the company's administrative programmes showing the number of existing stocks of product and size and (2) aims to promote the shop's image on the Internet and reduce advertising costs.

To reinforce this brand visibility, the shoe shop uses Facebook to place different advertisements each week and also participates in the fan pages of the national brands they sell. Although they are currently in a fledgling stage of implementation of the site, Salvador is satisfied to have sold a pair of shoes to Santander and Maó in the first month.

Salvador believes Facebook, as a communication and sales channel, has meant no significant change in the traditional way of managing his business as it will always be a client-counter format, but this new sales channel has, however, changed the way he channels his financial efforts into improving the shop's image by projecting it further afield.

Another change regarding financial efforts is the way in which their products are announced or advertised. Up until now, they advertised in the local press but now this information is channelled through Facebook and the website. This has led to a reduction in advertising costs as the static content of the local press is boosted dynamically through social channels. As a result, the store's external image is enhanced by redirecting the investment in photographing the sample book or hiring qualified technicians to help manage the content of the website.

5.4.4.2 Global evaluation of the SM Strategy implementation

In the last interviews, the entrepreneur of the shoe shop, i.e. Salvador, says the introduction of social networking was mainly used for promotions and product introduction. He comments he alternates different types of activities without an emotional thread within the Facebook feed but most are related to brands sold in the store He describes, however, his style within Facebook as "*attentive to the user*".

He stresses the most participative segment in his channel is young people. To make them take part, the contents need to be orientated more

towards participation rather than selling. To encourage this participation, specifically, he says things need to be found which are original and catchy.

In the final course (early February 2011), the researcher offered the entrepreneur a range of metrics[14] to assess whether his perceptions are correct or not The shoe shop specifically wants to measure the scope of their communication and the impact of their actions on social networks through: (1) the number of visits after opening a promotional activity, (2) the number of new users when launching the promotion, (3) the number of comments or likes made and (4) by looking at which promotional activity was consulted most.

As taken place in the l'Eix initiative, Salvador has opened a fan page containing a section which collects a series of statistical data. A rise in the number of visits, comments and likes have been observed on the shoe shop fan page every time a campaign promoting a new shoe has been energized. The new users who register to the shoe shop web page are young (aged between 13 and 17) with a special interest in the brands sold in the store.

Figure 5.15 below shows the statistics of the campaigns run by the shop from July to January. They stimulate activities throughout the year to attempt to capture the attention and participation of young people.

Mensaje	Publicado ▾	Impresiones	Comentarios
Estem de 2es Rebaixes! Les deixaràs escapar?	24 de enero a las 12:41	278	0,36 %
Ja són aquí les 2es REBAIXES!!! Tota la moda d'hivern als...	22 de enero a las 20:58	298	0,67 %
Viu el Nadal a L'Eix Comercial Estació Cerdanyola Centre	19 de diciembre de 2010 a las 12:05	446	1,1 %
BONES FESTES! DIMENGE 19 OBRIM DE 11 A 14H I DE 17 A 20H	16 de diciembre de 2010 a las 10:59	341	0,88 %
MUSTANG con Amaia & Mario [HQ]	26 de octubre de 2010 a las 18:26	730	0 %
Tardor amb estil *	02 de octubre de 2010 a las 13:48	1.062	0,094 %
Un tast dels models que trobareu a la nostra secció infantil.	24 de agosto de 2010 a las 13:21	1.491	0 %
Amb aquest video podràs calcular el teu número i si mai has...	23 de agosto de 2010 a las 20:34	1.508	0,066 %
TORNEM A L'ESCOLA calçats pel Grau Gent!! La nova...	23 de agosto de 2010 a las 10:26	1.487	0,067 %
Continuen les 2es Rebaixes amb el SÚPER REMATE FINAL!!	04 de agosto de 2010 a las 12:09	1.788	0 %

Vistas de la página ¿?
☑ Dentro del sistema páginas vistas Cada día   ☑ Vistas de Página Únicas

Visualizaciones por pestaña
1.723 Muro
403 Information
154 Fotos
44 Encuesta
29 Casillas
22 Notas
21 Video
13 Enlaces

Ciudades ¿?
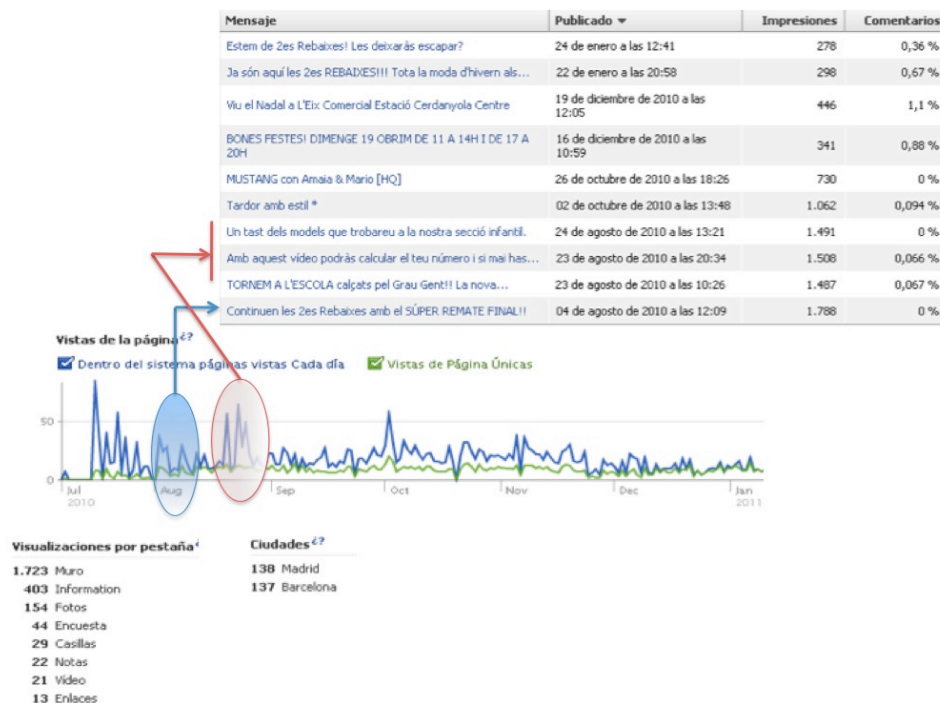138 Madrid
137 Barcelona

Figure 5.15 Statistics from Grau Gent shoe shop campaigns

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[14] Forrester Research Inc. Three Steps to measuring the social media marketing. 2009.

Figure 5.15 confirms the peaks in traffic when stimulating the various activities but a lack of user participation ratio can also be seen. This is because the campaigns are informative rather than encouraging in user participation and interaction. As a result of this data collection, Salvador has noted half the visits to his web site are from Madrid. This influx of users from outside Catalonia has led him to open an online sales site through which he covers this demand.

Salvador says the new sales channel does not yet have an impact on the business as it is in its infancy, but its benefits will be seen in the future. These first signs are now starting to appear as people are either coming from elsewhere in the Vallès after having seen information on the website or because the shop is receiving a higher number of calls asking for clarification related to site content.

Salvador believes social media complement traditional business activity in the shoe shop as they are a new communication channel which opens new doors, draws them closer to a large number of young people who previously did not know about them and who are thus a potential audience and, moreover, allows them to get their products known in parallel to the traditional point of sale.

Salvador says he has the occasional help of his daughter, a user of social networks, to launch the website and Facebook. He believes, however, more time would be needed in order to stimulate and promote the expected interaction from the Facebook feed.

5.4.4.3 Evaluation of the Business Model Transformation

This section contains a description and evaluation of the degree of interaction perceived between the user and activity system of the business model, described as the nine building blocks of Osterwalder et al. (2005). The only non-evaluated block is resources & capabilities. The results can be seen in Table 5.16 and Figure 5.16.

DISTRIBUTION CHANNEL: (low level)

Salvador believes social networks used together with the web page have enabled more communication and the promotion of participation and interaction with users from Cerdanyola in an easier and quicker way. This was previously unthinkable. He points out, however, that they are at a fledgling level as social media have basically enabled them to increase the spread of information (e.g. brochures, news and offers). Using this communication he aims to build a user community with common interests. There are currently already around 650 friends in the profile.

Salvador believes social networks together with the website have allowed him to increase communication with a dynamic content. This was previously unthinkable. He says, when a customer calls requesting information on an item, he can take them immediately to the website and show them the product online. These social media and the website have allowed him to multiply the spread of information (e.g. news and special offers) although he suggests more effort is needed to move the project forward and give it continuity. His Facebook feed currently has 328 friends in his profile.

CUSTOMER RELATIONSHIP: (low level)

Salvador believes the Internet has affected the way of relating with customers as (1) they can consult product information via the Internet in a fast and agile way and (2) he can redirect consumers to the product on the website in an instant. Both Facebook and the website have thus allowed further communication but, according to him, even after a year it is still in a fledgling stage as he has not been able to dedicate enough time to promote and encourage user participation in their dynamics.

CUSTOMER SEGMENT: (low level)

Salvador has not established any online customer search and acquisition techniques. He notes, according to Facebook feed statistics, the dynamic activities and products he offers are targeted at young people aged between 13 and 17.

VALUE PROPOSITION: (low level)

Salvador says the different campaigns energized, such as "*click on I like*" or "*you'll take away a gift*", encouraging the user to become a fan of his Facebook feed have given a low return. Those users who have gone to the store to pick up their gifts have perceived the actions as very positive. He adds most fans do not get too involved as there is possibly no thread to make the user feel part of the channel's dynamics.

CAPABILITIES: (---)

Within the factors valued from the survey in May 2011 (Annex 1.6), Salvador highlights as important those factors which influence the adoption and implementation of social media: the willingness and motivation to learn, the involvement and commitment of the team, the effort made, team flexibility in situations of change, previous experience and the willingness to change. These factors can be included within the learning skill, team commitment, cognitive framework and dynamic capabilities of the company.

VALUE CONFIGURATION (low level) & PARTNERS (very low level)

Salvador suggests social media are another element of communication and promotion of the company product which enable them to reach a segment with specific needs, timetables and training. To increase the diffusion of their website channel, they publish their news through their Facebook link. He points out, however, they need to involve the customer more and see who is interested in the site.

REDUCE COSTS: ***(moderate level)***

Salvador says the main contribution regarding cost reduction has been in the area of advertising and communication. In other aspects, however, they have increased expenditure in the creation and maintenance of the site.

INCREASE INCOME: ***(very low level)***

Salvador finds is difficult to perceive whether Facebook has brought an increase in sales but does highlight the impact on promotion and spread of the shop's image as positive.

Figure 5.16 shows the degree of transformation of each activity of the micro-retailer's business model according to the description, evaluation and perception the entrepreneur has made in each business area. The area of capabilities, specifically, cannot be drawn into an assessment of the degree of interaction as the consumer is not considered a player within the afore-mentioned model. Table 5.16 shows the level of consumer interaction in quantitative terms.

The colour code in Figure 5.16 tries to explain the level of interaction with consumers in each building block. Fluorescent green means a very high level of interaction (100-86%), dark green means a high level (85-70%), yellow means a moderate level (69-51%), pink means a low level (50-41%) and red means a very low level (40-0%). White means not tested.
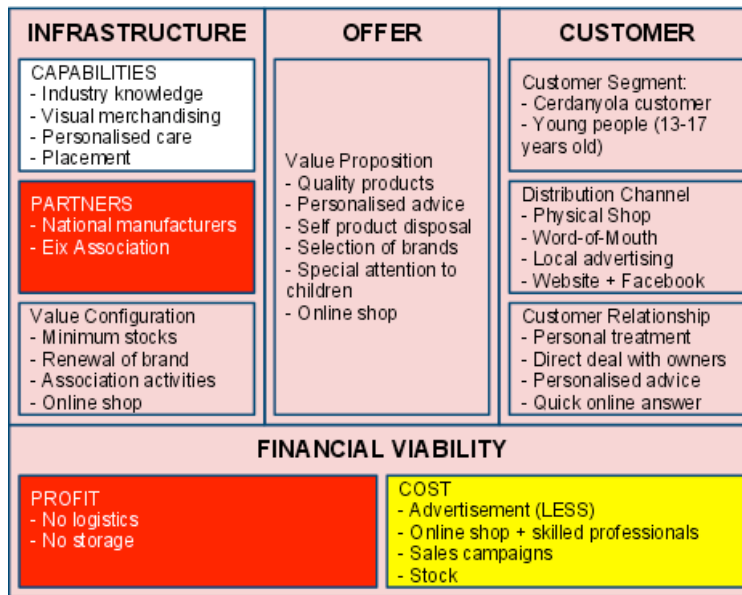
Figure 5.16 *Transformation of the Activity System of the Shoe Shop's Business Model regarding customer level of interaction and social media adoption*

Table 5.16 below shows the percentage of each building block in Figure 5.16 as an average of the results drawn from all the questions referring to a single building block (see annex 1.6)

Table 5.16 *Customer level of interaction in each activity system*
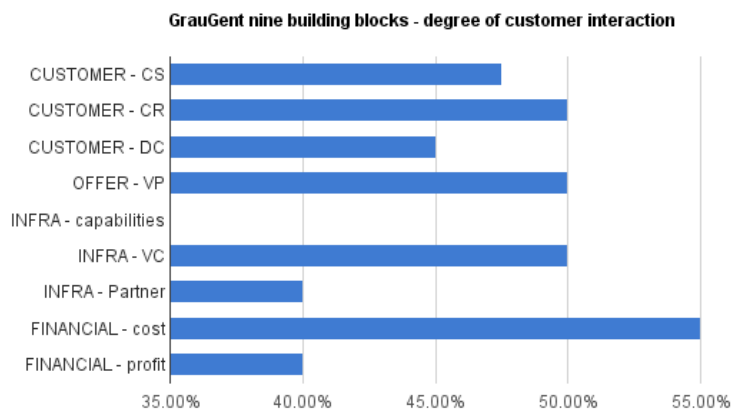
5.4.5 Lessons learned

The case of the shoe shop is special because the owner perceives the experience of the strategy implementation as positive, but in fact only an initial level of communication with consumers can be seen. This is caused by: (1) the objectives, actions and emotional thread of the social channel used not being correctly aligned, (2) not having a defined main emotive thread and so not generating fluent participation/interaction with the community, (3) a lack of time

and resources to give continuity to the strategy defined and (4) not using a technique to attract consumers with common interests.

He specifically wants to increase their presence on the Internet by offering information on industry trends, promotions, gifts, discounts, etc. but without a thread to lead consumer emotion towards common elements within the social channel. This lack of thread can be seen when he says he finds it difficult to find content which will generate emotion for community members and keep them up-to-date with a certain frequency.

In the strategy definition he says he has two more options to energize it and give it continuity although it can be later observed these resources are sporadic and cannot always be counted on. He would specifically need a more constant person to complement him from a technical point of view and who would inspire him by giving ideas on how to energize the social channel.

In addition, his social channel's audience is not correctly identified as he is looking for two types of people. One similar audience to that in the store, i.e. young women aged between 20 and 25 and women who seek convenience, and another group of people with their location, specific needs and schedules preventing them from going to the store but who like the type of product offered. Currently, according to the statistics of their social channel, an audience aged between 13 and 17 can be observed.

As a result, strategy implementation has been complicated. It has been difficult to achieve a higher degree of customer interaction and therefore the results obtained are less encouraging than anticipated.

5.5 "Centre Òptic Cerdanyola" Optical Center

The following sections will cover: (1) the company description, (2) the description of the established social media strategy designed by "*Centre Òptic Cerdanyola" Optical Centre*, (3) how this social media strategy was implemented, and (4) the analysis and interpretation of its preliminary results.

5.5.1 Company description (2008 - 2009)

Centre Òptic Cerdanyola was transferred in September 2008 to the current owner, Yolanda Flores. The store was originally part of a group of optical stores under a different name and using a promotional model.

This store differs from the others as it offers complementary and personalized services. These complementary services are special in that they require specific training and are in many cases carried out by ophthalmologists and highly specialized centres. They include visual training therapy for children or special contact lenses which eliminate myopia during sleep and are offered as individual sessions throughout the store's opening hours. Regarding personalized attendance, Yolanda highlights her philosophy of not entering in a pricing policy as her main interest is to retain an audience which values her tips, advice and information on the use and care of the glasses, lenses and accessories. Other elements which add value are the location, offering exclusive products and visibility in the window allowing consumers to see what is on display.

The business strategy followed by *Centre Òptic Cerdanyola* focuses on differentiation rather than pricing. They strive to give a good quality service at a reasonable price. They work with different brands, even having exclusivity in some cases, to avoid price competition but do not enter in pricing policies as they believe it is detrimental to consumers and shopkeepers. Yolanda says "*offering a more economical product means that you are lowering the quality of the product (frames and/or glasses) and this ultimately causes problems because the product breaks and the customer complains*". In addition, customers who purchase such products go back to the store to buy similar products thus reducing the income of the business. According to Yolanda, her customers return because they appreciate the service, the product quality and the advice. This way of working creates no direct competitors because other shops nearby are promotion and pricing-philosophy oriented.

Despite not entering into a pricing policy, it offers competitive prices which are even below the suggested retail price. This is possible since they have always formed part of an association called *CECOP*, which offers a group of certain brands with special discounts and deals. In addition, suppliers go to the

shop to show the product without Yolanda having to get in touch with them. Once she knows and likes what she sees, further orders are made over the Internet. Another distinguishing feature is that the store only has one model of each type of glasses, possibly a model in several different colours and the existing stock is on display in the shop window.

The existing mouth-to-ear communication channel for its personalized service, which currently also offers additional services with a view of providing excellence, has been the only channel which has helped spread the brand in the town of Cerdanyola over the years. In addition, some suppliers have included *Centre Òptic Cerdanyola* in their websites within their list of stores selling the products.

Figure 5.17 shows the specific actions developed by the micro-retailer for each activity system, according to Osterwalder *et al.* (2005).
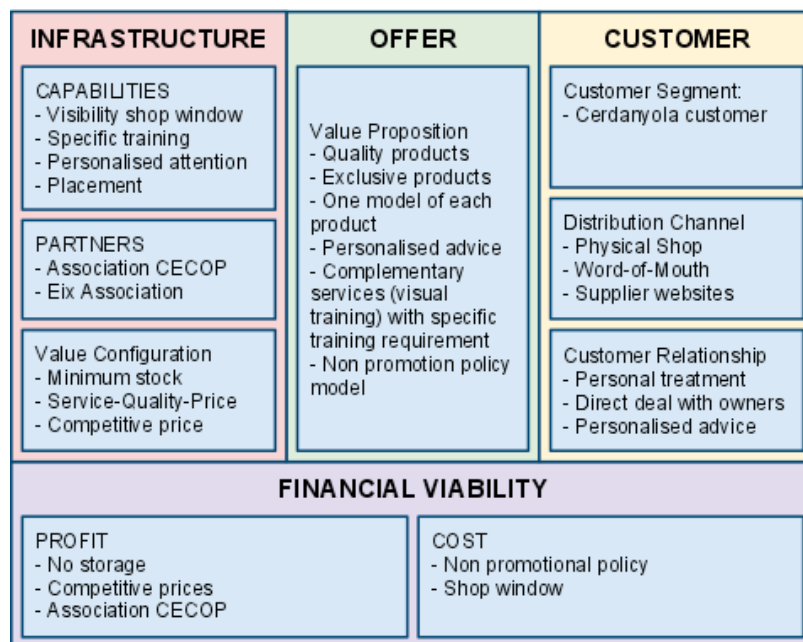
Figure 5.17 *Activity System of the Optical Center Business Model*

5.5.2 Phase I: Social Media Strategy Definition

In this initial phase, as in the strategy definition of the previous cases, we will explain the first steps in the design of Centre Òptic Cerdanyola's social media strategy. Specifically, we will develop the new social media strategy by: (1) listing their added value, (2) describing their current customers and who they want to aim at through social media, (3) describing their desired objectives from using the Internet and what they expect from their online customers and (4) explaining how they will achieve the alignment of their objectives with their online customers and resources used to carry it out.

What are the aims and differential factors of the optical centre?

Table 5.17 *Aims and differential factors of the optical centre*

GOAL	To sell glasses and complementary services.
DIFERENTIAL FACTORS	Personalized advice and window display changes with creative, eye-catching and tasteful designs
ADDED VALUE	Advice, high quality, specific services (e.g. visual training, adaptation of contact lenses)

Who are the optical centre's customers? What are they trying to achieve on the Internet?

The optical centre's customers are men and women of all ages and economic backgrounds coming from the local area of Cerdanyola del Vallès. According to the entrepreneur, the factors which influence purchase are: image, money and advice.

Through social media, the optical centre wants to reach the same audience but who are still not aware of their existence. The entrepreneur wants to find an audience looking for advice on specific products and services.

What is the optical centre's proposed objectives through the Internet?

The entrepreneur has searched for the shop on various search engines. She has seen her business is indexed in the Yellow Pages, in companies listed within Cerdanyola Commerce and in the business list on the Gencat.cat website as an authorized optical centre. She has not, however, found any comments specifically referring to her store.

During the social strategy design, the entrepreneur says the main objectives of the strategy are: (1) to increase the visibility of the brand on the Internet, (2) to attract new customers and (3) to pass on the same confidence to the online consumer as to that in the shop. The final objective is to increase business and let their professionalism be known.

To achieve these objectives, the store wants to design an emotive idea while giving personal, comfort and health advice. The entrepreneur gave the following slogan: "We care about you and your loved ones". Through this she wants the customer to gain confidence and perceive the professionalism of the optical centre. To carry this strategy out, the entrepreneur wants to provide

information on various subjects related to the optical sector which allow users to listen to the concerns of their community members and respond to their queries.

Aligning the optical centre's objectives with the interests of customers

Figure 5.18 shows the objectives of the optical centre, the interest of the consumers according to the entrepreneur and the actions the store will carry out on the Internet to align them both.
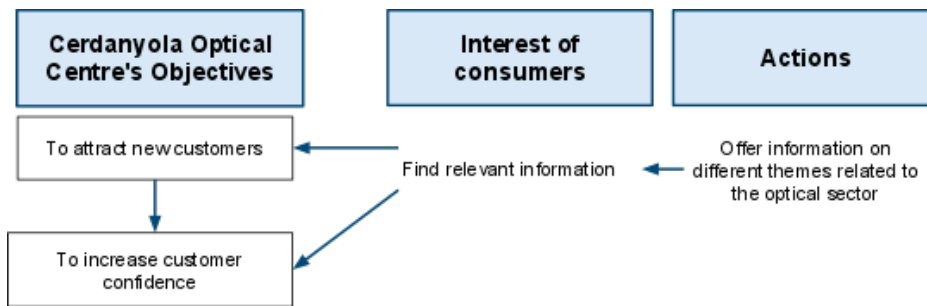

Figure 5.18 *Alignment of objectives - interests - activities of the optical centre*

On the one hand, the entrepreneur believes consumers who take part in their community will be able to find relevant information on the correct use of optical equipment such as contact lenses, liquid, lenses... and specialized courses such as visual treatment and myopia control, etc... On the other hand, the optical centre aims to (1) gain reputation, (2) attract new customers and (3) increase their income.

The optical centre's available resources to carry out these activities

The entrepreneur herself is in charge of the optical centre's business, implementing the strategy and providing content. She believes she should dedicate an hour a day in carrying out the implementation and continuity of the strategy.

5.5.3 Phase II: Social Media Strategy Redefinition & Schedule

In the initial phase, the owners defined a temptative strategy and in the second phase, the researcher will try to advise her on any unclear points in the proposed strategy.

Specifically in the case of the optical centre, the target audience, actions and how to carry out the social strategy seem well-aligned with its goal and objectives. Table 5.18 summarizes the revised objectives, the revised online audience to which they are targeted, mid and long term actions and proposed benefits for this potential customer through social media:

Table 5.18 *Social Media Strategy Redefinition*

OBJECTIVES	(1) To be present on the Internet, and (2) To try to create an image of professionalism and guidance with the sector.
POTENTIAL CUSTOMER ACTIONS	People from Cerdanyola in need of visual help (through guidance, advice and solving dubtes and queries) Increase dialogue and presence on the Internet and create an image, attract customers and enter circles of opinion within the sector
AVANTAGES	(1) Provide information not commonly found, for example, advice on products and good practice and (2) have a specialized optical service to consult and ask questions.

To establish dialogue and become a benchmark within the sector, the researcher believes the best social tool in this case is a blog. Many more hours must be spent on it, however, and it needs to be constantly provided with new information and advice. If this is done well and it draws attention from its intended target audience, it will create an image of professionalism and trust through dialogue with community members. The researcher also suggests the entrepreneur creates a website and a Facebook feed which will allow her to reach more people in a more agile way. These two channels will enable her to send the information being generated in her blog quicker and more conveniently.

During the course in which the most frequent use and benefit of social media were explained (June 2010), the entrepreneur set out the following action schedule to carry out her social media strategy and achieve the proposed objectives.

Table 5.19 *Action schedule to carry out Centre Òptic Cerdanyola's social media strategy*

Objective	Task	Who	Date
	Look for an audience and opinion leaders	Entrepreneur	June 2010
	Search for experts and blogs on their interests	Entrepreneur	June 2010
Create an image of professionalism and guidance within the sector	Create a blog to give advice and explain the Centre's speciality	Entrepreneur	Jul-Sept 2010
	Share articles with opinion leaders so they move the store's knowledge around their web pages	Entrepreneur	Sept 2010
	Look for experts and encourage them to take part	Entrepreneur	Sept 2010
Visibility on the Internet	Create the web page and relate it with the blog	Entrepreneur	Dec 2011

In the initial definition phase and strategy implementation (table 5.19), the creation of a web page was considered at the start of the year to help position the blog and give the store more visibility. Due to a lack of time and resources, however, it has not been carried out. The blog has not been energized in the expected time because of a lack of time in creating articles with a certain frequency of publication.

5.5.4 Phase III: Preliminary Social Media Strategy Results

To evaluate the preliminary results of the implementation of the social media strategy, the researcher proposed measuring the results of the first months of experience. This assessment will enable the reflection on which actions have a greater impact on the interaction of community members and which not. Those with satisfactory results can still be used, albeit with some adaptation, to further motivate the user. Those, however, which did not have the desired impact will be removed and redesigned according to the new experience (Figure 5.1).

This section consists of three parts. Part one gives an assessment on the achievement of objectives when implementing the SM strategy. It is made by analyzing the results of an online survey (see Annex 1.4), conducted in December 2010. The survey deals with two elements (1) to make the employer reflect on the initial strategy design and the strategy currently running and (2) the awareness of the actions the employer wanted to implement and which have finally been done so. Part two is an overall assessment on the implementation of the SM strategy using a new survey conducted in February 2011 (see Annex 1.5) and extending the analysis to the results collected in a third survey (see Annex 1.6) conducted in June 2011. The evaluation of the BM system transformation activities is explained in part three of this section and is again based on the results of the above-mentioned third survey (see Annex 1.6).

5.5.4.1 Achievement of the SM Strategy objectives

The entrepreneur's early perceptions of the strategy implementation in the optical centre were collected in late December 2010. Yolanda specifically describes the initial experience of implementing the social strategy neither as positive nor negative.

She says the main objective of the strategy is to be present on the Internet. She believes this is now starting to happen although the friends group is expanding very slowly, slower than expected. Currently there is still no social media strategy to attract fans.

Yolanda has used Facebook as a communication channel and does not believe it has directly affected the way she runs the business. This is due to (1) a fear of not being able to respond to their community members, (2) being the sole manager of the business and (3) not having enough time to boost the participation of an activity. She does, however, believe this spread of information through social media has indirectly affected the spread of their image. She thinks this is because there were people in the Cerdanyola catchment area who were unaware of Centre Òptic Cerdanyola but now know it thanks to the two social media used i.e. Facebook and the blog

Yolanda does believe, however, that social media do not complement the activity of her business. She believes they only help to get her business known unlike before when the traditional format did not give her any return because of a non-promotional policy. She currently reports on their brands and services through Facebook and gives advice and talks about new products and curiosities in the sector through the blog and Linkedin forums.

Yolanda is sceptical about any return the social media can give. She does comment, however, she is aware the store must be present on the Internet as more and more people look for information through that channel. In fact, in the interview she said some people had contacted her that way.

5.5.4.2 Global evaluation of the SM Strategy implementation

In the last interviews, Centre Òptic's owner, i.e. Yolanda, said the establishment of social networks was mainly used to give her shop visibility on the Web and announce new brands and services.

She says specifically the launch and creation of the blog was hard. She had to dedicate much more time than expected and problems arose due to her lack of knowledge although she did finally overcome these difficulties. It was also difficult provide the blog with interesting information and a certain regular basis. She says at the beginning it was easy to put information on the blog because she already had prepared themes but it became harder as time went on as those stories had already been published.

She also acknowledges her day to day activity does not allow her to publish content on the blog on a regular basis. She thinks she should dedicate more time to ensure continuity, participation and interaction in the community by publishing more articles on the blog and stimulating more activities on Facebook.

She says, however, she is satisfied with the results because she sees a constant flow of visitors, albeit small, to the blog which encourages her keep on

working. She is also motivated by the fact she receives calls from people who have located the shop thanks to the Internet.

The entrepreneur points out the importance of being constant in stimulating the different channels and the difficulty in finding new ideas which continually attract new community members She says she would advise patience and constant work to anyone starting up their own strategy.

In the final course (early February 2011), the researcher offered the entrepreneur a range of metrics[15] to assess whether her perceptions are correct or not. The optical centre specifically wants to measure the range of communication and the impact of the actions on social networks through: (1) the number of visits after publishing an article on the blog and/or when an action is stimulated on Facebook, (2) the number of new users visiting the blog after publishing an article or visiting Facebook when stimulating an activity, (3) the number of comments made and (4) looking at the query ratio for the article and/or activity.

Yolanda has a blog and Facebook fan page which have allowed her to expand the action ratio of her messages. After evaluating the results, she has found that despite having few fans (51) for an average of 35 to 45-year-olds, she has seen a constant ratio of users who view her publications on Facebook, but also a fall in the number of visits to her blog due to a decline in publications.

As future lines of work she proposes an increase in the number of Facebook fans, keeping track of these fans' interests in order to retain them, increasing the frequency of publications on the blog and creating a web page where she can promote her blog and encourage participation through Facebook. The researcher recommends she activates these actions as she gets to have more time and resources.

She believes some part of the business will be affected directly or indirectly in the future as the College of Opticians has initiated collaboration between opticians and 3D cinemas. Her centre is one of the participating opticians in this project and she would like use these social media to stimulate different activities informing people of the results of the different studies.

5.5.4.3 Evaluation of the Business Model Transformation

In this section contains a description and evaluation of the degree of interaction perceived between the user and activity system of the business model, described as the nine building blocks of Osterwalder et al. (2005). The

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[15] Forrester Research Inc. Three Steps to measuring the social media marketing. 2009.

only non evaluated block is resources & capabilities. The results can be seen in Table 5.20 and Figure 5.19.

DISTRIBUTION CHANNEL: (moderate level)

Yolanda believes the use of social media is a communication channel which gives a long-term yield. In her specific case, she has used Facebook as an information channel in the same way as the blog even after half a year and it is therefore difficult to generate a conversation with the user. Furthermore, she admits to not being able to dedicate enough time to promote user interaction through this information.

CUSTOMER RELATIONSHIP: (very low level)

Yolanda believes the Internet has not affected the way of relating with customers as the information and curiosity it offers generates a low interaction. However, the optical centre's Facebook feed (1) only has 50 fans, (2) does not offer activities promoting user participation, this being is the initial phase of interaction, and (3) although their perception is that the number of responses is low, this is actually proportional to the response received by other micro-retailers with many more friends and fans on their Facebook feeds.

CUSTOMER SEGMENT: ***(very low level)***

The Yolanda has not established any online search or customer acquisition techniques. In particular, she believes they still have the same customers as before the introduction of social media.

Her policy of putting quality before price rules out any interest groups on the Internet looking for good prices. However, according to Facebook and blog statistics, the target audience is between aged 35 and 50. This seems to be correlative to this policy.

VALUE PROPOSITION: ***(low level)***

Yolanda tries to add value by publishing curiosities and news about visual health. She finds it hard, however, to know what her community interests are because of a low participation ratio. This may be due to the fact there is no thread on new features which makes the user feel involved in the dynamics of the channel.

CAPABILITIES: *(---)*

Yolanda believes learning ability, team commitment and the dynamic capabilities of the company are important factors which influence the adoption and implementation of social media. Within the factors specifically valued within the survey in May 2011 (Annex 1.6), she points out the following: the willingness and motivation to learn, the involvement and commitment of the team, the effort made, team flexibility in situations of change and the willingness to change.

VALUE CONFIGURATION & PARTNERS: *(very low level)*

Yolanda says we are in a digital world and they must be part of it to be in the back of consumers' minds. Social media are therefore another element of communication and promotion of the company's product.

REDUIR COSTOS & INCREMENTAR ELS INGRESSOS: *(very low level)*

Yolanda believes the main contribution in cost reduction has been in the area of advertising and communication even though this has not brought an increase in sales. As a result, social media allow her to be present on the Internet and reach more people.

Figure 5.19 shows the degree of transformation of each activity of the micro-retailer's business model according to the description, evaluation and perception the entrepreneur has made in each business area. The area of capabilities, specifically, cannot be drawn into an assessment of the degree of interaction as the consumer is not considered a player within the afore-mentioned model. Table 5.20 shows the level of consumer interaction in quantitative terms.

The colour code in Figure 5.19 tries to explain the level of interaction with consumers in each building block. Fluorescent green means a very high level of interaction (100-86%), dark green means a high level (85-70%), yellow means a moderate level (69-51%), pink means a low level (50-41%) and red means a very low level (40-0%). White means not tested.
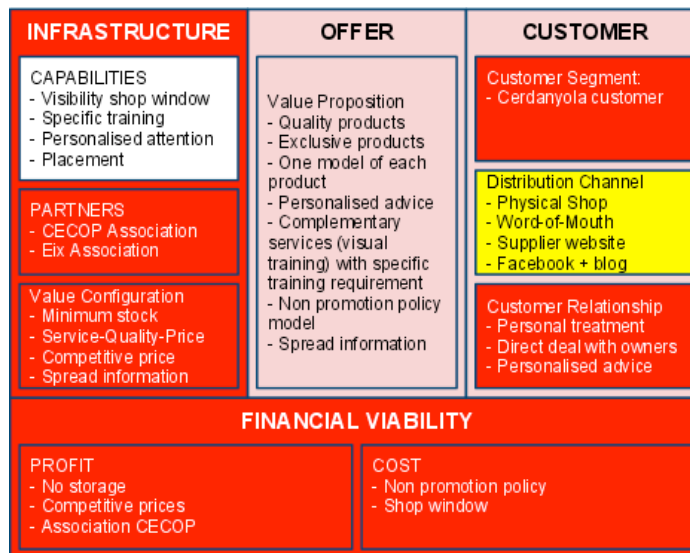
Figure 5.19 *Transformation of the Activity System of the Optical Centre's Business Model regarding customer level of interaction and social media adoption*

Table 5.20 below shows the percentage of each building block in Figure 5.19 as an average of the results drawn from all the questions referring to a single building block (see annex 1.6)

Table 5.20 *Customer level of interaction in each activity system*
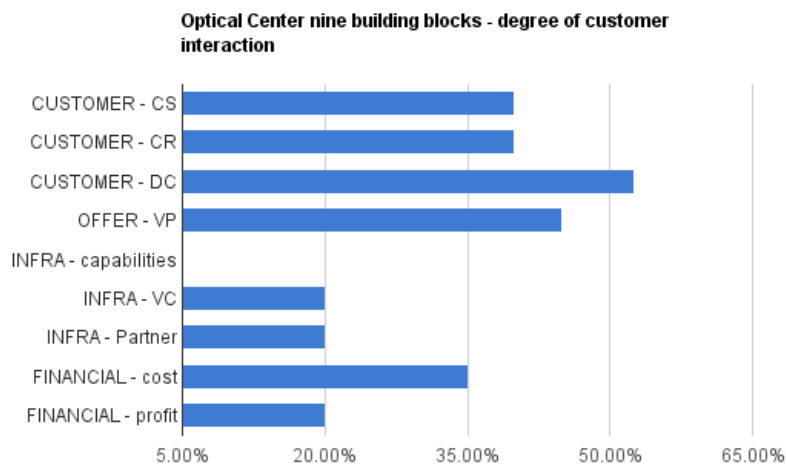
5.5.5 Lessons learned

The case of the optical centre repeats the pattern of the shoe shop but the added factor that there are insufficient resources to provide strategy continuity. The entrepreneur perceives the experience as neither positive nor negative but only an initial level of communication can be seen in its business model. This is due to: (1) a lack of time, consistency and resources to giving continuity to the strategy defined, (2) not having defined an acquisition technique to attract

consumers with common interests and (3) not having an emotive thread to generate fluent participation/interaction with the community

The main strategy objective defined by the optical centre was to make their professionalism known. A blog was proposed to achieve this but the entrepreneur was reminded that to give it continuity much more time was needed and articles needed to be published with a certain frequency (at least 2 articles a week).

Due to a lack of time and resources, the researcher suggested energising information through a Facebook feed in order to reach more people in an easier and quicker way. The entrepreneur opened a Facebook feed but did not use any acquisition techniques to attract customers nor did she define any emotional threads which would enable a fluent interaction with customers.

As a result of not having a clearly identified customer segment, only providing information, not having an emotional thread to catch the attention of the community and not providing a value offering which encourages and promotes the participation of community members, it is difficult to stimulate greater consumer interaction. All this together with a low level of involvement and a constant redefinition of objectives without a main aim has made the strategy implementation more complicated and the results achieved are less encouraging.

It is also worth highlighting that, unlike in the other cases, the optical centre has a non-promotion policy so the entrepreneur has not seen a reduction in advertising costs. She believes, however, that social media have helped her position the store on the Internet and enable her to announce new brands and services in a quick and flexible way.

6   CHAPTER 6: THEORETICAL CONTRIBUTION

This chapter tries to explain which variables help us to better understand the transformation of the business model of the micro-retailers studied as a result of the implementation of tools. It should be noted that these social media have been implemented following the design strategy proposed in Chapter 4 (4.2 Research Design) by the researcher.

To explain if there is a change (Figure 6.1) we ask: (1) what transformation is observed in the micro-retailer's business model from the definition and development of the social media strategy?, (2) which mediating elements help to explain what this transformation actually achieves? and (3) what level of transformation generates the impact of the consumer on the different building blocks of the micro-retailer's business model?
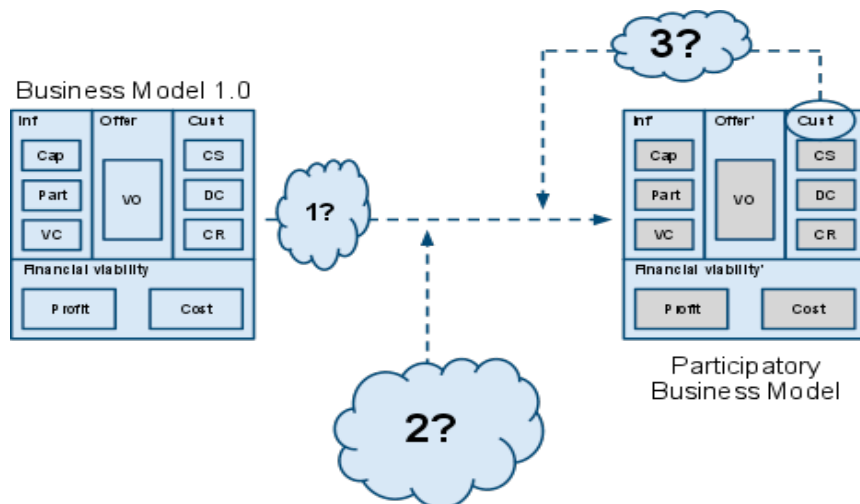

Figure 6.1 *Participatory Business Model emergence*

Figure 6.1 shows three clouds which symbolize the three questions asked in the research carried out. These questions will be developed following the scheme in Figure 6.2. First we will set out the proposition against its rival, then arguements which help us to justify and/or validate one or the other proposition and last of all the final conclusions drawn by validating some of the propositions put forward. The validated propositions will help us to explain whether there really has been a change in the business model activity system thus allowing the emergence of a new *Participatory BM*.
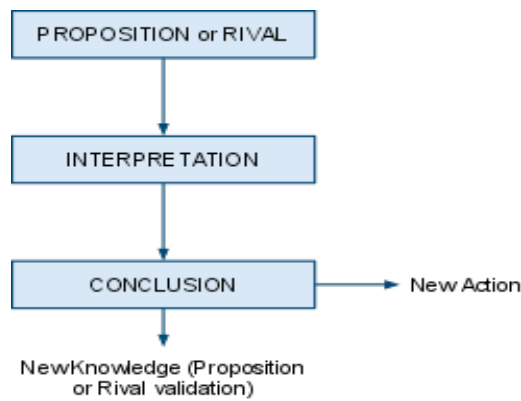
Figure 6.2 *Theoretical contribution scheme*

On the one hand, the new knowledge generated by the validation of the propositions put forward following the scheme in Figure 6.2 will help us to answer the Research Question. On the other hand, the new set of actions will help us to develop a more efficient social strategy.

This chapter follows the following structure: (1) the four propositions which help to explain or respond to the Research Question considered are validated, (2) two contributions are extracted being as a PAR methodology has been followed (one more practioner and the other more academic) and (3) a final Conceptual Research Framework is obtained which attempts to add value to the initial Framework (Figure 3.1).

6.1 Propositions

Thanks to the research question and the knowledge extracted in each research phase conducted with micro-retailers through PAR methodology, four propositions have been set out. These propositions attempt to answer the three questions in Figure 6.1 in order to respond to the original Research question.

> **PROPOSITION 1**: *A transformation can be observed in the activity system of the micro-retailers' business models as a result of the implementation of social media.*
>
> *Rival Proposition: The introduction of social media in micro-retailers' business models has not caused any change in the activity system.*

Amit and Zott (2001) have suggested two sets of parameters: design elements (content, structure and governance[16]) which describe the architecture of an activity system, *how firms do business*; and NICE design themes (novelty,

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[16] Content refers to the perform activity; structure refers to how activities are performed; and, governance refers to who performs the activity.

lock-in, complementarities and efficiency) which describe the sources of value creation, characterizing the orchestration and connection of the design elements hel p us ngto explain the *Business Model innovation*.

According to Amit and Zott (2001), novelty driver is refers to the adoption of new activities (content), and/or new relationship between activities (structure), and/or new ways of governance activities. Particularly, the micro-retailer cases seek to combine their existing resources and with activities to create new sources of value creation by means of social media adoption.

For instance, Torre del Pi hardware store is dedicated to the retail sale of hardware products and still utilizes the format of customer-counter but, as a result of the introduction of social media, they can energize stock clearances and exclusive offers through the two new communication channels (Internet and Facebook) created. These have enabled them to reach the online audience in a quicker and more convenient way, attend to their queries and improve the quality of their information. As a result of the social media implementation, the entrepreneur has adopted a new structure (reorganization of resources and incorporation of delivery channels) which has enabled a new dynamic content when previously unthinkable with the traditional format.

Another example is l'Eix Commerce Association where the main objective is to bring consumers from the Cerdanyola area to the different adhered establishments through different dynamic activities. Before the implemention of social media, these activities were energized on specific dates, in a specific place and were advertised in the local press. As a consequence of the social media implementation, the President can now consider other types of activities through the social channel energize them along with traditional ones and reach the consumer quicker and more directly.

As we can see in these two examples and in the other two cases (Table 6.1), the micro-retailers have found an alternative way of communication with potential customers. Because of the business, product and structure type of the Catalan family micro-business, however, this change or transformation in its business models is far more significant than a simple adoption of an alternative communication channel. This is due to: (1) their lack of financial and staff resources, (2) the fact they want to remain small, (3) the short time of social media implementation and (4) not always having a team or enough resources to adapt to change. As a result of this social media implementation, the micro-retailers have reorganized themselves internally in order to create new value sources for customers such as energizing activities which encourages consumer participation (e.g. the hardware store's "Green Corner" competition, Figure 6.3).

According to Amit and Zott (2001), lock-in driver refers to the power to keep third parties attracted as business model participants (network externalities). For instance, as a consequence of the implementation of social media in their business model, Torre del Pi hardware store has observed they have been able to encourage interaction between community members through their Facebook feed. The hardware store, specifically, is the only case which has established complicity with its Facebook community members because of (1) the energized emotive element, (2) the way in which it was energized and (3) the time and effort dedicated. According to the entrepreneur, this emotive element is related to culture. He reports on cultural events he finds interesting and combines them with themed activities (cooking, gardening...) which are directly related to the hardware sector and capture the attention of his community audience (Figure 6.3 shows an example of these dynamics). As a result, the customer gains confidence, feels part of the community and ends up himself explaining his experiences and emotions to the community.
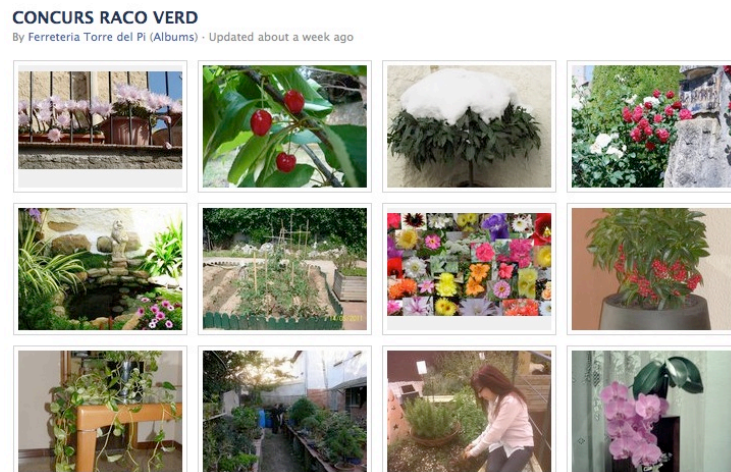

Figure 6.3 *Concurs Racó Verd (Source: Torre del Pi Facebook)*

According to Amit and Zott (2001), the complementarity driver is present whenever bundling activities within a system provides more value than running activities separately. For example, the main objective of the florist is to sell flowers. They consider, in particular, the implementation of social media complements the activities of their business model because it allows them to get information on the evolution of their sector and be in direct contact with professional in the area. Grau Gent shoe shop, which is dedicated to the sale of shoes from national suppliers (such as Wonders, Mustangs...), considers the implementation of social media complements their traditional business as these tools are a new communication channel which opens new doors, brings young people closer and enables them to get their products known quicker.

In addition, Torre del Pi hardware store considers social media complements traditional establishment management and bring about a new way of relating with the customer through the Internet. The entrepreneur says *"Facebook and the website are complementary channels. On the one hand, Facebook is a channel of emotions which allows the creation of a more affective bond with the user. On the other hand, the website along with the database is a more formal channel which complements the immediacy of Facebook"*.

As we can see in these three examples and in the other cases (Table 6.1), the micro-retailers have found a complementary communication channel but initial indications of complementatity as defined by Amit and Zott can only be seen in the cases of the hardware store and the shoe shop.

On the one hand, the hardware store entrepreneur complements catalogues and the customer-counter format with two online channels created to spread information in a quicker and more direct way. On the other hand, the shoe shop entrepreneur complements the sale of shoes with the new website along with Facebook where he announces website contents. As a consequence of the social media implementation, the micro-retailers generally use social media as an alternative communication channel but some have seen the chance to complement their activity in order to create new value sources.

According to Amit and Zott (2001), the efficiency driver refers to the way in which firms aim at achieving greater efficiency through the design of their activity system. An efficiency-centered activity system aims at reducing transaction costs.

For instance, as a result of the implementation of social media in the activity system of their business model, Torre del Pi hardware store has observed a change in the way of directing their financial efforts. These social media, specifically, have enabled them to reduce the number of catalogues printed, increase the number of special offers and thus reinvest these costs in order to be more efficient and reach more consumers. For instance, they previously invested in 4 special offers but can now invest in 14 and reduce the associated costs. L'Eix commerce association is another example. The association's president says that as a consequence of the implementation of social media in the activity system of their business model, he can now manage a road map of activities in a flexible way which enables him to simplify communication processes and costs. Even the optical centre, which has a non-promotion policy has been able to gain visibility on the Internet through effort but zero costs.

As we can see in these three examples and in the other cases in Table 6.1, the micro-retailers have found an alternative communication channel which helps them make their business known, gain more visibility on the Internet and

reinvest advertising and communication costs although it does not mean they are more efficient in their activities.

As observed, the value creation drivers (novelty, lock-in, complementarity and efficiency) enable us to see how micro-retailers have adapted their activity systems from the implementation of social media in their business models. This business model adaptation has allowed an initial level of interaction with consumers and the spread of contents on the Internet. Table 6.1 shows the transformations observed in the activity systems of the micro-retailers studied according to the NICE design theme by Amit and Zott.

Table 6.1 Micro-retailer activity system transformation

EIX	as a result of the implementation of social tools...
Novelty	...online activities can be created (content novelty) and energize them all year round through Facebook thus being able to reach the consumer quicker and more directly (structure novelty).
Lock-in	-
Complementarity	...information can be given to the consumer quicker and more directly thus complementing the generalist format of the local press.
Efficiency	...a roadmap of activities can be managed more flexibly which enables the simplification of process and cost communication.

Florist	as a result of the implementation of social tools...
Novelty	...content (e.g. photos) and information (content novelty) can be spread through Facebook more easily and agily...
Lock-in	-
Complementarity	...information can be received on the evolution of the sector and a direct contact can be held with professionals thus complementing the existing channels.
Efficiency	...presence on the Internet, speed up decision-making of consumers as information is already online (web page and Interflora).

Hardware store	as a result of the implementation of social tools...
Novelty	...stock clearances and special offers can be energized (content novelty) through the two communication channels allowing them to reach the online audience, attend to their queries and improve the quality of their information (structure novelty).
Lock-in	...a complicity has been formed with Facebook community members due to 1) the energized emotive element, 2) the way in which it is energized and 3) the time and effort dedicated.

Complementarity	...the traditional management of the establishments is complemented and a new way of relating with the customer is incorporated through the Internet.
Efficiency	...there is a transformation in the way of channelling financial efforts, marketing material and the spread of information.
Shoe shop	as a result of the implementation of social tools...
Novelty	...a sales website has been created and online activities energized (content novelty) through Facebook.
Lock-in	-
Complementarity	...the traditional business is complemented with social tools as they have a new communication channel which opens new doors, brings young people closer and enables their products to be known quicker. The website also allows them to be global albeit small.
Efficiency	...the website has changed the way of channelling financial efforts in order to improve the store's image and enhance their brand further afield.
Optical centre	as a result of the implementation of social tools...
Novelty	...information can be spread online (content novelty) quicker and more directly.
Lock-in	-
Complementarity	...the traditional business is complemented with the social tools as they have a new channel of communication which enables them to be known.
Efficiency	...presence on the Internet, make their activity known and be able to communicate with consumers quickly at zero cost.

According to the data in Table 6.1, a big transformation cannot be seen in most of the cases but rather an adaptation of the business model as a result of the implantation of social tools. However, considering the structure of the Catalan family micro-retailer, these changes and/or transformations are far more significant than a simple adoption of an alternative form of communication. Therefore, an initial transformation can be seen in some of the micro-retailers thanks to new forms of communication and interaction social media provide. (PROPOSITION 1 validated)

CONCLUSIONS: To a greater or a lesser level, we can see that all the micro-retailers have introduced some modifications to their activity systems in order to implement the social media, to be present on the Internet and be able to spread their information more quickly.

The NICE design themes have helped us to see how the micro-retailers implement the social media to adapt to new changes in the environment and reconfigure their design elements in order to create more value. We can see that in most cases, with the exception of the hardware store, they have not known how to create enough value and therefore their transformation has been scarce.
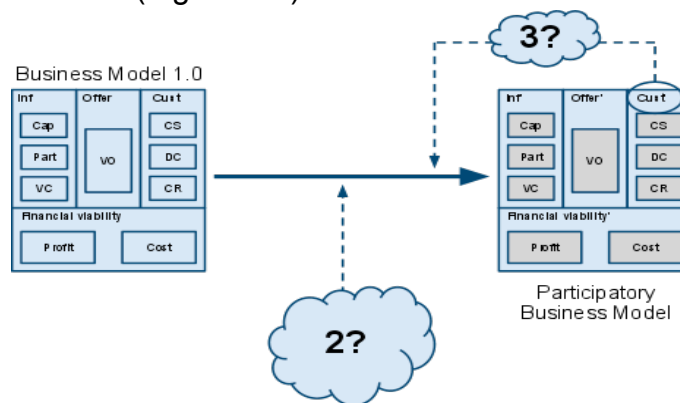
Our initial scheme (Figure 6.1) is as follows:

Figure 6.4 *Participatory Business Model emergence (Proposition 1)*

PROPOSITION 2: The transformation of the micro-retailer's business model as a result of the implementation of social media is motivated by designing and developing a good strategy but also by other factors such as the ability of learning.

Rival Proposition: The transformation of the micro-retailer's business model as a result of the implementation of social media is motivated solely by the design and development of a good social strategy.

To understand whether the transformation of the micro-retailer's business model is conditioned or not by defining and developing the proposed social media strategy (Section 4.2.3.1), we need to recover the key points of what we learned in the different cases and the factors which help explain their achievement.

Summary of the key points we have learned related to the implementation of the social media, the strategy and the transformation of the business model:

Related to the social media:
3. Social media give flexibility and offer contents in a more dynamic way and simplify the processes and communication costs.
4. Social media allow the channelling of financial efforts derived from advertising and promotions towards an increase of Internet rankings and the offset of the negative trend due to the economic downturn.

5. Social media allow micro-retailers to observe market trends and/or listen to consumers' interests.

Related to strategy:
6. The objectives of the social media strategy must be clearly defined with the user to whom it is aimed in mind as, if they are not clear, strategy implementation is hindered.
7. The degree of involvement of the team and the internal support allow the objectives achieved in the strategy definition to be achieved.
8. The micro-retailer's lines of action must be defined by the owners and not the consumers. This is due to the micro-retailer's lack of resources to meet the request and/or the suggestions of the consumers.

Related to the transformation of the business model:
● The level of consumer interaction with the business is not the only factor which helps us to understand how changes occur within the micro-retailer's business model.
● The transformation of the business model is conditioned not only by the level of interaction established with the consumer but also by other mediating factors such as the effort dedicated and ability to adapt to change among others.
● The Internet has changed how the micro-retailers can interact with the consumers.

Among the key points the following **factors which help to explain the achievement of the social strategy implementation** can be drawn.

INTERNAL FACTORS:
1. Level of team involvement in the strategy implementation.
2. Lack of employees with technical abilities.
3. Lack of available time and resources to give continuity to the defined strategy.
4. Lack of support within the company to give continuity to the defined strategy.
5. Complementary people, both more technical and more idealistic, with common i interests in order to coordinate the tool with the same philosophy.

FACTORS DEFINING THE STRATEGY:
6. Changes and modifications of the modifications with any key objectives.
7. Lack of alignment between objectives, actions and emotive tread of the social channel.
8. Lack of a capture technique which identifies customer segment.

9. Lack of a story (value offering) which encourages and promotes consumer emotion to common interests.
10. Lack of a base energizing action schedule which can be expanded with sporadic opportunities.
11. Focus basically on "*gift with a click*" campaigns.
12. Lack of a web page where events are created and continuity is given to the activities and contents.

Table 6.2 relates the aforementioned points with the different cases studied. Each marked item indicates a factor which has negatively affected the micro-retailer in the achievement of the strategy implementation. The first six points in Table 6.2 show a set of items which refer to internal capacities of the company such as available time and resources, technical skills, support, complementarity and the level of team support in the company. The remaining points in Table 6.2 show a set of items which help to improve the social media strategy designed and described in section 4.2.3 Research Design.

Table 6.2 *Factors which negatively affect strategy achievement*

Micro-retailer's weaknesses	EIX	Florist	Hardware store	Shoe shop	Optical Centre
Level of team involvement	x	x		x	x
Lack of employees with technical skills		x		x	x
Lack of available time		x		x	x
Lack of available resources	x	x		x	x
Lack of support within the company		x		x	x
Complementary people		x		x	x
Redefinition of objectives without a key objective	x	x			x
Lack of alignment between objectives, actions and emotive thread		x		x	x
Lack of a capture technique	x	x		x	x
Lack of a story (value offering)	x	x		x	x
Lack of a base dinamizing action schedule		x	x	x	x
Focused on "click for a gift" campaigns	x			x	
Lack of a website giving continuity to the activities and content	x	x		x	x

Sources: Cases lesson learned

Most of the items related to skills and/or resources, i.e. the first six points in Table 6.2, are related to the obstacles identified by Huang and Brown (1999) and Bettiol, Finotto and Dimas (2011) in SMEs such as financial constraints, small size, lack of expertise, scarce use of specialists, efforts and processes. These elements help us to understand that the transformation of the micro-retailer's business model is motivated not only by the design and implementation of social media strategy but also a set of elements which facilitate change.

Initially, in the Conceptual Research Framework (Figure 3.1), we only considered the ability of learning as a mediator of transformation, but as a result of interpretations of the extracted data, it has been seen that there are other elements which also mediate change, such as time, dedicated resources, technical skills, support, complementarity and level of team involvement of the company. Some of these elements are interrelated and can be grouped into categories: **dedicated effort,** which includes time, actions and dedicated resources, **ability of learning**, which includes technical skills, and **dynamic capabilities**, which includes support, complementarity and level of team involvement of the company (Proposition 2 validated).

Likewise, as a result of reflections and interpretations drawn from the data during the monitoring of the strategy implementation (lesson learned in Chapter 5) and the interview in May 2011 (Annex 1.6), we have also learned that the designed social media strategy from Section 4.2.3.1 Design: Design of the Social Media Strategy should include (1) a systematic technique to attract customers through social media, (2) a web page from which to continue the different activities energized through social media, (3) the construction of a story (storytelling) which creates an emotive thread energized through social media, (4) a clear definition of the social media strategy objectives and their alignment with the story or emotive thread and objectives and rationale of the company and (5) internal support from the company team and/or external to implement the strategy.

*CONCLUSIONS: We can conclude that there is a set of elements related to company strategy and capabilities and/or resources which need to be taken into account for the correct achievement of the implementation of social media in the micro-retailers' business model. Items related to internal factors of the company are facilitators of change for both mediators and grouped into three categories (**dedicated effort,** the **ability of learning** and **dynamic capabilities**) which help to explain the transformation of the micro-retailers' business model beyond that of a correctly designed and implemented strategy. Thus, the transformation of the micro-retailers' business model is motivated not only by implementing social media following a strategy (Part 2 of Table 6.2) but also mediating factors (Part 1 Table 6.2).*

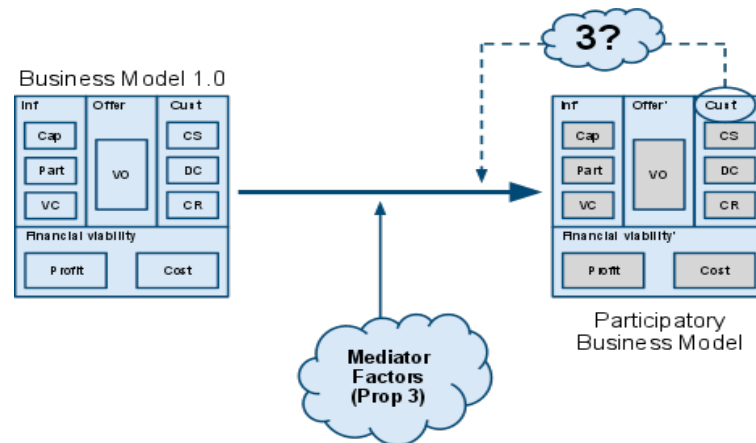The initial scheme (figure 6.1) can be updated as follows:

Figure 6.5 *Participatory Business Model emergence (Proposition 2)*

PROPOSITION 3: *The seven proposed mediator categories explain the intensity of the transformation of the micro-retailers' business model by means of social media.*

Rival Proposition: Only some of the proposed mediator categories explain the intensity of the transformation of the micro-retailers' business model by means of social media.

Some mediator elements are taken from the detected elements in Table 6.2, which negatively affect the achievement of micro-retailers' implementation of the social media strategy. To explain to what extent these mediator elements are of influence, seven categories have have built:

- *Environment* refers to the evolution of the sector in financial, legal and technical terms.
- **Implementation time** refers to the time using a social media on the Internet (in most cases, Facebook).
- **Company size** refers to the size of the company (less than 5 workers is considered micro-retail, however, more than 10 workers or 3 outlets considered SMEs).
- **Dedicated efforts** refer to the time, actions and resources to carry out the implementation and development of the social media strategy.
- **Dynamic capabilities** refer to the strategic capabilities of the firm which help to modify the company structure by combining resources, such as support, complementarity and the level of team involvement of the company, in order to adapt to change in a flexible and quick way.
- **Cognitive framework** refers to the set of past experiences and relationship network.
- **Ability of learning** refers to the ability of the team to adapt to changes such as technical ability or willingness to learn.
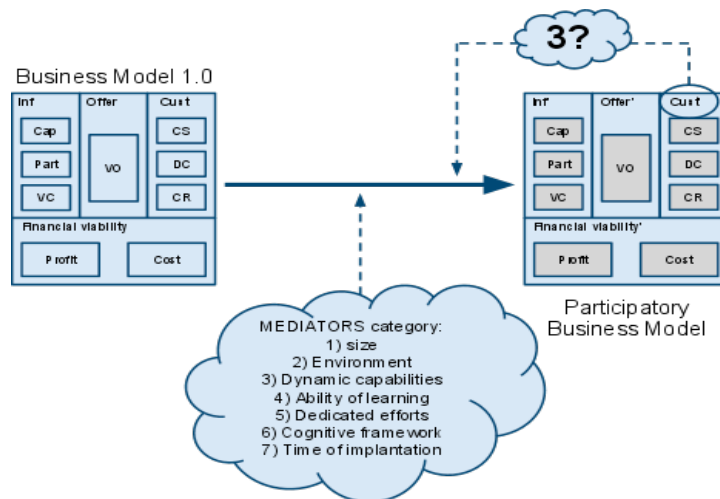
Figure 6.6 *Participatory Business Model emergence (Mediators Categories)*

In the last interview, at the end of June (Annex 1.7), we asked the incidence of each of the above categories, which attempt to explain the intensity of change as a result of the introduction of social media tools in the micro-retailers' business model.

Which of the seven mediator categories help to explain the intensity of the transformation of the micro-retailers' business model?

Table 6.3 shows the results from the last interview (Annex 1.7) in reference to the seven mediator categories defined from the results of Proposition 2. The incidence of each category in the nine business model building blocks was asked in the interview.

On the one hand, the researcher asked the incidence these mediators could exercise in their particular business. On the other hand, she asked about the impact of these categories if they had all the resources necessary to successfully implement the social media.

Table 6.3 shows the averages of the real and the ideal case, as well as their difference. Differences greater than 1.4 are marked with (*), giving us information on that a transformation in the micro-retailers' business model has occurred, while differences of less than 1.2 are marked with (**), not giving us information that any transformation has occurred. A difference between 1.4 and 1.2 means the micro-retailer entrepreneurs have not found it important to see it as a facilitator of change.

Table 6.3 *Categories mediating influence of the transformation*

CATEGORIES	Real average	Ideal average	Difference
Ability of learning	2.522	4.200	1.667(*)
Firm size	2.400	2.867	0.467(**)
Dedicated efforts	2.822	4.311	1.489(*)
Time of implantation	3.000	4.289	1.289
Environment	3.844	2.600	-1.244(**)
Dynamic Capabilities	2.578	4.222	1.644(*)
Cognitive Framework	2.667	3.600	0.933(**)

As shown in Table 6.3, the categories of skill learning, dynamic capabilities and dedicated efforts act as main mediators in the transformation of a business model. However, the size of the company, the environment and the cognitive framework are not considered mediators of transformation as their current position and one which is ideal would not cause any great change. The only category in which it is not too clear whether it can act as a mediator or not is implementation time which includes time and actions carried out during the time of strategy implementation

Below, it is argued why, in entrepreneurs' words, the categories of ability of learning, dynamic capabilities and dedicated efforts act as mediators in the transformation.

- **Ability of learning.** The micro-retailers consider themselves big 'chameleons' - small businesses are constantly adapting to change and continually interpreting inputs received from the environment - and require a team which has a great ability to learn in order to carry out different business activities. They believe this learning ability has to allow continuous adaptation of the team skills to provide value and cover the needs of the customer.

- **Dynamic Capacity**. The micro-retailers believe they need to have highly developed dynamic skills as they must be flexible and able to overcome inertia in order to remain competitive in their sector. The micro-retailers indicate the dynamic capabilities of a company should include not only the skills which will allow the best replacing of resources in order to adapt to change but also a family environment which stands by them and supports their goal as a leader. Many note, however, they need more time and resources to carry this out.

- **Dedicated efforts**. The last two items, i.e. dedicated time and resources, define this category. It has been considered as a mediator category of change as during strategy monitoring, the micro-retailers have always put special emphasis on time and resources needed to energize the actions.

According to the entrepreneurs, the categories of business size, environment and cognitive framework are not considered mediators of transformation for the following reasons:

- **Company size.** The micro-retailers want to remain small because it allows them to have a close and personal relationship with consumers. In addition, the entrepreneurs consider the size of the company does not influence the social media strategy implementation in the nine building blocks. For example, regarding contributions towards the value of the company, they believe business size does not influence transformation although the criteria used to provide and/or offer value to customers do. Specifically, a larger size allows more maneuverability to interact with customers and enter new segments.

- **Environment**. Entrepreneurs believe the current environment encourages the use of these social media to interact and share information, however, a stable environment does not. They also consider that a hostile environment like the current one, as opposed to a stable environment, encourages new ideas.

- **Cognitive framework**. Employers believe that past experiences and network of relationships do not affect the transformation of the business model as a result of the introduction of social media, because they have no prior knowledge of the use of social media. But, on the one hand, to align the strategy with social objectives and company rationale they must be knowledgeable of the sector (potential consumers, suppliers, brands ,...), and on the other hand, the new knowledge gained from the implementation of social media is helping to redefine and improve the social media strategy. These two arguments show that the entrepreneur is considered part of the cognitive ability of learning. Specifically, according to the literature, the ability of learning depends on the interpretation of beliefs and experimentation of entrepreneurs and managers. Interpretations can be understood within the context of the entrepreneur's beliefs about the environment, frames of reference and past experiences (Woo, Daellenbach and Nicholls-Nixon, 1994).

Finally, we cannot state with certainty whether the category of implementation time acts as a mediator of the transformation of the micro-retailers' business model.

- **Implementation time.** This category refers to the time the micro-retailers have been present on the Internet energizing activities through social media. The results show entrepreneurs have not given enough importance to this mediator as an influence of the transformation of the business model as they have only considered this category based on the time it takes to implement the social strategy without keeping in mind whether they give the appropriate

use to energizing the campaign and spreading information. With an average of 10 months of implementation, entrepreneurs consider it enough time to have achieved goals set during the strategy definition, but this has generally not been observed in chapter 5. Specifically, entrepreneurs consider they have had enough time with the implemented tool but have not dedicated enough time and effort to energize it and have therefore not been able to fully achieve the goals.

CONCLUSIONS: To explain the transformation of the business model only some of the mediator categories, such as the ability of learning, the dedicated efforts and the dynamic capabilities, are helpful. On the other hand, it has been observed that the implementation time has a certain incidence on the transformation of the business model but to a lesser extent (marked with a dotted line in figure 6.7). However, the size of the company, the economic environment and the cognitive framework do not influence the transformation of the micro-retailer's business model. In particular, the cognitive framework has been interpreted as the ability of learning. (RIVAL PROPOSITION 3 validated).

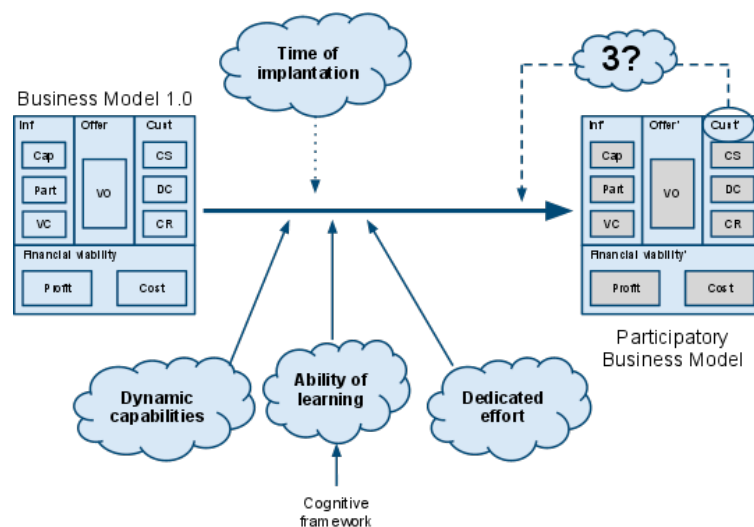The initial scheme (Figure 6.1) can be updated as follows:

Figure 6.7 *Participatory Business Model emergence (Proposition 3 rival)*

PROPOSITION 4: The incidence of consumers through social media in the micro-retailer's business model helps us to partially see the transformation of the activity system of the business model (Osterwalder et al., 2005).

Rival Proposition: *The incidence of consumers through social media in the micro-retailer's business model helps us to see the transformation of the activity system of the business model (Osterwalder et al., 2005).*

User participation is measured through levels of interaction. These levels come from the Methodology of Collaborative Modeling and Collaborative Groups (Gaudou, Marilleau and Ho, 2011 and Stahl, 2006). On the one hand, they define that there is collaboration once there are interactions between two parts. On the other hand, they say that collaborative systems are defined by the nature of interactions, the human dimension, the space/time dimension and the exchanged data. Particularly, the nature of interactions goes from informative, negociative and collaborative to cooperative. Informative is the weak interaction while cooperative is the strong one.

This research attempts to describe the effects of social media on the activity system of the micro-retailer's business model. To explain this effect we focus on the nature of the interactions (figure 6.8) generated through the social tools between the consumer and the company.
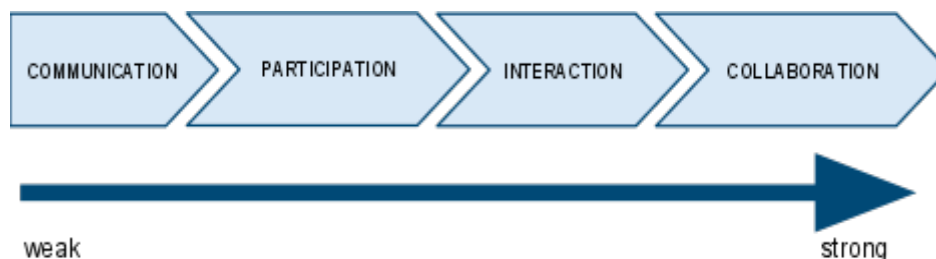
Figura

Figure 6.8 Levels of Interactions

Figure 6.8 shows the nature of consumer interaction in four consecutive levels of interaction. The first one is communication and refers to a unidirectional channel which enables the spread of product information. The second one is participation and refers to a bidirectional path which enables the enrepreneur to achieve interaction with the consumer through a direct incentive. The third one is interaction and refers to the dialogue established in a natural manner with the consumer. Lastly, the fourth level is collaboration in which the consumer participates as a "*partial employee*" in the business model. This means the consumer has the role of a central player in the business instead of being a simple buyer as a partner taking part in the business decisions or as a participant organizing the activities.

Those interaction levels are evaluated in the interviews done in May (Annex 1.6). In these interviews we try to see how the four interaction levels influence the transformation of the building blocks of the micro-retailers' business model as a consequence of the implementation of social media.

As previously said, the business model is conceptualized in nine building blocks which cover the four main areas of the business model (customer, offer, infrastructure, financial viability) (Osterwalder, Pigneur and Tucci, 2005). The nature of customer participation has been evaluated through the four areas of the business model.

Which building block is more influenced by the customer level of interaction by means of the social media?

Table 6.4 shows the results taken from the interview of May (Annex 1.6). These results allow us to observe how big the transformation of building blocks according to the levels of interaction is.

The column "average" indicates the mean average of the answers of the different micro-retailers for each building block. The answers were rated on a scale from 1 to 5, 1 meaning little or nothing and 5 meaning always. In the column "building block" we find the name of each building block. Below each of the building blocks we can see the sum of the mean average of each interaction level. This value tries to show how much influence the interaction of the user has on each of the building block. Values lower than 4 indicate that the building block is not affected by the interaction of the consumer as all the answers got a low value. Values between 4 and 8 indicate that the building block has been affected in an almost imperceptible manner. Values over 8 indicate that that particular block has some transformation. An important transformation is considered to happen when the sum is over 12. Specifically, the building block whose value is over 8 indicates that a level of interaction stands out (the sum is higher than 3 in its individual mean average) and this level of interaction has influence in the first level of transformation of the of the micro-retailer's business model.

As observed in table 6.4, we have a first stage of transformation in the following building blocks: customer segment, customer relationship, distribution channel (the customer's area), value proposition (the offer area) and cost (a part of the financial viability area). In all those blocks the level of interaction which stands out is communication. Besides, in the costumer and offer areas some incipient values of participation and interaction levels (second and third interaction levels) can be observed.

Table 6.4 Incidence of the interaction levels in the building blocks

BUILDING BLOCK	INTERACTION LEVEL	PROMIG	Comments (Green > 3 (influence) and red < 2 (not influence))
CUSTOMER - Customer segment	Comunication	3,9	Customer Segment is possitively influenced by the communication level, since it is important to spread the information by means of social media to capture new customers and enter inside

			new markets.
10,1	Participation	2,5	
	Interaction	2,7	
	Collaboration	1	Customer segment is not influenced by the collaboration level since this level is not exploted by the micro-retailers. Particularly, they want to be small and they do not want to bring the customer as an actor of the business since they don't have enough resources to deal with that.
CUSTOMER - Customer relationship	Comunication	3,6	Customer relationship is influenced possitively by the communication level, since it is important to establish contact with the customers by launching 1 click campaigns, even though there is a low rate of participation.
9,4	Participation	2,4	
	Interaction	2,4	
	Collaboration	1	Idem as Customer segment
CUSTOMER - Distribution channel	Comunication	4	Distribution channel is influenced possitively by the communication level, since it is a new channel of communication. This new channel allows the firm to communicate easily and quick with the customers.
9,7	Participation	2,4	
	Interaction	2,3	
	Collaboration	1	Idem as Customer segment
OFFER - VP	Comunication	4,2	Value Proposition is influenced possitively by the communication level, since the firm could spread its information and offer its value proposition easily and be touch with the customer.
10	Participation	2,6	
	Interaction	2,2	
	Collaboration	1	Idem as Customer segment
INFRASTRUCTURE - VC	Comunication	2,4	
6,6	Participation	1,8	Value Configuration is not influenced by the participation level, since the firm does not integrate the customer inside the value chain of the firm.
	Interaction	1,4	Value Configuration is not influenced by the interaction level, since the firm does not allow the participation mode.
	Collaboration	1	Idem as Customer segment

INFRASTRUCTURE - Partner	Comunication		1,8	Partner is not influenced by the communication level, since the firm does not integrate the customer inside the value chain of the firm.
5,8	Participation		1,6	Partner is not influenced by the participation level, since the firm does not allow the communication mode.
	Interaction		1,4	Partner is not influenced by the interaction level, since the firm does not allow the participation mode.
	Collaboration		1	Idem as Customer segment
FINANCIAL - COST	Comunication		4	Cost is influenced possitively by the communication level, since the firm spread information easily through the social media and get more customers than with the normal distribution channel.
8,6	Participation		1,8	Cost is not influenced by the participation level, since the firm switch their own costs and the customer does not contribute in that reallocation.
	Interaction		1,8	Cost is not influenced by the interaction level, since the firm does not allow the participation mode.
	Collaboration		1	Idem as Customer segment
FINANCIAL - PROFIT	Comunication	2,4		
6,2	Participation		1,4	Profit is not influenced by the participation level, since the firm does not integrate the customer inside the value chain of the firm and use them as a "partial employee".
	Interaction		1,4	Profit is not influenced by the interaction level, since the firm does not allow the participation mode.
	Collaboration		1	Idem as Customer segment

What can we interpret from the results of Table 6.4?

The customer area, which includes the customer relationship, distribution channel and customer segment building blocks, is positively influenced by the first and second level of customer interaction, since the micro-retailers have started increasing their visibility on the Internet mainly by communicating and sharing information (distribution channel), getting comments and opinions about their actions by posting on the wall or sending emails (customer relationship) and promoting and encouraging the participation of new user groups using the same social tool (customer segment).

The offer area, which includes the value proposition building block, is positively influenced by the first and second level of customer interaction, since the micro-retailers have designed social media strategy to enhance and capture

customers' interest and interactivity. This customer capture and enhancement is done by a storytelling which adds value to the customer. Currently, micro-retailers perceive only the first level of interaction, communication, because many of them have still not found the emotive thread or story to boost within the social channel. To summarise, the value proposition is mainly affected by the way the story is spread through the social media and by how it encourages customer interest. For instance, the entrepreneur of the hardware store points out that the comments from the users on their Facebook wall helps him to improve the quality of the information and allows him to incorporate new products onto their shelf. That implies an improvement of their value proposition.

The infrastructure area, which includes key resources, key activities[17] (value configuration) and key partners building blocks, is slowly influenced by the customer interaction levels, since (1) they want to be small and (2) they do not want to bring the customer as a central player in the business because they do not have enough resources to deal with it.

The financial viability area includes cost structure and revenue stream building blocks. The cost is the only building block influenced by the first level of customer interaction, since micro-retailers have shifted some of their offline advertisements into online actions (e.g. hiring external resources or increasing their sales efforts). Micro-retailers have noticed they can reach a wider segment of customers while keeping their cost structure. However, they have not reported any significant change in their revenue stream structure by means of social media implementation.

Figure 6.9 shows the transformation of the business model of the micro-retailers. Red is used to highlight the building block that has not been influenced at all; its value is below 4. Orange is used for building blocks with values between 4 and 8 meaning there is an almost imperceptible transformation, and green indicates that a first stage of transformation is starting to appear; its value is, as said before, over 8. White is reserved for the building block which has not been evaluated in this proposition. It is evaluated in the proposition 3.

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[17] Key activities are referred to what allow the micro-retailer to better disseminate their product information to their customers.
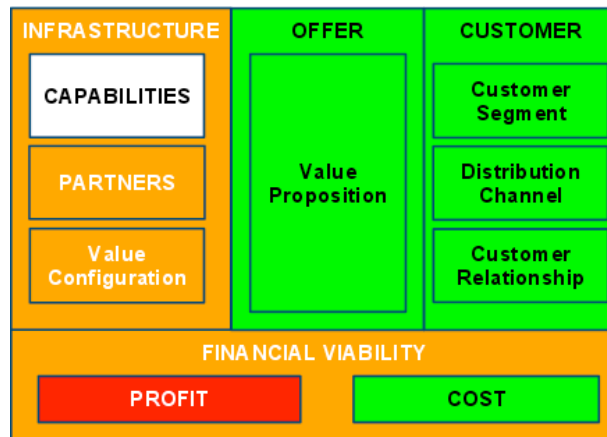
Figure 6.9 *Building blocks transformation influenced by customer interaction*

In micro-retailers, the importance of the consumer's role grows after the delivery stage. According to Gouthier and Schmid (2003) and Chervonnaya (2003), this kind of participation, named "*co-marketer*", becomes important with the Internet because the consumers have the possibility to describe their own experiences by tagging or leaving their comments. The current structure of the micro-retailers does not allow the integration of the consumer as a participant and/or player in the business model.

On the one hand, the micro-retailers have observed that thanks to the implantation of the social media it is possible to reach a bigger number of users by spreading information and by increasing their visibility on the Internet (initial level of interaction). On the other hand, the micro-retailers can engage the consumer community members as participants through intuitive activities (e.g. tag your name, guess the situation of a signal, etc.). In order to foment the participation of the users in the energized activities, they must be attractive for its economic value (l'Eix case) or for its emotive value (hardware store case). Besides, the participation of the user may influence other consumer participation and so on (second interaction level).

According to the entrepreneurs, before being able to obtain comments and opinions from the consumers' experiences with their products or with the energized topics (third level of interaction) first they need to involve the consumers in the participation (second level of interaction) and, obviously, they need to know them beforehand (first level of interaction). The entrepreneurs point out that the interaction will only appear (1) if the dynamics cause a participation of the consumer and (2) if there is an emotive thread which encourages the consumer to express his opinions. As a consequence, most of the micro-retailers could only end up in the initial level of interaction.

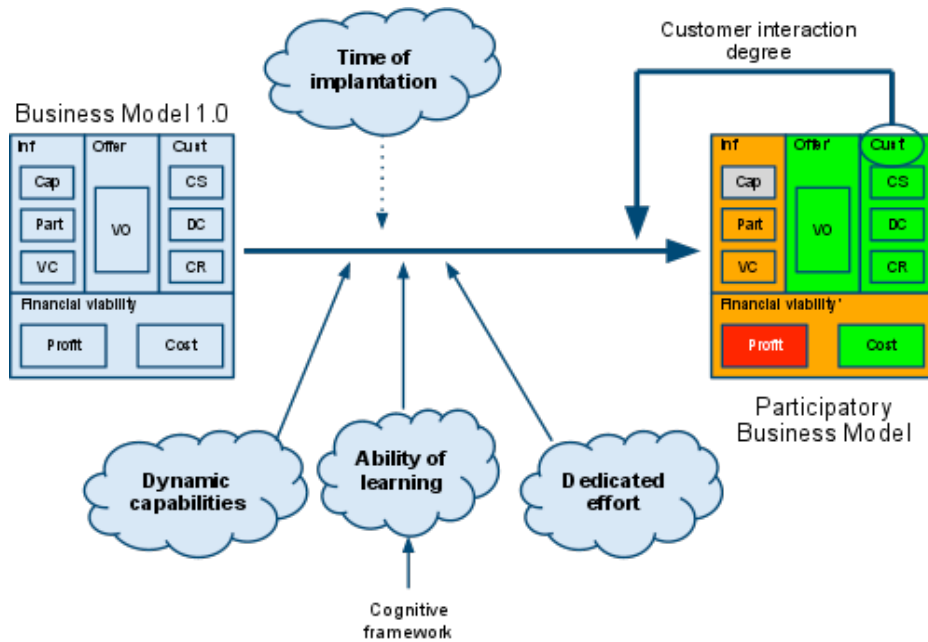The initial scheme (figure 6.1) can be updated as follows:

Figure 6.10 *Participatory Business Model emergence (Proposition 4)*

CONCLUSIONS: Some of the building blocks of the micro-retailers' business model are more affected by the level of interaction of the user than others (table 6.4 and figure 6.9), for instance, customer segment, customer relationship, distribution channel (forming the customers area), value proposition (forming the offer area) and cost (a part of the financial viability area). Those building blocks are in an incipient stage of transformation because only an initial level of interaction can be observed. This incipient stage of transformation can be justified by a lack of dedicated efforts due to the small size of the business and a lack of a team capable of easily adapting to the change. The short time passed since the beginning of the implantation of the social media is also an important factor that justifies the incipient stage mentioned above. (Proposition 4 validated).

From these propositions we can deduce that social media transform the way business operates by both technological changes and customer participation behaviour. This transformation drives a business model innovation, called *Participatory Business Model*, which is driven by (1) the dynamic capabilities, (2) the ability of learning, (3) the dedicated effort, (4) the implementation time and (5) the level of customer participation.

Thus, the *Participatory Business Model* has been able to: (1) adapt their value proposition by reconfiguring their strategy development to remain competitive; (2) possess strong sensing capabilities to identify relevant changes in their environment, listen to customers and embrace the power of people participation; and to (3) develop new capabilities, for instance technical ones,

which allow micro-retailers to adapt to different ways of delivering and receiving information, since the most important attribute in the Web2.0 is interactivity, and therefore, customer participation.

6.2   Theoretical contribution

The research problem was to shed light on the question of how customer interaction influences the activity system of the business model, as well as how social media transform the activity system of the business model. The research question to be answered was how the activity system transformation allows the emergence of a new *Participatory Business Model*. To carry out this research, the researcher has used the PAR methodology. The contribution of this methodology has two results: one is more practitioner and the other is more academic (figure 6.11).

On the one hand, a new knowledge has been acquired. The new knowledge helps us to better understand how the transformation in the micro-retailers' business model occurs as a result of the introduction of the social media by customer interaction and mediator variables. On the other hand, this research has helped us to improve the design of the social media strategy (section 4.2.3.1). As a result, we can provide entrepreneurs with a new tool which allows them to define a social media strategy following up a planning and its analysis. These are the main contributions to the development of the theory.
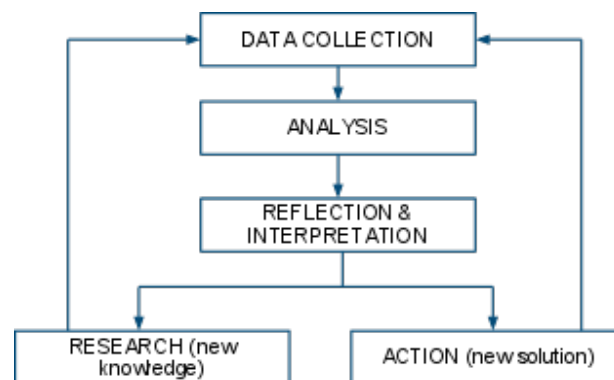
Figure 6.11 *Twofold contribution based on PAR methodology*

We have been able to: (1) deduce that the definition of a social media strategy helps entrepreneurs to plan the implementation of the social media but it is not enough to drive the transformation and/or the change in the business model, (2) deduce the mediating variables which arise from the resulting transformation of the micro-retailers' business model, (3) deduce that the customer's interaction with the micro-retailer can be evaluated through four levels of interaction, (4) describe which level of interaction is established between the customer and the micro-retailer and which influence this level has on the

transformation of the building blocks of the micro-retailers' building block, (5) develop conjectures about how the customer will not be integrated into the micro-retailer's building block as a central player or participant in its activities. This is due to the will of the micro-retailers to remain small and the fact of not having enough resources to deal with this type of structure and (6) understanding how much the incidence of customer interaction in the business model through their participation and comments as well as learning abilities developed along the implementation of the social media strategy, the dynamic capabilities, the efforts to carry out the strategy and the implementation time of the social media, which generate a new business model that is called *Participatory Business Model.*

Thanks to the research, we have confirmed the theoretical propositions 1, 2 and 4 and rejected the theoretical proposition 3 (and confirm its rival counterpart). All of them are contributions of the research.

As a result of this new knowledge and the micro-retailers' learned lesson, we have found the defined social media strategy (section 4.2.3.1 Design of the Social Media Strategy) could be improved for future courses and/or illustrative articles. These will guide entrepreneurs in the design and planning of the social media strategy.

The social media strategy, as is seen in the section 4.2.3.1, consists of eight steps: identify online audience, specify online objectives, choose a realistic strategy, select an appropriate Web2.0 technology and measure the achieved objective. The following points identify the proposals for improvement:

Audience definition (step 1). The researcher did not provide a technique to attract business customers. During the process we have learned we have to offer entrepreneurs a systematic pattern to search for customers which is necessary in order to increase the number of users of their community and spread the message with a greater scope.

Goals definition (Step 4). The researcher has emphasized during the training course the alignment of the defined social media strategy goals and the current goals of the company. However, according to the research results, it seems necessary to integrate more monitoring forms to help the entrepreneur achieve a better activity business plan, where they are going and which added value they want to acquire by implanting the social media.

Strategy planning (step 5). Most of the businesses have not been able to create the emotive thread to energize its social channel. This emotive thread and/or storytelling must allow the attraction of new customers, engage community users and offer an added value by means of social media.

Particularly, each business has its own resources and its way of working. However, there are three previous requirements to successfully implement the social strategy: (1) have the commitment and support of the team of the company, (2) the group of people developing the strategy must have the necessary capabilities or training to be able to implement it and (3) plan the efforts that should be dedicated in a realistic manner taking into account the defined objectives into account. Once these requirements are reached the entrepreneur must consider what kind of message he wants to use to encourage the user to interact apart from the specific campaigns with an immediate incentive.

On the one hand, this message should be related with the emotions or the interests of the people forming the company. These emotions are the ones with a higher ratio of answers from the user. Having a high answers ratio means the users are being participative within the business and it will make it possible to learn about their interests and necessities. On the other hand, the specific campaigns energized must be original and be indirectly related with the business. For instance, the hardware store energizes campaigns where the user must provide recipes. The most original recipe wins a cooking utensil.

The researcher considered it was not necessary to implement a web page to be able to correctly boost the social strategy. However, we have learned that to give continuity to the quickly appreciable contents of the social media, to the energized activities and to the information and/or events the creation of a web page is needed. That should be the "*formal letter of introduction*" as Miquel, the entrepreneur of the hardware store, says.

Before starting the implementation of the strategy, during one of the taught courses, the entrepreneurs where asked to make a planning of the desired events to be conducted to get started and to be able to implement the first activities with the social media tool chosen. This planning was not asked for again as we thought the entrepreneur would continue to promote different dynamic activities to see which one fitted better in his business, as the development of the strategy is a trial and error process. The experience told us that a calendar with some rough milestones, for example every three months, must be provided to allow and somehow force the entrepreneur to plan the activities and to make them think about which activities are positively accepted by the community, which ones are not and which have been the causes for both cases. This way, the entrpreneur is able to redirect the strategy according to its public and its goals.

Before the research, the initial theory stated the theoretical propositions or their rival counterparts could apply, and thanks to the micro-retailers' cases we

have been able to confirm and reject either the theoretical proposition or the rival proposition and, hence, to further develop the initial theory.

The main contributions to the development of the theory has been the confirmation that (1) the ability of learning is not the only mediator to conduct the transformation of the business model, and (2) the customer influences the transformation of the activity system of the business model even thought it is not a central player since the micro-retailer does not have the infrastructure to achieve it.

The final conceptual framework described in the next section, which is a transformation from the initial conceptual framework, is also the result of the research and, hence, a contribution.

6.3   Final Research Conceptual Framework

One of the outcomes of the research is a final Research Conceptual Framework (figure 6.13), which is built putting together some of the construction of the initial framework but taking into accounts the results of the research. So, the final framework is a summary of the essentials of the research.

If we compare the final Research conceptual framework with the initial Research Conceptual Framework (Chapter 3: Theoretical foundations - figure 3.1), we will notice that the framework will evolve with the research, and that: (1) mediators variables will be added, (2) one constructive dynamic capabilit, will be considered in a different way as it is considered mediator as well and (3) the new pattern of customer behaviour plays a central role in the transformation of the activity system of the business model.

The final research conceptual framework allows us to articulate the main findings of the research in a few sentences:

Environmental context includes environmental changes among other factors. *Web2.0 phenomenon* referred as *Social Media* is considered a *disruptive technology and* is included in the environmental changes. Social Media evidences a *new customer pattern of participation* called "*co-marketer*" which influences the transformation of the *activity system of the Business Model*. The transformation of the Business Model is mediated by the ability of learning, capacity dynamics, dedicated efforts and time of social media implantation. These mediators allow a better understanding of the *Business Model transformation*, called '*Participatory Business Model*'. Additionally, the four levels of *customer interaction* also allow a better understanding of the transformation of the activity system of the business

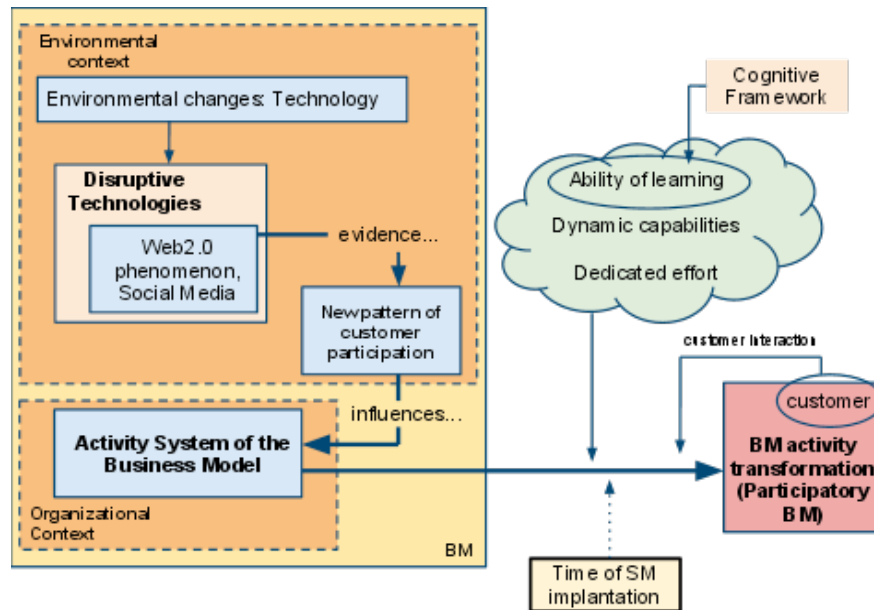model. However, the customer will not be a central player of the business model.

Figure 6.12 *Final Research Conceptual Framework*

On the one hand, the initial Research Conceptual Framework has been useful to guide the research. On the other hand, the final Research Conceptual Framework jointly with the *Participatory Business Model* emergence diagram (figure 6.10) will be useful to communicate the main findings of the research in a brief but appealing manner.

7 CHAPTER 7: Conclusions

From Participatory Action Research we have found facts on the transformation of the micro-retailer's business model as a consequence of the implementation of social media. Because of the structure of the Catalan micro family business, the transformation observed is scarce. However, it is significant enough to be considered as more than just a simple adoption of an alternative way of communication.

From the research, we have found evidence that the transformation of the micro retailer's business model is motivated not only by the implantation of the social media following the designed strategy (section 4.2.3.1), but also by mediating factors such as the ability of learning, dynamic capabilities, effort made and time of social media implementation. These mediating factors are related to the capabilities and/or resources of the company. They help us to explain the transformation of the micro-retailer's business model beyond the implemented designed strategy.

Another conclusion is related to how the customer influences the activity system of the micro-retailer's business model. The studied cases, specifically, are in an incipient stage of transformation as only an initial level of interaction on five of the nine building blocks of the business model is observed (customer segment, customer relationship, distribution channel, value proposition and cost). This incipient stage of transformation can be justified by a lack of effort made due to the small size of the business and a lack of a team which can easily adapt to change. It can also be justified by the fact it was only carried out by the micro-retailers a short time ago.

These facts help us to understand how the social media transform the way micro-retailers create value in a broader dynamic ecosystem and without zero-sum games. This transformation leads to a *Participatory Business Model*, which is driven by (1) the dynamic capabilities, (2) the ability of learning, (3) the effort made, (4) the implementation time and (5) the degree of customer participation.

Therefore, the *Participatory Business Model* has been achieved by: (1) adapting their value proposition by reconfiguring strategy development in order to remain competitive; (2) possessing strong sensing capabilities in order to identify relevant changes in their environment, listen to customers and acknowledge these customers' power of participation; and (3) developing new capabilities, e.g. technical, which allow micro-retailers to adapt different ways of delivering and receiving information, since the most important attribute in the Web2.0 is interactivity thus resulting in customer participation.

The defined social media strategy helps the entrepreneur in the task of defining, planning and verifying the achievement of the planned objectives as well as implementing the social media. That is why we believe the entrepreneur finds the following up of a planned strategy as extremely helpful. It also helps the design of an action plan and a clear view of the objectives to be achieved. The definition of a social media strategy, however, is not enough to lead to the micro-retailer's transformation. Micro-retailers consequently need other factors which help them in the change.

7.1 Limitations

The following three points could be considered as limitations of the present research: (1) the size of the company, (2) the length of research time and (3) the type of company product and goods.

Both the size of the business and the type of products sold determine the way the social media are implemented; and thus, the degree of transformation of the business model.

On the one hand, the fact of being micro-retailers with limited resources slows down the transformation of the business model. They cannot perform certain dynamics, manage a high volume of participation or make investments such as personalized web pages to encourage collaboration. On the other hand, due to the product type, the consumer has not been considered a player in the business model. Additionally, as the micro-retailers are suppliers, they cannot take part in the manufacturing process of the product. As a result of these two limitations, the highest level of customer participation between the micro-retailers and the consumer is through interaction (third level). This level has been seen in the case of the Hardware store. The customers provide ideas to help improve the quality of information spread or ask for new products and services unknown to the entrepreneur.

This research was carried out for approximately 14 months. This period has been enough to observe and understand how the transformation of the micro-retailer's business model is made. However, to be able to see the consolidation of this transformation as well as the influence of the customers in the building blocks, we would need to continue evaluating and measuring the development progress of the social media strategy. Taking all this into consideration, as commented previously, the social media strategy development is a trial-and-error process.

7.2 Further Research areas

Four further research areas have been identified: (1) conduct a quantitative study with micro-retailers to test mediator variables and customer participation influence in the business model activity system; (2) conduct a longitudinal Participatory Action Research in order to observe the consolidation of the transformation inside the business models of the current micro-retailers; (3) contrast the results obtained with the PAR methodology with other successful cases such as "*La Fornal del Ferrers*"; and (4) assess what differences are observed when using the same social media strategy definition with medium-sized companies, specifically "*La Fageda*" and "*La Fundació Tallers*".

The first future research area would consist of conducting a quantitative study to test the extracted mediator variables and the degree of customer participation in the different building blocks of the micro-retailer's business model. In order to test and assess the research results, we need to conduct a survey with almost 200 micro-retailers in an ongoing process of social media implantation.

The second future research area seeks to solve the third limitation of the present research, which was related to the current period of social media strategy implementation. In order to see the consolidation of the business model transformation as well as the influence of the customers in the building blocks, it would be necessary to continue evaluating and measuring the development progress of the social media strategy by conducting a longitudinal study. This longitudinal study attempts to follow up the social media strategy consolidation to see how the micro-retailer business model is transformed or is simply adapted to these new technologies.

The third future research area would consist of conducting a case study research to compare the results with successful Catalan micro-retailers such as *La Fornal dels Ferrers*. As we need to replicate the findings, at least three cases should be selected.

The fourth future research area would consist of assessing the differences between the studied micro-retailer cases and medium-sized companies, such as *La Fageda* and *La Fundació Tallers*, which use the same social media strategy design and implementation guide. In order to assess differences, we need to conduct a longitudinal case study covering the time period between the definition and implementation of the social media strategy as well as with the studied micro-retailers.

The present research can be seen as a first stage in shedding light on factors which explain how the transformation in the micro-retailer's business model occurs. However, from the facts found during the research several further

research areas have come up. These research areas intend to continue studying whether those and/or other factors are also found in other successful cases of Catalan family micro-retailers. These areas intend to verify whether these factors and/or the new ones detected in successful cases can be generalized in the micro-retailers, which are still in an incipient stage of the social media implementation, by conducting a qualitative study. Specifically, this qualitative study attempts to verify the importance of the factors as well as the design and planning of a guided social media strategy. Finally, it should be verified whether in medium companies, with whom the same PAR methodology has been used, the same mediator factors appear also as facilitators of the transformation and in which way customer participation influences the activity systems of the firms' business model. These results will help us to understand the differences which can be found between small and medium-sized companies using the same methodology.

Those are some of the research areas which can help us to achieve a better understanding of how the business model transformation occurs, called *Participatory Business Model.*

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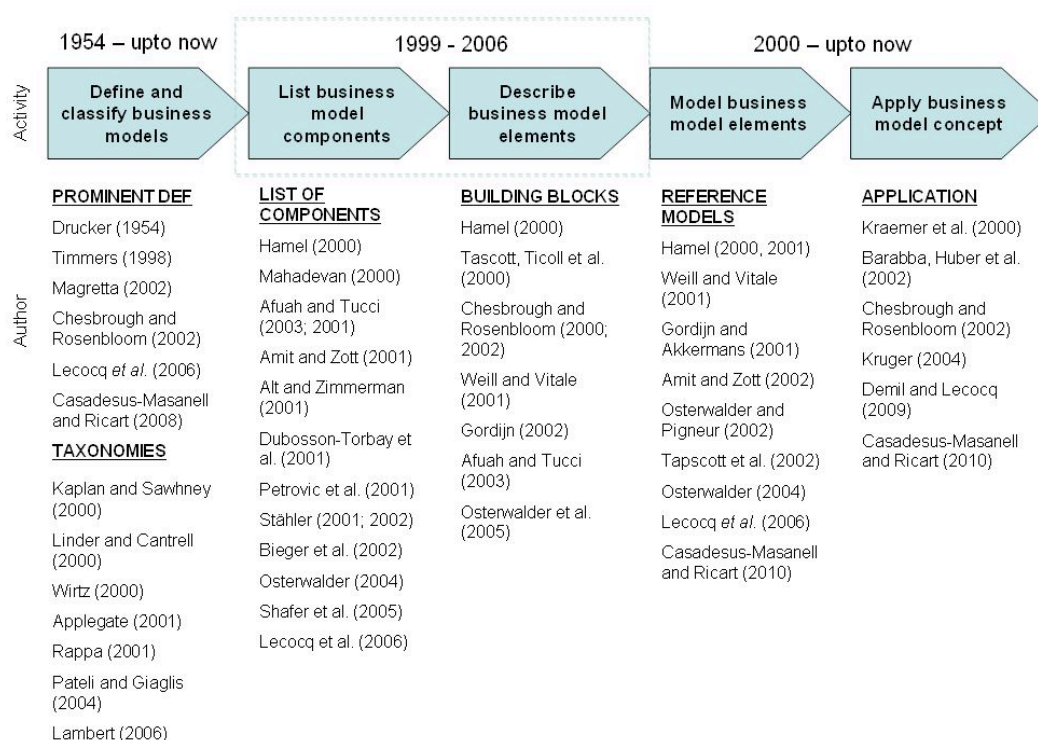
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ANNEX 1. 1 - *Business Model authors definition according its evolution phase*

ANNEX 1. 2 - *Forms of customer participation (Ple, Lecocq and Angot, 2011)*

FORM	refers to ...	authors
mental	refers to the information given by the customer to the firm, as well as the mental efforts he agrees to do to get the product (Rodie and Kleine, 2000, pp.112).	Mills et al., (1983); Mills and Turk, (1986); Rodie and Kleine, (2000).
physical	refers to customers' own tangibles and physical efforts, as well as physical efforts that refer to actions undertaken during the participation (Rodie and Kleine, 2000, pp.112).	Rodie and Kleine (2000); Siehl et al. (1992)
emotional	refers to all the emotions felt by customers while participating (Rodie and Kleine, 2000, pp.112).	Rodie and Kleine (2000)
financial	refers to the price paid by the customer to get the product	Bitner et al. (1997)
temporal	refers to the time it takes a customer to participate before even getting the product or to learn how to use the product	Beaven and Scottie (1990); Song and Adams (1993); Mills and Morris (1986)
behavioural	refers to mental and physical forms. Particularly, it refers to interpersonal dimensions of the interaction between a customer and a service employee, and focuses on the way the customer behaves during this interaction: how fast he will give information, bring his good to the firm, whether he show goodwill to participate, etc. Summing up, it refers to the participative behaviour of the customer.	Mills and Morris (1986); Grönroos (1984; 2001); Kelley et al. (1990; 1992)
relational	derives form the fact that a customer's expectation and future behaviour towards a service provider is influenced by previous encounters with a service provider.	Grönroos (2001)

ANNEX 1. 3 - *Design a global social media strategy in a local context*

Start with a specific initiative, a well-defined audience, specific objectives, a realistic strategy, and the appropiate tools.

These are the steps to follow in order to implement and get ready your social media strategy

   a)   DEFINE CUSTOMER AND HOW THEY DIFFER FROM CURRENT COSTUMERS
   b)   INITIAL POSITION AT INTERNET
   c)   YOUR OBJECTIVES
   d)   PLAN YOUR STRATEGY
   e)   PICK YOUR TECHNOLOGY
   f)   IMPLEMENTATION PART once you have the social media tool choosen
   g)   VALIDATE YOUR STRATEGY/OBJECTIVES

A. DEFINE YOUR CUSTOMER AND HOW THEY DIFFER FROM YOUR CURRENT COSTUMERS

Please, specify which is your customer and which will be your potential customer at the Net. You need to answer those questions in order to decide what objectives you can reasonably expect to achieve via your own social media efforts. In order to answer the following questions identify which are the folks that visit your Web site or your place. This could be a good place to start. NOTE: Google Analytics could help you to determine the provenance of Web site visitors. Additionally, clickstream analysis (not free) provides insights into what visitors are doing on the site.

   1)   Which is the socioeconomic profile of your audience? Create a list of people you know that represent the typical members that comes to your store or visit your website. Think about people with names and faces. Explain the profile of your members based on the example of 10 to 20 people you know.

   2)   Which is the region or country of your existing audience?

   3)   Which is the particular industry or market segment that your existing audience belongs in?

   4)   Which are the factors* that influence their decisions? Brief description about all this factors for each consumer you want to approach.

*NOTE: 1) environmental factors: economic trends, supply conditions, technological, political and competitive changes, culture and customs; 2) Individual factors: age and income, education, job position, personality, risk attitudes, and buying styles; 3) Interpersonal factor: motivation, necessities, and habbits

   5)   So, which type of potential customers would you like to engage? Refer to Figure 1 (social technographics). Identify the customer that could has common concerns with the mission of your company.

   •   creators (producing)
   •   critics (commenting)
   •   collectors (sharing)
   •   joiners (visitors)
   •   spectators (watchers)
   •   inactives

   6)   Which is the socioeconomic profile of your potential audience? Create a list of people you know that represent the typical members down the road that could be potencial audience. Think about people with names and faces. Explain the profile of your members based on the example of 10 to 20 people you know.

7) Which type of social media are they using? Specific audience in a specific region or country doesn't always use the same social tools. For instance, in Brasil people use Orkut as social network while in Spain could be Facebook. Refer to Figure 5-1 if you are looking at social networks (three social network by country).

5-1	Top three social networks by country for both business and personal purposes, December 2008							
Rank	US	UK	France	Germany*	Brazil	China	Japan	*Spain
1	MySpace	Facebook	Facebook	Wer-kennt-wen	Orkut	51	Mixi	Facebook
2	Facebook	MySpace	L'Internaute Copainsdavant	StudiVZ	Sonico	Xiaonei	Lococom	**Ning**
3	Classmates Online	Bebo	MySpace	MySpace	MySpace	Chinaren	Kanshin-kukan	**Netlog**

* Personal purposes only   *blogs.alianzo

Font: Forrester Research, Inc. Start your Global Social Media Strategy Locally. 2009.

Remember that different communities target different audiences, and you will have different objectives, strategies and tools. You will need to think those through for each initiative. You will also need resources to create content and initiative dialogue until the community becomes more active. You will need to monitor it and ensure that content is fresh and relevant.

For instance, if you are audience is the European Youth (12-24 ages), they love media. An overwhelming majority consume social media content. 81% of all young consumers are spectators. 39% of young consumer generates some form of content, 57% are critics who comment on other' blogs or participate in online forums. 52% of yourng consumers belong to or maintain profiles on social networks. 17% of young consumers enjoy activities such as tagging content and using RSS feeds. Inspite of these young consumers aren't easy brand targets because

- often connect to people they don't know (how much would you trust information sent to you by people you don't know?),
- aren't always that honest in their profiles (you have to be aware that truthful information from users will require relationship building), and
- say they don't communicate with brands via networks (they are not easy engage by promotional stuff).

TIPS: *Young consumers behavior involve connecting with and learning about old and new friends by browsing pages or profiles of other users, additionally they chat with friends through the network.* See reference 'Reaching young consumers with social media" by Forrester Research, Inc. 2008.

On the other hand, aging people their primary motivation for using technology is driven more by family and social factors, and less by entertainment and career objectives.
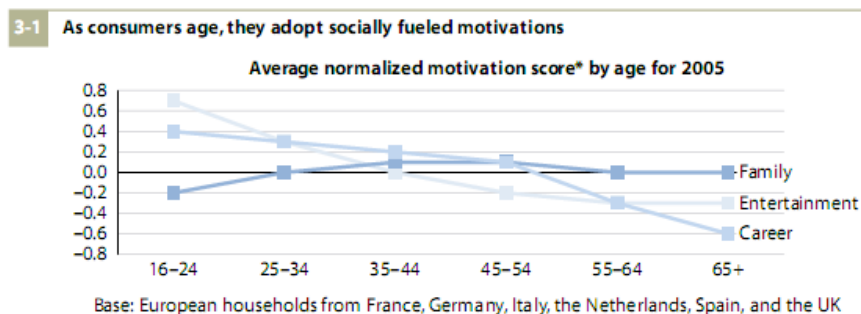
Figure 1. Technographics profiles (Font: Forrester Research, Inc. Start your Global Social Media Strategy Locally. 2009)

Figure 1 Social Technographics® Profiles Help Tech Marketers Understand Buyers' Behavior
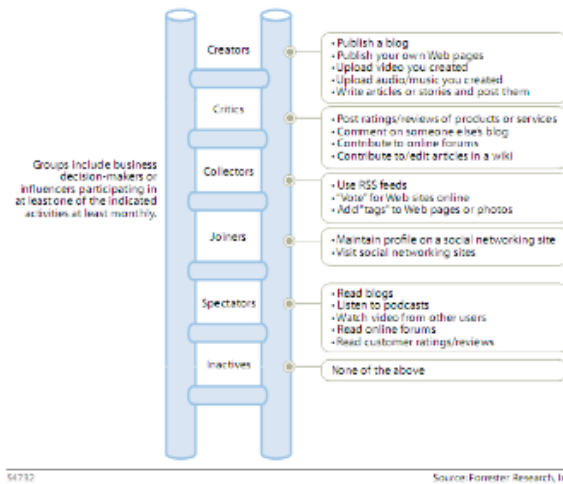
B. INITIAL POSITION AT INTERNET

Try to googling in Internet and see which is your position right now. Use Google or whatever other explorer hunter.

1. Are there anyone who is talking about you and your product?
2. Are there any communities that is talking about you and your product or your sector?
3. What are they saying?
4. Are these public the one that you are looking for?
5. Why are they attracted by your product? Or the competence?
6. Where do they (country/region) come from?
7. Which is their age?
8. What do they need? Explore the information and extract a result.
9. Which are they expectations?

Influencers leaders

1. Which are the stakeholders or influencers that can help you to attract that objective public?

2. Is there any employee in your company that could blog or is willing to do that?

C. YOUR OBJECTIVES

1. Which are your objectives by using social media? What you want to achieve by using social media? (point out which are in long (LT) and/or short term(ST))

Short term is questions that have immediate or direct relevance for the company. Everyone of your company that will be affected may understand these objectives. To be succesful using social technologies, companies must first prepare and align internal roles, processes, policies and stakeholders with their business objectives. Social business is a profound change that impacts all departments in the organization. The people within your company are important so make sure they all buy into the objectives.

- brand awareness and brand-building
- reputation - thought leadership - increase engagement
- increase presence
- win back lost customers
- acquiring new customers through advocacy of existing consumers
- customer service - reduction in service cost by having customers help each other

- customer support
- reduce time-to-market - reduce development cycles by closer working with test customers
- increase in marketing efficiency by getting new leads through members instead of advertising
- business growth market share (Word-Of-Mouth)
- business growth revenues
- others…

2. Why you want to achieve that objectives?

Note that Social media tools are new channels of communication. It is complementary to the traditional one. Their aim is to offer something different than your current website or your place in order to capture new customers, engage customers, and increase presence of our website. To accomplish that we have to give an added value through that social media tools.

3. Which is your new story that you want to tell to the customers?

4. Which is your added value? What are the main benefits to participate in your community? Create a series of benefits your members will have by participating in the community. Make sure that those benefits are an added value to their current situation.

5. What part of the story offer value to the customer goal? Check with a few of those members if they would confirm your perceived benefits. Think benefits like "meeting other people", "learn from others how they use the product or service they offer", "have a better connection", "find information contributed by other members", "Engage experts of your topic", ... Every community come up with benefits they experience.

6. Which are the benefits and motive to get into your story? Benefits may include to win back lost customers, reputation, winning additional customers through advocacy of existing consumers, reduction in service cost by having customers help each other, increase in marketing efficiency by getting new leads through members instead of advertising, reduce development cycles by closer working with test customers, etc.

7. Are your goals aligned with customer goals? This objectives are not a representation of YOU, it is a representation of MANY. Circle back your benefits to member benefits and make sure you are still in synch.

Try to define these goals in one sentence and have all key contributors help achieve that goal.

D. PLAN YOUR STRATEGY

1. Who is going to implement your strategy? This task takes time and requires commitment!

2. How many time are you going to invest?

Some tips or pieces of advice:

- Make sure your business and your product are ready for attention before you start social media Marketing. Social media will only amplify the failures of a bad product.
- Get your staff, clients, customers, suppliers and partners involved - ask them what they need and most importantly how they wish to work or do business with you and if they could let you see their own business plans.
- Audiences will participate more if content and discussion is easily accessible and relevant. Localized content addressing local issues and business practices resonates best.
- Don't base your strategy on a SW application - focus on your business needs and objectives (short and long terms) and don't worry about technology.
- Implement your strategy incrementally according to the needs of your business. With each phase you should be able to demonstrate returns on investment quickly.

- Consistency has been an important key to succes at the company. Time investment is high at the beginning but the rewards make it worth.
- Find out what others in your industry are doing and learn from their mistakes and gains - but *remember that what worked for them might not necessarily work for you*.
- If your industry are particularly visual to use images and online video to help tell stories, you will leverage Youtube to tell visual stories about your industry knowledge and expand the reach of your content.
- Get a second opinion from independent business consultant

10 elements of Small Business Social Media success

1. Commit weekly resources to creating content and engaging in social media
2. Regularly generate content using blogs, twitter, facebook, or other social platforms
3. Don't try to use every social platform, instead focusing time and resources on the social media channels that drive the best results for their business
4. Use social media to drive participation in offline events
5. set clear expectations for customers regarding frequency and types of social media interactions their company is willing to provide.
6. Provide clear calls-to-action and opportunities to generate leads and new customers using social media.
7. Use information and data from social media to drive business strategy
8. leverage social media to position their company as a thought leader within their industry
9. Have some methods of understanding how social media activity had impact on business results
10. Balance paid and organic search engine traffic

Exemples:

The objective of one company was to increase revenues and lead new consumers. The company implement a social media marketing mix: blogging, search engine optimization, whitepapers, linkedin, twitter, facebook, email marketing and Google ads.

- Blogs are a key driver of organic search engine traffic --> you could create content that is relevant to its diverse business units and the general industry. It allows to generate search traffic from niche, low-search-volume keywords as well as broader, higher-search-volume keywords. Blogs drive new visitors to business websites and improve reach. The company is creating content on a blog instead of a product page. Through the blogs the company could give additional resources and information to prospect and costumers.
- Twitter and Facebook Hill drive prospects back to compelling content on your blog or website. Social network platforms serve as important platforms to drive blog and website traffic while improving customer engagement.
- Search engines like Google are important in distributing small business content and helping companies get found online.
- Even social media tools are free or low cost for business, they still require a major time commitment to work properly.
- Maybe employees outside of marketing department could participate in social media too, for instance, account managers use Linkedin for personal branding and also blog on a monthly basis.

The objective of another company was to promote the business and stand out from competitors in the area. The company implement a social media marketing mix: Twitter, online communities, and Google Alerts

- Twitter is used to conduct searches to see what people were saying about his company (search.twitter.com). After a few days of reading comments about his company/product/service on Twitter, the owner decided to respond to customers. NOTE: Use search.twitter.com to monitor conversation about your industry and company before you create a Twitter account for your business.
- Social networks --> Use online communities that talk about you to generate support and attendance for offline business events --> social media events can build sustainable and real-time Word-Of-Mouth results that can have an impact on long-term scales. The power of social media is that thousands of people can see the updates.

- Use free tools like Google Alerts to monitor mentions of your business online. Once it is ready, use tools like Twitter Search and Google Alerts to see what people are saying about your business online. Once you have an understanding of what people are saying, then find common interests and begin some conversations with them on social networks.
- Plan how often you will engage with your costumers online beforehand. Schedule your time: (1) set the right expectations that will respond back to questions extremely quickly because he enjoys interacting with customers onlines, (2) put systems in place to allow you spend some time away form the day-to-day operation of the business to spend more of his time communicating with customers through social media.

The objective of another company was to Reach more consumers -- driving the growth of the business --> CONTEXT: expectations of consumers were changing, since consumers are now expecting great content when they come to business websites. The company implement a social media marketing mix: Blogging, online communities, Google Alerts, and multimedia.

- Blogs --> Companies that publish interesting and relevant content could build thought leadership and become leaders in their industries
- Use social media to help build links and improve search traffic quality and volume with blogging and a long tail keyword strategy -- business blogging strategy has been to answer common consumer questions related to their topics. They have to use the terms their consumers understand and are using to search for products and services. Business owners need to answer the basic and essential questions costumers. It increases the essential organic search traffic.
- Build a competitor barrier through the search traffic engine -- create a top search positions for important industry keywords, it will be difficult for competitior to position themselves as long as you continue to create relevant content. Customers don't even consider the competition because they are overwhelmed by and impressed with his desire to teach, inform and educate.
- Time FACTOR -- spend among 10-12 hours per week -- produce 2-3 blogs articles, enhance individual page SEO and study analytics involved with website traffic to best determine future improvements and redefine the strategy if it is necessary.

If you select local audience and your objective is to increase the brand awareness, you will want to start "talking" to your audience. Note that audiences will participate more if content and discussion is easily accessible and relevant. Localized content addressing local issues and business practices resonates best. Keep social media initiatives relevant by targeting local audiences and keeping content on target.

E. PICK YOUR TECHNOLOGY

Select the technologies that best align with your social media strategy, objectives, and the audience you want to reach. For instance, blogging is a good fit for showing thought leadership, while running a virtual event is good for increasing brand awareness. And could be measured by Web Analytics.

Some tips or pieces of advice:

- Recognize tools for what they are. Forums and discussion threads foster interaction. Blogs demonstrate thought leadership and, through comments, facilitate feedback. Microblogging and other status update tools are best used to push simple messages and redirect readers to further detail in blogs or other Web content. Map tools to specifc objectives and the strategies you've selected to achieve them.
- !!! There is nothing wrong with trial and error in selecting tools. Once you've defined the audience, objectives, and strategy, the tools might not be as obvious. Pick a few and see if they generate interaction or achieve the desired objectives. If not, tweak the content, increase the frequency of blog posts, or change the tone. If that still doesn't work, shelve those and try some others.
- Make sure whatever technology tool is selected to deliver your strategy is flexible, mainstream, and robust and has all the necessary integration capabilities required by other key systems in your company.

F. IMPLEMENTATION PART once you have the social media tool choosen

Steps to achieve your goals with consumers:

- Gain consumer insights by listening --> you have to search for the community that is talking about your product
- Get the message out by talking to the community --> tell them a story, interesting experiences, use their language, reinforce the content with games, incorporate multimedia for a more immersive experience
- Generate Word of Mouth --> young consumer has to spread the message themselves. How? give them exclusive 'takeaways', enable easy sharing of assets don't expect that users come to you to find it, embrace all the channels in your users' live via multimedia
- Help users help each other --> protect the community in order to rely on a level of honesty and integrity, user-generated, ... , showcase contributors' experience of the existing participants, encourage collaboration in helping each other or advancing their knowledge enabling the community to work together
- Involve consumers in product development --> tap into existing networks for immediate insights around easy-to-understand products by partnering with relevant existing networks, share the learning with your network and be brave enough to let it have its say, investigate hosted communities for custom insights generating in-depth feedback on (this is the most expensive method).

F.1 CREATE RELEVANT CONTENT

Appeal to your audience with content that addresses their needs around specific issues such as community outreach, citizen self-service, or budget planning.

Make sure that the content you create is consistent with your objectives and it is relevant to your audience. In other words, localize content, make it unique, and use cases prevalent for the target audience.

F.2 MIX SOCIAL AND TRADITIONAL MEDIA

Deliver your content via mechanisms familiar and acceptable to your audience. Mix it up - deliver consistent messages across blog posts, white papers, Web sites, social networks and tweets. Remember that Social Media Tools are complementary to your Strategy, they are not substitudes!!!

G. VALIDATE YOUR STRATEGY/OBJECTIVES

Look at forums, blogs or communities how your customer thinks about your product/Service. If it is adding value, if the visitor is engaged with the product/Service, ... Google Analytics and a blog done using WordPress could help you to determine the provenance of Web site visitors. Additionally, clickstream analysis (not free) provides insights into what visitors are doing on the site.

Scale your business by adding more dynamic content in your websites. You have to focus on creating content around long tails keywords, keywords that are niche to your business that will help drive incremental increases in search engine traffic.

- Schedule a set time each week to work on content creation and analyze how past content is supporting business sales.
- Use data and observations found in social media as intelligence to help inform overall business strategies.
- Track the results of each tactics to determine the best ways to invest time and effort.

ANNEX 1. 4 - *Avaluació dels resultats de l'estrategia Social Media dels establiments de l'EIX Comercial Cerdanyola*

1. Quins objectius et vas plantejar al principi?

2. Quina eina has utilitzat per poder aconseguir aquests objectius?

3. Quins objectius consideres que has aconseguit?

4. Descriu la teva experiència en tot el procés (posada en marxa, implementació, seguiment)

5. Què creus que hauries de millorar?

6. Estàs satisfet amb els resultats? Valora del 1(gens) al 5(molt)

           1   2   3   4   5

7. Quant de temps li has dedicat a la setmana?

    Més de 9h   Entre 9h-7h   Entre 7h – 5h   Entre 5h – 4h   Menys de 4h

8. Quins persones t'han ajudat a portar a terme l'estratègia?

9. Què has aprés de la implementació?

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10. Quin seria el teu consell per una persona que vol començar a planificar la seva estratègia social en el seu negoci?

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ANNEX 1. 5 - *Mesurar els objectius assolits*

1. Quins són els objectius de l'estratègia dissenyada?

2. Dintre quina categoria els posaries? (Categories: escoltar, parlar, difondre, donar suport i captar) Mirar la presentació del curs.

3. Classificar la teva categoria segons les mètriques que utilitzen (abast del usuari, impacte del usuari, volum de participació, qualitat de la participació, volum d'energia, qualitat de l'energia). Mirar la presentació del curs.

4. Quina és l'eina has fet servir?

5. Quines són les mètriques que s'ajusten a la teva eina? (segons les taules facilitades en el curs)

6. Avalua els teus resultats tal i com s'ha fet en l'exemple del curs (últimes transparències)

7. Creus que s'han aconseguit els teus objectius?

8. Perquè?

9. Quines són les línees de futur que pretens desenvolupar amb les eines socials (e.g. Facebook)?

ANNEX 1. 6 - *Entrevista del efecte de les noves tecnologies als negocis catalans*

1. Quines son les activitats originals del negoci (e.g. vendre el producte a la botiga, vendre comandes de tercers (e.g. Interflora),…)? (Quines activitats et diferencien dels competidors)

2. La implementació de les eines socials ha fet que hagin canvis en la forma de dur a terme l'activitat del negoci?

3. Quins canvis has introduït en les vostres activitats d'ençà de la implementació de les eines socials?

4. Creus que les noves activitats introduïdes han generat canvis en l'estructura de la teva forma de portar el negoci (e.g. estructura d'ingressos, obrir noves línees de negocis,...)? Quins?

5. S'ha vist afectada alguna de les línees de negoci originals (Activitats) per l'ús de les eines socials? De quina manera?

6. Les noves activitats introduïdes d'ençà de l'ús de les eines socials ha afectat a la manera de prendre les decisions dintre de l'empresa? De quina manera?

7. Heu dissenyat nous productes o serveis esdevinguts per l'ús de les eines socials? Quins? Com? Té repercussió sobre el vostre negoci? De quina manera?

8. Has fet participar al consumidor de les activitats del teu negoci (productes, serveis,…)? De quina manera? Quines aportacions heu introduït com a conseqüència dels comentaris dels clients?

9. Creus que l'ús de les eines socials complementa l'activitat actual? De quina manera? Perquè?

10. Heu trobat complementarietat entre les vostres activitats i l'ús de les eines socials? De quina manera? Perquè?

11. Heu reduït algun dels processos administratius interns per poder disminuir costos a través de la implementació de les eines socials? S'han reduït realment?

12. Quines parts del teu negoci s'han vist afectat o es veuran afectades?

INFRASTRUCTURE – CAPABILITY:

Valora la incidència dels següents paràmetres en l'adaptació de les eines socials al teu negoci?

Assigna un valor entre el 1 i el 5 indicant fins a quin punt els consideres rellevants per l'adopció de les eines socials en petits negocis com el teu. Un valor baix vol dir que molt poc o gens i un valor alt vol dir que molt o sempre. Un valor intermig s'assigna si resulta difícil decidir si és rellevant el paràmetre en el teu cas.

Paràmetres	1 – GENS	2	3	4	5 – SEMPRE
Facilitat d'aprenentatge					
Tenir predisposició per aprendre noves coses					
Estar motivat per aprendre					
Oferir nous serveis i productes					
Crear noves oportunitats de negoci					
L'entorn et facilita la implementació de les eines socials					
Temps					
Dedicació personal					
Equip compromès					
Equip motivat					
L'experiència prèvia d'altres emprenedors amb situacions similars					
L'experiència pròpia en situacions de canvi					
Predisposició al canvi					
Ser flexible en situacions adverses					
Veure oportunitats on altres veuen amenaces					

CAMINS D'INTERACCIÓ es refereix als nous **camins** adoptats **per comunicar-te, interactuar i col·laborar entre els negocis i els usuaris**. És a dir, com els negocis operen a través de les seves activitats generant noves interdependències que permeten al negoci organitzar-se i interactuar amb els clients d'una forma diferent.

Quins camins d'interacció entre el teu negoci i els consumidors (ens referim als camins que permeten comunicar-te, interactuar i col·laborar amb l'entorn) s'han vist afectats per l'adopció de les eines socials?

Valora la incidència dels nous camins adoptats a través de les eines socials (mecanismes d'interacció) amb els teus consumidors.

Assigna un valor entre el 1 i el 5. Un valor baix vol dir que molt poc o gens i un valor alt vol dir que molt o sempre. Un valor inter-mig s'assigna si resulta difícil decidir si la incidència del canal ha estat rellevant en el teu cas.

GENS	MOLT POCA	NI POC NI MOLT	MOLTA	SEMPRE
1	2	3	4	5

CUSTOMER SEGMENT:

a) Com han afectat a la manera de captar als teus clients?

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

Argumenta la teva resposta:

b) En quin grau has aconseguit entrar en nous segments de clients?

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

Quins?
Argumenta la teva resposta:

CUSTOMER RELATIONSHIP:

c) Com han afectat a la manera de relacionar-te amb els teus clients?

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

Argumenta la teva resposta:

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DISTRIBUTION CHANNEL:

d) Com han afectat a la manera de difondre la informació dels teus productes/serveis entre els teus clients?

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

Argumenta la teva resposta:

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e) En quin grau consideres que l'adopció de les eines socials han permès presentar millor el teu coneixement o servei davant dels teus clients? (e.g. oferint o creant una nova activitat en el meu negoci)

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

De quina manera?

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OFFER – VALUE PROPOSITION:

f) Com han afectat a la manera d'oferir valor als teus clients? (e.g. Informació addicional (vídeos), coses oferir offline, ofertes complementaries,...)

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

Argumenta la teva resposta:

> [blank box]

INFRASTRUCTURE – VALUE CONFIGURATION:

g) En quin grau s'han involucrat els teus clients en les activitats del negoci per tal que t'aportin idees per fer productes o identificar necessitats no cobertes?

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

Argumenta la teva resposta:

> [blank box]

INFRASTRUCTURE – PARTNER:

h) En quin grau s'han involucrat els teus clients en les activitats del negoci per obtenir informació dels problemes dels meus productes per millorar-los / reduir-los?

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

Argumenta la teva resposta:

> [blank box]

FINANCIAL VIABILITY – COST:

i) Com han afectat a la manera de reduir costos?

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

Argumenta la teva resposta:

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FINANCIAL VIABILITY – PROFIT:

j)   Com han afectat a la manera de incrementar els teus ingressos?

	1 – GENS	2	3	4	5 – SEMPRE
Ampliant la comunicació					
Promovent la interactuació amb els consumidors					
Incentivant la participació					
Incentivar la col·laboració					

Argumenta la teva resposta:

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Consideres que les eines socials són un element clau per desenvolupar l'activitat del teu negoci (e.g. mitjà per promocionar o oferir els seus productes als clients mantenint un contacte directe)? Perquè?

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Consideres que l'adopció de les eines socials han incrementat la possibilitat de cooperar amb els altres negocis de l'àrea / negocis afins / distribuïdors / …? De quina manera?

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Factors moderadors del canvi d'estrategia de Model de negoci

PREGUNTES OBERTES D'ACLARIMENT

Quina és la diferència que interpreteu que hi ha entre integració del consumidor i participació del consumidor.

Quines activitats a través del Facebook estas fent per integrar al consumidor?

Quantes activitats has fet des de la implantació del Facebook? I quina participació has tingut en cadascuna d'elles (likes i comments).

Quin element emotiu fas servir per dinamitzar el Facebook.

Quant de temps esteu dedicant a la implementació de l'estrategia social?

Creus que tens prous recursos per poder desenvolupar satisfactoriament l'experiencia?

Intenta valorar el que necessitaries si la resposta és no.

HABILITAT D'APRENENTATGE

Capacitat de l'equip per adaptar-se als canvis per poder captar clients, relacionar-se amb els clients, distribuit ...

En quin grau consideres que l'habilitat d'aprenentatge t'ha ajudat a...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

Quan important creus que és l'habilitat d'aprenentatge (suposant disponibilitat total de recursos) per ...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

TAMANY DE L'EMPRESA

En quin grau consideres que el tamany de l'empresa t'ha ajudat a...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

Quan important creus que és el tamany de l'empresa per ...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

ESFORÇOS DEDICATS

Temps i coneixements dedicats per dur a terme l'estrategia

En quin grau consideres que l'esforç dedicat t'ha ajudat a...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

Quan important creus que és la dedicació d'esforços per ...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

TEMPS D'IMPLANTACIÓ

Temps que fa que està el canal Facebook (o l'eina utilitzada) per portar a terme la captació de client, la relació amb clients, la distribució d'informació...

Creus que portes prou temps amb el canal Facebook implantat com per...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

Consideres que portar molt de temps (2 anys) amb el Facebook implantat pot ajudar a...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

ENTORN

Ens referim a l'evolució dels sector, aspectes tecnics i legals, la crisi actual i altres variables de l'entorn que afecten a captar clients, distribuir informació etc. a través dels canals socials

En quin grau consideres que l'entorn actual t'ha afectat a l'hora de...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

En quin grau consideres que un entorn estable afectaria a l'hora de...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

CAPACITATS DINÀMIQUES

Són capacitats estratègiques de l'empresa que et permeten combinar diferents recursos que t'ajuden a modificar l'organització de l'empresa per tal d'adaptar-se als canvis necessaris per captar clients, relacionar-te amb ells, distribuit la informació ...

En quin grau consideres que les teves capacitat dinàmiques t'han permès mitjançant les eines socials...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

Quina importancia creus que tenen les capacitats dinàmiques de l'empresa sense limitació de recursos per...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

MARC COGNITIU

El conjunt d'experiencies passades i xarxes de relacions que ajuden a captar clients, relacionar-te amb ells, distribuir la teva informació ...

En quin grau consideres que el teu marc cognitiu (experiència passada i xarxa de relacions) t'ha permès mitjançant les eines socials...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

Quina importancia creus que pot tenir molta experiència passada i una amplia xarxa de relacions per mitjançant les eines socials...

	Molt Poc o gens	Poc	Una mica	Bastant	Molt
captar nous clients	○	○	○	○	○
relacionar-te amb els clients	○	○	○	○	○
distribuir la informació dels teus productes/serveis entre els clients	○	○	○	○	○
entrar en nous segments de clients	○	○	○	○	○
oferir valor als teus clients	○	○	○	○	○
involucrar els teus clients aportant idees innovadores	○	○	○	○	○
involucar els teus clients per obtenir informació de problemes en els teus productes	○	○	○	○	○
reduir costos	○	○	○	○	○
incrementar ingresos	○	○	○	○	○

Moltes gracies per la vostra participació!!